



Ministry of Housing and Urban Affairs
Government of India

New Urban Poverty Alleviation Mission

Community Led Institution Development

[Operational Guidelines]

PILOT IMPLEMENTATION



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Abbreviations

ALF	Area Level Federation
BC	Banking Correspondent
BOCW	Building and Other Construction Workers
BSBDA	Basic Savings Bank Deposit Account
CBO	Community Based Organisation
CIG	Common Interest Group
CISF	Community Investment Support Fund
CLC	City Livelihood Centre
CLF	City Level Federation
CLID	Community-Led Institution Development
CMMU	City Mission Management Unit
CRP	Community Resource Person
CS	Community Supervisor
DMMU	District Mission Management Unit
EC	Executive Committee
EDF	Enterprise Development Fund
EDP	Entrepreneurship Development Programme
FI&ED	Financial Inclusion and Enterprise Development
FLC	Financial Literacy Centre
ICT	Information and Communications Technology
IEC	Information, Education and Communication
IT	Information Technology
KPI	Key Performance Indicator
KYC	Know Your Customer
MIS	Management Information System
MMU	Mission Management Unit
NABARD	National Bank for Agriculture and Rural Development

NAMASTE	National Action for Mechanised Sanitation Ecosystem
NFSA	National Food Security Act
NRLM	National Rural Livelihoods Mission
NRO	National Resource Organisation
RBI	Reserve Bank of India
RO	Resource Organisation
RF	Revolving Fund
SBM-U	Swachh Bharat Mission-Urban
SHG	Self Help Group
SLBC	State Level Bankers Committee
SMMU	State Mission Management Unit
ULB	Urban Local Body
UPI	Unified Payments Interface

01 | Background

The New Mission for Poverty Alleviation aims to address the multifaceted challenges faced by urban poor households, particularly within the informal sector, through an inclusive approach that prioritises vulnerable occupational groups. This targeted focus on vulnerable groups addresses the unique hardships faced by those in occupations such as care services, domestic work, transportation, construction, gig work, and waste management. Within this framework, there is a particular emphasis on supporting urban poor women.

Community Led Institution Development (CLID) is one of the major components of the Mission, which has an important role in strengthening the institution of the urban poor and is crucial for fostering inclusive and sustainable urban development. By mobilising urban poor households to form their

institutions, such as Self-Help Groups (SHGs), Common Interest Groups (CIGs), and their federations, CLID component enables communities to collectively address their vulnerabilities. These institutions serve as platforms for financial inclusion, enabling urban poor households to access livelihood opportunities, access to credit, and essential social security entitlements. By promoting active participation and decision-making, these groups enhance resilience and build social capital, essential for poverty alleviation. Additionally, these groups work in collaboration with local governments, public service providers, banks, private enterprises, and other entities to ensure the efficient delivery of social and economic services to poor communities.

02 | Community Led Institutions

The Mission helps universal social mobilisation of the urban poor into SHGs/CIGs and their federations by creating cohesion among them and bringing urban poor households under the SHG/CIG fold in a time-bound manner. These groups will serve as a support system for the urban poor and vulnerable groups to meet their financial and social needs. Urban poor will be mobilised into a three-tiered structure with SHGs/CIGs at the grass-root level, Area Level Federations (ALFs) at the ward level, and City-Level Federations (CLFs) at the city level.

Community institutions, i.e. SHGs and CIGs, will include members from the urban poor across all genders, with a particular emphasis on those engaged in vulnerable occupations such as care work, domestic work, transportation, construction, gig work, and waste management.

2.1. Self Help Groups (SHGs)

SHGs are small community-led groups of 10 to 20 persons who come together to improve their financial independence and collective

well-being, leading to their social and economic empowerment. Within the Mission, special focus will be given to forming groups of individuals engaged in vulnerable occupations. SHG groups will conduct regular meetings where the savings of the group will be pooled into a corpus fund, which will be used to provide short-term loans to the group members primarily for their livelihood activities and other needs, i.e. healthcare, education, emergencies, etc. SHGs often approach banks for the loan to meet their larger credit requirements. In addition to financial stability, SHGs foster leadership, decision-making skills, and social cohesion, driving transformative change in marginalised communities.

2.2. Common Interest Groups (CIGs)

CIGs are collectives of 5-20 individuals who share similar economic activities, occupations, or social interests such as those engaged in vulnerable occupations. These groups typically consist of people working in common occupations and having common interests, and they collaborate to address challenges, improve skills, access resources, and enhance their livelihoods. Regular meetings will be conducted by the CIGs for building of corpus funds and for providing short-term loans to group members for essential purposes like livelihood activities, accessing health and education facilities, etc. CIGs will play a vital role in community development by fostering mutual support, knowledge sharing, and collective growth.

2.3. Membership of SHGs/CIGs

2.3.1. Under the Mission, SHGs and CIGs will be formed to support the economic well-being of the urban poor and to foster cohesive entrepreneurial development. The members of these groups will be identified through a

process of enumeration and socio-economic profiling.

An Information Technology (IT)-enabled centralised portal will facilitate the process of enumeration and socio-economic profiling. For more details, refer to section 2.3 of the Convergence Operational Guidelines.

2.3.2. Under the Mission, Self Help Groups of urban poor will be formed. Non-poor may be included as members in SHGs where strong affinity or special reasons exist. However, at least 70% of the SHG members should be urban poor to qualify for funding support under the Mission.

2.3.3. SHGs will generally consist of 10 to 20 members. However, in hilly tracts/regions and predominantly tribal-dominated areas where communities are dispersed, smaller groups of 5-10 members may also be formed.

2.3.4. SHGs with fewer than 10 members and a minimum of 5 members may be formed for special categories, such as differently-abled individuals, transgender persons, and elderly individuals. If the number of members within a specific category is less than 5, a mixed group can be formed by combining members from these various special categories.

2.3.5. A support of ₹20,000 per SHG/CIG will be provided to Urban Local Bodies (ULBs) on their formation. This corpus fund will be utilised for strengthening, handholding, supervising SHGs/CIGs and their federations, bank linkages, and other related activities.

2.3.6. ULBs may devise a strategy to incentivise Community Resource Persons (CRPs) based on their performance, focusing on the formation and sustainability of SHGs and CIGs.

2.3.7. Exclusivity of SHG/CIG groups will be maintained by ensuring that no individual is a member of both groups.

2.4. Rules and Regulations

Each SHG/CIG will be encouraged to develop rules and regulations and amendments to help these groups and their members become self-sustainable. These should cover:

- Norms for membership;
- Norms for selection and tenure of office bearers;
- Norms for group savings, including the amount and date of deposit with the group;
- Clear role of every office bearer in the SHG/CIG;
- Norms for the conduct of group meetings, including the number of times the group meets and the convening of special meetings and following principles of Panchsutra;
- Management of the SHG/CIG group bank account;
- Promoting digital transactions among the members;
- Maintenance of various records including minutes of meetings, member passbooks, savings and loan register, and group passbook;
- Withdrawal of membership, disqualification of membership, change in the rules and regulations, and dissolution of the SHG/CIG;
- Norms for the imposition of fines/penalties on group members and the amount of penalties for [a] not attending the meetings, [b] irregular savings, and [c] non-repayment of loan on time, etc.

2.5. Panchsutra for SHG/CIG

Adherence to the principles of Panchsutra is essential to ensure the effectiveness of SHGs/CIGs. This helps them to get larger

loans from banks to support their financial requirements. The principles of Panchsutra are:

1. Regular meetings
2. Regular savings
3. Regular internal lending
4. Regular loan repayments
5. Regular bookkeeping

To facilitate the process of development of rules and regulations of the SHGs/CIGs, Model Rules and Regulations are given in **Annexure I**. States/UTs may develop/adopt uniform bye-laws, grading & rating systems for all SHGs/CIGs.

2.6. Federation of SHGs/CIGs

Federations play a crucial role in empowering SHGs/CIGs by providing a structured platform for collective action and representation. By uniting the urban poor into SHGs/CIGs, federations enhance solidarity and amplify their collective voice; this collaborative approach increases development, and facilitates partnerships with social and government bodies, leading to improved access to markets and local institutions. Moreover, federations enable quicker dissemination of information and promote easier convergence of resources, ultimately enhancing the significance and impact of SHGs/CIGs in their communities.

2.7. Area Level Federation (ALF)

ALF is an association of SHGs/CIGs consisting of representatives from all member of SHGs/CIGs, intending to support member SHGs/CIGs (guiding and monitoring the functioning of SHGs/CIGs and forming and training new groups). The Federation of SHGs/CIGs is essential to deal with more significant issues like bank linkage, inter-group lending, negotiations with

higher-level structures and to gain greater collective development over the rights and privileges of SHGs/CIGs.

2.8. Membership of ALF

ALF may be formed with 10 to 20 SHGs/CIGs covering an area of a ward or slum or such other geographical unit, with a minimum of 2 members (nominated representatives) per SHG/CIG. However, the ULB may decide the number of SHGs/CIGs in a federation according to local conditions.

An ALF should be registered as a society/association under the relevant law of the State/UT. Model bye-laws for ALFs are in **Annexure II**.

2.9. Responsibilities of an ALF

- Facilitate bank linkages for member SHGs/CIGs, i.e. opening their accounts and helping them access to loans;
- Providing handholding support in the development of loan proposals by member SHGs/CIGs;
- Capacity Building of new SHGs/CIGs as well as existing member SHGs for their successful functioning;
- Facilitate member SHGs/CIGs access to benefits under the New Mission as well as access to social/financial assistance benefits under various Government programmes;
- Support SHGs/CIGs through lending from the Community Investment Support Fund (CISF) based on specific needs;

Support the formation of new SHGs/CIGs and monitor and evaluate the functioning of its member SHGs and CIGs (An indicative checklist for a functional SHG/CIGs is in **Annexure III**);

- Resolve issues raised by member SHGs/CIGs in accessing credit from banks;

- Raise issues of importance at the level of the City Level Federations (CLFs);
- Regularly report to the ULB about the functioning of the SHGs/CIGs;
- Facilitate awareness creation of member SHGs/CIGs on various livelihoods opportunities;
- Facilitate data collection and validation about urban poor households in and around their localities.

2.10. Sub-Committees of ALF

ALF may constitute sub-committees (e.g., sub-committees on Social Action, Monitoring, Livelihood, Credit Linkage and Repayment, Grievance Redress, etc.) to streamline operations and holistically develop SHGs/CIGs for self-sustained growth.

2.11. Federation of SHGs/CIGs at the city level

ALFs will come together to form a City Level Federation (CLF). ULBs should form at least one CLF in each city. All ALFs in a city should be represented at the CLF. Bigger Cities may have more than 1 CLF based on size and population. The CLF is expected to work with ALFs, member of SHGs/CIGs, city administration, and financial institutions to ensure social and economic empowerment of the urban poor.

CLF should be registered as a society/association/Company under the relevant law of the State/UT. Model bye-laws for ALFs are given in **Annexure II A**.

2.12. Responsibilities of a CLF

- To represent the needs of the urban poor and vulnerable groups at various levels;
- Advocacy with the ULB and State Government for pro-poor planning, city livelihood action plan, vendor planning,

etc.;

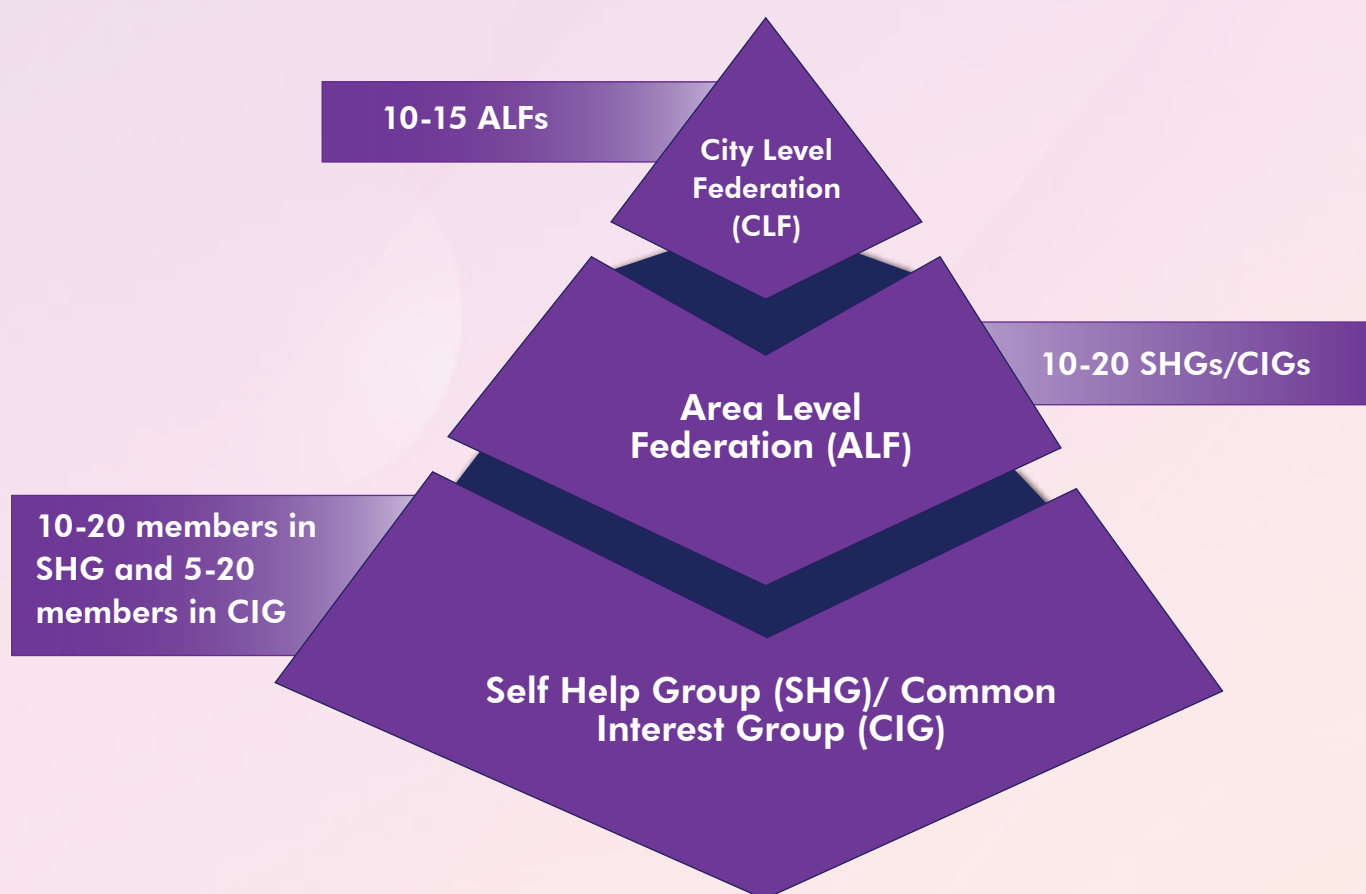
- To facilitate access of member ALFs and member SHGs/CIGs to banking services;
- New group formation and support;
- To identify specific training and capacity-building needs of its member ALFs;
- Support SHGs/CIGs through ALFs by providing lending from CISF, based on specific needs;
- Work closely with the respective ULB to facilitate the identification of beneficiaries for various government programmes;
- Facilitate awareness creation among the members of ALFs/SHGs/CIGs on various livelihood opportunities;
- Facilitate marketing of SHG/CIG produce/products.

2.13. Sub–Committees of CLF

CLF may constitute sub-committees (e.g., sub-committees on Social Action, Monitoring, Livelihood, Credit Linkage & Repayment, Grievance Redressal, Marketing & Partnership, etc.) to streamline operations and holistically develop SHGs/CIGs for self-sustained growth.

2.14. Secretarial Support to CLF

To ensure the effective discharge of roles and responsibilities within CLF, a dedicated secretarial support system will be developed by engaging a team of a maximum of three Community Resource Persons (CRPs) per CLF. This team will consist of one Master bookkeeper, responsible for maintaining accurate financial records and ensuring transparency, and two CRPs for Institutional Building Support, tasked with strengthening the governance and management capacities of the CLF.



03 | Universal Financial Inclusion

'Financial Inclusion' entails the delivery of banking services and credit at an affordable cost to the vast sections of disadvantaged and vulnerable occupation groups. The financial services include savings, loans, investments, insurance, payments, remittance facilities, and financial counselling/advisory services by the formal financial system. Further, leveraging technology for digital financial inclusion, simplifying the credit process, and fostering partnerships with financial institutions will be critical in creating a financially inclusive ecosystem. The Mission aims to achieve universal financial inclusion beyond basic banking services and cover all urban poor individuals/households.

3.1. Financial Literacy

3.1.1. The objectives of Universal Financial Inclusion cannot be achieved without a strong support mechanism for financial literacy. To bring all beneficiaries within the ambit of universal financial inclusion, the States/UTs/ULBs should take positive action to achieve financial literacy for individual beneficiaries and SHGs/CIGs as per their requirements.

3.1.2. States/UTs/ULBs will organise sessions on financial literacy for SHG/CIG members. In these sessions, the beneficiaries will be informed about savings, credit, remittance, insurance, investment plan etc., along with the modalities and operational requirements for accessing them.

3.1.3. Banks, financial institutions, insurance agencies, and micro-finance agencies may be encouraged to promote ICT-based technologies and engage financial

correspondents, including "Bank Mitras," to extend services to underserved areas.

3.1.4. ULBs will engage with the urban poor through federations of SHGs/CIGs for campaigns and various outreach efforts to ensure effective communication and access to vital information. These channels will be utilised to disseminate crucial materials related to financial literacy, empowering the community to make informed decisions about their financial well-being. Information, Education, and Communication (IEC) materials will be made readily available to ALFs/CLFs.

3.1.5. The Reserve Bank of India (RBI) has issued detailed guidelines¹ to all the banks for the opening of Financial Literacy Centres. As per these guidelines, all the lead banks are mandated to open at least one Financial Literacy Centre in the office of the Lead District Manager. Additional centres can be opened as per the area's requirements. The ULBs will do the necessary coordination in their respective jurisdiction through the Financial Literacy Centres (FLCs) of the banks to organise financial literacy sessions and camps.

3.1.6. ULBs will assign annual targets to Community Supervisors (CSs) and Community Resource Persons (CRPs) for organising financial literacy sessions and shivirs. These initiatives will focus on enhancing awareness and accessibility to both traditional and digital financial services among urban poor communities. CRPs, along with Banks and partners, will lead the training sessions, ensuring a comprehensive understanding of financial products, services, tools, and technologies. The CSs will extend support in

¹RBI 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

implementing these training programmes, ensuring effective outreach and capacity building at the grassroots level.

3.2. Opening of Bank Accounts

Holding a bank account itself confers a sense of identity, status, and empowerment and provides access to the formal financial system. The Department of Financial Services (Ministry of Finance, Government of India) has issued directions to all the banks to open one account per family in all urban areas. In urban areas, the Lead District Manager is required to allocate each ward to a particular bank to ensure the opening of an account for each family. Efforts should be made so that all the potential target beneficiaries have the facility of an account as a bare minimum requirement for coverage under this component. The operational steps involved are as follows:

1. Consensus on procedures/process for opening of accounts for the beneficiaries, including linkage with UID-Aadhaar (if required for KYC) at State Level Bankers Committee (SLBC) and its convenor bank's level.
2. The State, in coordination/ discussion with respective SLBC and its convenor banks, need to ensure the following:
 - Inclusion of opening Basic Savings Bank Deposit Accounts (BSBDAs) for Mission beneficiaries as a priority agenda in meetings of the State Level Banking Committee (SLBC).
 - Operational formalities include availability of forms at all the branches/ extension counters of the banks, City Livelihood Centres (CLCs), & ULBs office.
 - Organise camps within the jurisdiction of ULB in coordination with banks to open accounts with the support of CSs and CRPs.
 - Encourage banks to engage Business Correspondents (BC)/Business Facilitators

as per the requirement of the city for effective outreach.

3. The targets for the opening BSBDAs for potential beneficiaries will be decided on an annual basis by the State in discussion with respective SLBCs to cover up all the potential beneficiaries in a phased manner.

04 | Social Security for SHG/CIG Members and Households

Under the Convergence component of the Mission, the eligible urban poor and vulnerable occupational groups will be linked with social security schemes of the central and state governments to bring the beneficiaries of the Mission within the ambit of social insurance and provide coverage from risks/uncertainties such as death, accident, disability, hospitalisation etc. Efforts will be made to map the socio-economic profile of urban poor households, assess their eligibility for central welfare schemes and facilitate linkages. In addition, urban poor households will also be linked to the eligible schemes of State /UT.

05 | Revolving Fund Support to SHGs/CIGs and their Federations

The Revolving Fund (RF) is provided to the SHGs/CIGs to inculcate the habit of thrift and credit. The revolving fund also builds the institutional capacity of the SHGs/CIGs in managing funds. The RF would form part of the corpus along with their savings. The RF can also be used for internal lending, and interest may be charged similar to the interest charged for lending outside their savings.

5.1. Revolving Fund Support to SHGs/CIGs

5.1.1. The RF will be disbursed into SHG/CIG in two tranches to strengthen their institutional and financial management capacity and build a good credit history within the group. The first tranche of ₹15,000/ will be released once the

SHG/CIG has opened a savings bank account and a grading exercise is conducted based on adherence to the 'Panchsutra' principles viz., regular meetings, regular savings, regular internal lending, regular recoveries and maintenance of proper books of accounts, and have not received any RF earlier. The second tranche, amounting to ₹10,000/ will be released after the SHG/CIG has availed its first bank linkage through a term loan/ a cash credit limit, or both, based on the requirements.

5.1.2. Second tranche of RF support will be provided to eligible SHGs formed after 31st March 2022 that have already availed the RF support of ₹10,000, subject to fulfilling the criteria for accessing the second tranche.

SHGs formed after 31st March 2022 that have not received any RF will be eligible for RF support in two tranches, subject to fulfilling the criteria of first and second tranche.

5.1.3. SHGs/CIGs can submit their applications for RF in the prescribed format **(Annexure–IV)** through Community Resource Persons (CRPs) or Community Supervisors (CSs) to the ULB. The ULB will review the applications before sanctioning and releasing the RF to eligible SHGs/CIGs. Prior to releasing the first tranche, ULB will conduct a grading exercise of the SHGs/CIGs using the format given in **Annexure–V**. Once the ALF is established, ALF will take on the responsibility of regularly grading SHGs/CIGs and forwarding their applications to the ULB.

The ULB may also conduct random sample checks of RF applications at the field level for verification and due diligence, if necessary. The approved RF will be directly transferred into the bank accounts of the respective SHGs/CIGs by the ULB.

5.1.4. The ULB should ensure the timely release of RF to the SHG/CIG within 15 days from the date of receipt of the application. The ULBs will also regularly report the progress in terms of the number of SHGs/CIGs having availed RFs on the MIS portal of the Mission.

5.1.5. Below are the eligibility criteria for SHG/CIG to access 1st and 2nd tranches of revolving fund:

Eligibility criteria for SHGs/CIGs to access RF (1st Tranche)–	Eligibility criteria for SHGs/CIGs to access RF (2nd Tranche)–
• Savings Bank Account in any Bank Branch; • 'Panchsutra' in Practice; • Members must attend at least 90% of group meetings; • Members trained on SHG/CIG concept and management; • A or B grade Panchsutra Practicing SHG/CIG;	• Updated books of records; • Must have received its first bank linkage through a term loan/ a cash credit limit, or both, based on the requirements.

5.2. Revolving Fund Support to Registered ALFs

5.2.1. A one-time RF support of ₹2,00,000/ would be available to registered ALFs of SHGs/CIGs. This revolving fund may be used as seed capital for the ALF's smooth operation and will form part of its corpus. The ALFs may utilise the RF for onward lending to SHGs/CIGs, various support services, awareness creation/ information dissemination, etc.

5.2.2. The registered ALFs may apply to the concerned ULB for revolving fund support in a prescribed format **(Annexure–VI)** with the support of Community Supervisors (CS) and Community Resource Persons (CRPs). ULBs will examine the application of an ALF for sanction and release of RF broadly based on parameters like documentation about 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/CIGs and any other parameter as decided by the ULBs. ULBs may take some random sample checks of applications for field verification if required for due diligence. The ULB will transfer the RF to the eligible ALFs directly into their bank accounts. The ALFs will record all the transactions in their books of account and will put it before the accounting committee at the time of monitoring and inspection.

5.2.3. ALFs formed after 31st March 2022 and having availed RF support of ₹50,000/ will be eligible for the additional ₹1,50,000/ enhanced one time RF support, subject to fulfilling the criteria for accessing RF support. ALFs formed after 31st March 2022 that have not received any RF will be eligible for one time RF support of ₹2,00,000/, subject to fulfilling the criteria for receiving RF support.

5.2.4. The ULBs will also regularly report progress in terms of the number of ALFs that have availed RF on the MIS of the Mission.

06 | Establishment Fund to CLF

Each registered CLF will receive a one-time establishment support of ₹1,00,000/-. This financial assistance is intended to strengthen the institutional capacity of the CLF, helping them set up and manage their operations efficiently. The fund may be used for various purposes, such as office establishment, procurement of necessary equipment, administrative expenses, etc.

07 | Community Investment Support Fund (CISF)

The Community Investment Support Fund (CISF) is a financial support provided to registered CLFs or registered ALFs (in the absence of a registered CLF), which is then utilised as an onward lending to Self-Help Groups (SHGs), Common Interest Groups (CIGs), based on specific needs. The structure is designed in such a way that the fund is extended to registered CLFs/ ALFs, who in turn lend to SHGs/CIGs to supplement the credit needs of the groups. 1/3rd of eligible SHG/CIG can access loans of up to ₹1 lakh/ per group to supplement their credit needs on a rotational basis. Funds will be routed through ALF/CLF to eligible SHGs/CIGs who fulfil the criteria of the grading framework in **Annexure V**. The ALFs/CLFs and SGHs/CIGs have to record all the transactions in their books of account and will put it before the accounting committee at the time of monitoring and inspection.

08 | Training of SHGs/CIGs and their Federation

8.1. The primary objective of imparting the training and other capacity building inputs to the community members is to equip them with requisite skills to manage their community institutions.

8.2. For continuous capacity building of community structures, viz., SHGs/CIGs and their federations, a multi-pronged strategy consisting of exposure visits to model institutions, developing master community resource persons, and using them to train community members should be adopted.

8.3. The minimum training set for the community members should include functioning and managing SHGs/CIGs and their federations, financial literacy (bookkeeping and basic accounting), digital literacy, record keeping, group dynamics, leadership, market linkages, entrepreneurship, soft skills, etc.

8.4. An average amount up to ₹5,000/ per member of SHGs/ CIGs can be utilised for training the members and building their capacity through exposure visits.

8.5. Further, for the management of enterprises, Mission will actively conduct Entrepreneurship Development Programme (EDP) training on basic accounting, financial management, marketing, backward and forward linkages, legal procedures, etc., to nurture budding micro-entrepreneurs. Additionally, a dedicated fund named Enterprise Development Fund (EDF) will be created to empower and support vibrant micro entrepreneurs. This fund will play a pivotal role

in fostering and sustaining a thriving entrepreneurial ecosystem. The details can be found in section 2.2 of the FI&ED Operational Guidelines.

09 | Human Resources

9.1. Engagement of Community Supervisor (CS)

To oversee and guide the activities at the community level, the ULB will engage Community Supervisors. The responsibilities of CS include planning and implementing initiatives such as mobilising urban poor households and vulnerable occupation groups into SHGs/CIGs, ensuring effective financial inclusion, and facilitating capacity-building programmes. In addition to these tasks, CS will be responsible for supervising the work of CRPs to ensure that SHGs/CIGs receive continuous support. They will empower SHGs/CIGs through various training programmes, such as training in group management, financial literacy, leadership development, etc. CS will work closely with CLFs and ALFs to strengthen community institutions. They will assess the performance of SHGs/CIGs and CRPs and provide handholding support.

9.2. Engagement of Community Resource Person (CRP)

ULB or CBO will employ CRPs, who have a deep understanding of local community-based activities to enhance the functioning and development of SHGs, CIGs, ALFs, and their associated activities. CRPs will be selected from within the community. Additionally, CRPs may be drawn from existing ALF and CLF committees, allowing them to leverage their experience and local knowledge effectively. The Mission will also encourage youth to take on the role of CRPs, thereby fostering their engagement and contribution to community development.

engagement and contribution to community development. CRPs will play an important role in enhancing the effectiveness of SHGs and CIGs by facilitating access to financial services, such as helping SHG/CIG members open bank accounts. They will ensure that SHGs and CIGs adhere to the Panchsutra principles of self-governance, financial inclusion, and mutual support to foster a strong foundation for their growth. CRPs will actively collaborate with these groups to strengthen their capacities, promote good governance, and facilitate training on key operational aspects. Furthermore, they will monitor the progress of SHGs and CIGs, collect feedback and assess performance to identify areas for improvement.

It is preferable for CRPs to have knowledge of using modern tools and to have access to devices such as smartphones. This enables them to utilise digital platforms, including Management Information Systems (MIS), Unified Payments Interface (UPI), and mobile applications, for real-time data collection, reporting, and communication. The Mission will engage well-trained and incentivised CRPs, to strengthen SHGs, CIGs, and their federations, improve their operational efficiency and contribute to sustainable community development.

CRPs, CSs, SHG/ CIG members, representatives from ALFs, and CLFs may also support the socio-economic profiling of urban poor households in ULBs.

9.3. Capacity building of CSs and CRPs

Capacity building and training of CSs and CRPs are essential for enhancing their leadership skills, equipping them to effectively mentor and guide SHGs/CIGs and their federations. All CSs and CRPs will receive this training to empower them to provide continuous support, oversee the functioning of SHGs/CIGs and their federations, facilitate credit linkages, and strengthen livelihood

activities. Additionally, they will play a key role in fostering convergence with various government schemes, ultimately driving the socio-economic empowerment of the urban poor.

10 | National Resource Organisation (NRO)

The Ministry will establish a centralised pool of organisations, empaneled as National Resource Organisations (NROs), to facilitate capacity building of SHGs, CIGs, ALFs, CLFs, CSs, and CRPs and undertake support activities like research, skill training, etc. These NROs will provide specialised expertise and support in enhancing the capacities of these groups, including the vulnerable occupation groups, ensuring effective implementation of the Mission.

The Ministry, States and Union Territories will have the flexibility to engage these NROs for specific, time-bound purposes that align with their unique requirements. To ensure the smooth functioning of this engagement, 2% of the Component budget will be earmarked for States/UTs to fund the engagement and services of the NROs

10.1. Selection of NROs

10.1.1. The Ministry will empanel National Resource Organisations (NROs) at the national level. States can recommend Resource Organisations (ROs) based on their specific needs and requirements, which will be empanelled as NROs after approval by the Ministry. Preference will be given to resource organisations already empanelled with the National Rural Livelihoods Mission (NRLM), National Bank for Agriculture and Rural Development (NABARD), or any other government organisation with a proven track record of good performance.

10.1.2. Well-established community-based organisations (CBOs) and non-government organisations (NGOs) may be empanelled as NROs based on their domain knowledge and prior experience in livelihood and related activities.

10.1.3. Organisations with an excellent understanding of the development sector and having expertise in thematic areas of livelihood-related activity and expertise in fields like conducting research, providing training, organising workshops/seminars, developing concept papers including guidelines/ manuals, etc. may be preferred for empanelment as NROs. A minimum of five years of experience in areas of livelihood and enterprise development, social mobilisation, financial inclusion, social infrastructure development, poverty alleviation, and related activities is desirable.

10.1.4. Organisations should take a pro-poor approach and strongly believe in the abilities of the poor and vulnerable communities.

10.1.5. Organisations that can provide technical support to the Mission in implementing various thematic areas across the country as and when required.

10.2. Support by NROs

The NROs will provide support in the following areas:

10.2.1. Facilitation of State/UT/ULB specific operational strategies and planning process: NROs will assist in tailoring strategies and creating detailed operational plans including City livelihood action plans, that are suited to the unique needs and challenges of States, UTs, and ULBs, ensuring effective implementation of the Mission.

10.2.2. Conducting Research and Studies: NROs will conduct research and analysis on various issues related to urban livelihoods, poverty alleviation, and community development, providing data-driven insights to improve decision-making and policy formulation.

10.2.3. Conducting Training & Workshops: NROs will organise and facilitate training programmes and workshops aimed at building the capacity of stakeholders, including community leaders, CRPs, and ULB officials, ensuring they are equipped with the necessary skills and knowledge.

10.2.4. Preparation of Standard Operational Procedures, Training Modules, Manuals, Resource Materials etc: The NRO will develop and standardise operating procedures, training materials, and information, education, and communication (IEC) materials that serve as essential guides for field-level implementation and awareness generation.

10.2.5. Documentation of Best Practices, Case Studies, Success Stories, and Process Documentation: NROs will document and disseminate best practices, success stories, and case studies that highlight effective interventions while also capturing the processes followed to achieve these results, ensuring learnings are shared widely.

10.2.6. Conducting Assessments, Process Monitoring, and Managing MIS: NROs will conduct regular assessments, monitor ongoing processes, and support the maintenance of a robust Management Information System (MIS) to track progress and ensure accountability.

10.2.7. Handholding and Capacity Building of SHGs, ALFs, and CLFs: Continuous support and mentorship will be provided to strengthen SHGs, CIGs, ALFs and CLFs to ensure their long-term sustainability and success.

10.2.8. Support in Initiating Institution Building, Financial Inclusion, Livelihoods, Social Inclusion, Gender, and Convergence Interventions: NROs will provide expertise in establishing community institutions, promoting financial inclusion, improving livelihoods, and

addressing issues of social inclusion, gender equity, and convergence with other developmental initiatives.

10.2.9. Establishing Systems and Procedures:

The Resource Organisation will assist in developing and institutionalising systems and procedures that streamline operations and ensure transparency, accountability, and efficiency in the successful execution of the Mission.

10.2.10. Any other technical support requested by States/UTs/ULBs related to the Mission: NROs will be available to provide any additional technical assistance that States, UTs, or ULBs may require to address specific needs or challenges related to the Mission.

10.3. Empanelment process of NROs

The guiding principles issued by the Ministry will be followed for the empanelment process of NROs.

11 | Support System

The following committees may be formed by the Urban Local Body (ULB) as per the guiding principles to support and ensure effective monitoring of the Mission:

11.1. Advisory Committee

A committee may be constituted chaired by the ULB Commissioner/Executive Officer and supported by nodal officers of line departments, CLF office bearers, members of the Mission Management Unit (MMU), and other relevant stakeholders. This committee will evaluate the activities carried out by the CLFs/ALFs and offer recommendations to enhance their performance. It will serve as a support mechanism for the community network, ensuring its efficient and effective functioning.

11.2. Accounting Committee

An accounting Committee may be formed with members from ALFs/CLFs to support SHGs/CIGs and train them in maintaining their accounts and book keeping. A group can be established at the district level, consisting of qualified individuals from within the community who have been trained by empaneled Chartered Accountants. This group would be involved in conducting audits of ALFs and CLFs. Any discrepancies or misappropriations of funds can be identified, along with issues requiring intervention and policy-level decisions based on the audit reports. The group can operate on an incentive-based model.

12 | Monitoring & Evaluation

A new Management Information System (MIS) software tailored to the Mission's requirements will facilitate effective monitoring and evaluation. This system will enable users at the National, State/UT, District, and ULB levels to generate reports and review Key Performance Indicators (KPIs) related to the CLID component. These KPIs will include data on the number of SHGs, CIGs, ALFs, and CLFs formed, along with detailed assessments based on gender, age, geography, and group performance. The MIS will help track Mission progress at all levels and offer targeted

support to ensure effective implementation. This tool will:

- Enable the ULB/CRPs/CSs to form SHG/CIG of the individuals enumerated on the portal and store other related information;
- Enable the ULBs to store SHG/CIG data related to Panchsutra, RFs, CISF, etc. that will allow ULB, District, State and National level users to monitor the progress of the Mission;

- Record transaction-based data for financial transactions, including thrift and credit activities, internal loan repayments, linkage loans, and receipt of RF;
- Monitor attendance during SHG/ CIG meetings and flag inactive SHGs/ CIGs that have not conducted meetings for three consecutive months;
- Enable the SMMU at the State level and CMMU/DMMU at the ULB level to closely monitor the progress of activities and targets under this component, undertaking regular reporting, monitoring, and evaluation;
- In the future, the IT application tool will enable the ULBs to: Monitor the performance of CRPs for providing handholding support for the effective functioning of SHG/CIGs;
- Rank SHGs/CIGs based on their performance, incentivising high achievers while providing targeted support to those needing improvement, driven by a data-based technical assistance system.
- Provide real-time grading of SHGs/CIGs based on the data captured in the MIS.
- Monitor details regarding training provided to SHGs/CIGs.

The SMMU at the State level and DMMU/CMMU at the District/ULB level will closely monitor the progress of activities/targets under this component and undertake monitoring & evaluation. To effectively monitor and evaluate the activities of SHGs/CIGs, ALFs, and CLFs, it is essential to train front-line staff to oversee their work and ensure adherence to the Mission objectives. The experts and officials at SMMU, DMMU, and CMMU will undertake regular field visits to monitor the performance of CRPs and CSs, assess the quality of community institutions, and provide handholding support for the effective functioning of SHGs/CIGs and their federations. The State/ UT/ ULB/

executing agencies shall report timely progress in formats prescribed by the Mission Directorate from time to time, indicating the achievements and key issues in implementation.

Annexures

Model SHG/CIG Rules and Regulations

(These are for guidance only. The SHGs/CIGs should be encouraged to make their own Rules and Regulations)

1. The name of the group shall be _____ and hereinafter referred to as "The SHG/CIG".
2. The ___<SHG/CIG NAME>___ is located in _____ city, and the address of the group is as follows:

Pin-code: _____
3. **Objectives:** The objectives of the SHG/CIG are:
 - a. To promote regular savings among members of the group
 - b. To make available credit to members of the group to meet urgent domestic needs
 - c. To form a group that would be eligible to receive benefits under the Mission and other schemes of the Government of India and State Governments and would be able to articulate a demand for the same.
 - d. To build leadership skills of members so that they can manage the group in rotation.
4. **Membership:**
 - a. Persons above 18 years of age at the time of joining
 - b. Persons who are desirous of saving his/her money with the SHG/CIG
 - c. Persons who are willing to take a loan from the SHG/CIG
 - d. Persons who have been a resident of _____<name of a slum/area>_____ since _____<enter year here>_____
 - e. Persons from families that have been identified as "poor" by the State Government
 - f. Not more than one member per family shall be allowed to join a group
 - g. The total number of members at any time should not exceed 20 persons or be less than 10 persons.
5. **Savings:**
 - a. Every member shall save ₹_____ (in figures and words) per month and on

_____ (specify date here) all members will deposit their individual savings with the Treasurer of the SHG/CIG

- b. The SHG/CIG shall decide the savings amount on a regular basis from time to time. Any changes to this amount and the reason for the same will be reflected in the record of the meetings of the SHG/CIG
- c. If a member does not pay savings money on a decided date, s/he will be fined ₹_____ (in figures and words) per _____ (specify per month, per week or per day)

6. Group Management:

- a. There shall be a management committee for the SHG/CIG responsible for its day-to-day and strategic management
- b. The Management Committee shall consist of three office bearers– Chairperson, Secretary and Treasurer – who shall each be elected by all members of the group from among the members for a period of 1 (one) year.
- c. These office bearers cannot remain in office continuously for more than 2 terms.
- d. In case the group elects to have more than one member per family as members of the group, then no two members of the same family should stand for elections as SHG/CIG office bearers at the same time.
- e. Responsibilities of the Chairperson:
 - i. Presides over the regular meetings and any other meetings of the SHG/CIG
 - ii. Signs (or puts thumb impression) to approve the decision and resolutions of the SHG/CIG taken at various meetings
 - iii. Call for or postpone a special meeting
 - iv. Solve a complaint with the help of other office bearers and members, if required;
 - v. Check and coordinate the activities of the Secretary, Treasurer and other members
 - vi. Maintain relationships within and outside the SHG/CIG, especially with the banks and Urban Local Body, to ensure credit to the group (and individual SHG/CIG members) as well as access of SHG/CIG members to benefits under all relevant components of the Mission.
 - vii. Regularly report progress of the SHG/CIG to the ULB along with any other details requested in a timely manner.
- f. Responsibilities of the Secretary:
 - i. Call meetings with the prior permission of the Chairperson and prepare the agenda for every meeting
 - ii. Maintain a record of the proceedings of all regular and special meetings and read them out at the next meeting.
 - iii. Write resolutions made at each meeting and read them out at the same meeting.

- iv. The Secretary will maintain the membership register, attendance register, and activity and resolution register
 - v. Conduct all meetings and chair a meeting if the Chairperson is absent.
 - vi. Verify the books of account of the SHG/CIG regularly and report to the members in every meeting.
 - vii. Maintain relationships within and outside the SHG/CIG, especially with the banks and ULB to ensure credit to the group (and individual SHG/CIG members) as well as access of SHG/CIG members to benefits under the Mission.
 - viii. Regularly report progress of the SHG/CIG to the ULB along with any other details requested in a timely manner.
- g. Responsibilities of the Treasurer:
- i. Preserve all important papers and documents related to financial matters of the SHG/CIG
 - ii. Maintain all accounts of the SHG/CIG i.e. members' savings and loan register, member pass books, group bank pass book and loan book, cash transaction register
 - iii. Deposit all cash collected at meetings within two days of collection
 - iv. Pay loans approved by the SHG/CIG to members and receive savings, repayment, interest, fines, etc.
 - v. Present all financial reports of the group

7. Meetings:

- a. The group will meet ___<specify number here>_____ time/s every month. The dates of the meetings are ___<specify dates here>_____.
- b. In case of an urgent and important issue, the group can hold special meetings at a shorter notice.
- c. A minimum of 80% of the group's members with at least 2 out of 3 of the office bearers must be present for decisions to be valid. Where decisions on group funds above ₹_____ (in figures and words) or changes in the rules and regulations are to be made, all members must be present.
- d. The SHG/CIG_____ will hold its Annual General Meeting on __<specify date here>_____ every year. This meeting will review the last year's activities and financial progress and plan the activities for the next year. (The group may use this meeting to conduct regular annual elections for the posts of office bearers of the Managing Committee).
- e. In case of special meetings or change in the conduct of regular meetings, the Secretary of the group is supposed to give _____days notice to the members about such meetings.
- f. If a member does not attend ___<specify the number of meetings>_____consecutive periodic meetings without any prior information, s/he will have to face a penalty of ₹_____(in figures and words) per meeting.

8. Maintenance of Group Records:

- a. Every member will be given a savings and loan passbook where savings and loan balances for each member are recorded and updated regularly. It is the responsibility of the Treasurer to make all entries.
- b. Membership, attendance, activity and resolution registers will be kept with the Secretary to register membership, proceedings, attendance and resolutions of all meetings.
- c. Savings and Loan register will be kept with the Treasurer at the group level to maintain all individual records of savings and loans
- d. Cash book and bank loan register will be maintained by the Treasurer who will update the position of all income and expenditure as well as bank loans received and repaid.
- e. The Group Bank Pass Book is to be maintained by the Treasurer and updated regularly at each deposit and withdrawal.
- f. All group records are to be made available freely for examination by each individual member during the meetings and at other times, with reasonable notice to the relevant office-bearer of the Managing Committee. SHGs/CIGs may engage a non-member for book-keeping fixing a token payment for the service. However, members providing this service to their own SHG/CIG will do so on a volunteer basis without payment.

9. Managing the Group's funds:

- a. The loan limit for each individual member shall be decided by the SHG/CIG. The amount will not exceed ₹_____ (in figures and words) at a time.
- b. The interest rate shall be ₹_____ (in figures and words) per month per ₹100/ (Rupees Hundred Only).
- c. The loan repayment procedure shall be decided by all members of the SHG/CIG
- d. On sanction of the loan, the record of the loan, including agreed repayment schedule must be written in the applicant's saving and loan passbook and the group's saving and loan register. Thereafter, all repayments (and defaults, if any) must also be recorded in the applicant's savings and loan passbook and the group's savings and loan register.
- e. The loan shall be granted as long as:
 - i. The member has repaid any previous loan amount in full, along with the interest
 - ii. The member has been depositing regular savings with the SHG/CIG for a period of at least 3 months
- f. All the income that accrues to the SHG/CIG from interest on savings and loans and returns from penalties and fees will be added to SHG/CIG corpus.

10. Managing the Group's Bank Account:

- a. The SHG/CIG account shall be kept in the nearest bank. The Treasurer, Chairperson and/or Secretary (any two) shall have joint signatory power. All withdrawals to be supported by a resolution of the SHG/CIG

11. **Withdrawal of Membership:** Group members should discuss in detail the procedure and terms of refund of money if a member proposes to leave the group. This should be recorded in the bye-laws of the group
12. **Disqualification of Membership:** A member may be disqualified by the SHG/CIG on the following criteria:
 - a. Non-participation in regular group meetings for more than _____ times
 - b. Not depositing regularly for more than _____ months
 - c. Not repaying the loan received from the group
 - d. Not following the rules of the group
13. **Change in the rules and regulations:** The rules of the SHG/CIG or any part thereof can be amended by all members present at a General Body Meeting convened for the purpose.
14. **Dissolution of the group:** In the event of group dissolution, members need to discuss the formalities and terms of group money distribution and group payables and receivable among themselves before the group can be dissolved. The agreed conditions of dissolution and re-distribution of funds should then be recorded in the bye-laws of the group. Members with a majority vote may decide to dissolve the group.

Model Bye-Laws for ALF

(These are only indicative, and ALF should be encouraged to make their own bye-laws)

1. The name of the federation shall be _____ and hereinafter referred to as "The Federation".
2. The <FEDERATION NAME> shall accept as members SHGs/CIGs of _____ ward and the address of the group is as follows:

Pin-code: _____
3. **Objectives:** The objectives of the Federation are:
 - a. To provide a forum for regular interaction and networking between member SHGs/CIGs and assist in the formation of new SHGs/CIGs wherever needed
 - b. To take up activities that strengthen member SHGs/CIGs but cannot be taken up by individual SHGs/CIGs on their own, such as facilitating bank linkages for member SHGs/CIGs and providing handholding support for the development of member SHGs/CIGs loan proposals.
 - c. To facilitate member SHGs'/CIG's access to benefits under the Mission and other Government of India and State Government schemes and to create linkages with institutions of relevance for their welfare e.g. facilitate insurance
 - d. Work as an information dissemination body by facilitating member SHGs/CIGs' access to skill training and micro-enterprise formation support under the Mission as well as access to social assistance benefits under various government programmes, e.g. insurance, entitlements, convergence activities
 - e. Handhold and build the capacity of new member SHGs/CIGs and regularly review the functioning and strengthen the capacity of existing member SHGs/CIGs, to continue to successfully function
 - f. To successfully represent the Federation and member SHGs/CIGs at the City Level Federation
 - g. To build members' leadership skills so that they can manage the member SHGs/CIGs and the Federation.

4. Membership:

- a. SHGs/CIGs in the area defined above which have:
 - i. Been in existence for at least six months
 - ii. Been meeting and saving regularly (not less than 80% of the members)
 - iii. Been repaying any loans given (not less than 90% repayment)
 - iv. Paid the prescribed admission fee and the fixed yearly subscription fees
- b. Each member SHG/CIG will elect two of its members to represent the group in the Executive Committee (EC) of the Federation for a one year term. One of these members shall be an SHG/CIG office bearer; the other one may be a general SHG/CIG member or an office bearer.

5. Contributions:

- a. At the time of admission, each SHG/CIG shall pay an admission fee of ₹_____ (in figures and words)
- b. Each member SHG/CIG shall pay a subscription fee of ₹_____ (in figures and words) per year.
- c. If a member SHG/CIG does not pay the yearly subscription fee on the decided date, it will be fined ₹_____ (in figures and words) per _____ (e.g. per month/week /day)

6. Group Management:

- a. An Executive Committee (EC) shall comprise two representatives per member SHG/CIG
- b. From the EC, five members shall be selected as the Management Committee who shall be responsible for strategic and day-to-day management of the Federation.
- c. The Management Committee shall consist of 3 office bearers– Chairperson, Secretary, Treasurer, and some members as volunteers/committee members (such as Social Action Volunteer, Livelihood Volunteer, Social Security Volunteer and Financial Inclusion Volunteer)
- d. These office bearers can remain in office continuously for only 2 terms.
- e. All three office bearers must be from three different SHGs/CIGs.
- f. Responsibilities of the Chairperson:
 - i. Presides over the regular meetings and any other meetings of the Federation
 - ii. Signs (or puts thumb impression) to approve the decisions and resolutions of the Federation taken at various meetings
 - iii. Call for or postpone a special meeting
 - iv. Check and coordinate the activities of the Secretary, Treasurer and other members
 - v. Maintain relationships within and outside the Federation, especially with the banks and Urban Local Body of _____ (name of the city) to ensure credit to the group (and individual SHG/CIG members) as well as access of SHG/CIG members to benefits under all relevant components of the Mission.

- vi. Regularly report the progress of the Federation to the Urban Local Body of _____(name of the city) along with any other details requested in a timely manner.

g. Responsibilities of the Secretary:

- i. Call meetings with the prior permission of the Chairperson and prepare the agenda for every meeting
- ii. Maintain a record of the proceedings of all regular and special meetings and read them out at the next meeting.
- iii. Write resolutions made at each meeting and read them out at the same meeting.
- iv. The Secretary will maintain the membership register, attendance register, and activity and resolution register.
- v. Conduct all meetings and chair a meeting if the Chairperson is absent.
- vi. Verify the books of account of the Federation regularly and report to the members in every meeting.
- vii. Maintain relationships within and outside the Federation, especially with the banks and Urban Local Body of _____ (name of the city) to ensure credit to the group (and individual SHG/CIG members) as well as access of SHG/CIG members to benefits under all relevant components of the Mission.
- viii. Regularly report the progress of the Federation to the Urban Local Body of _____(name of the city) along with any other details requested in a timely manner.

h. Responsibilities of the Treasurer:

- i. Preserve all important papers and documents related to financial matters of the Federation
- ii. Maintain all accounts of the Federation i.e. cash book, loan ledger, and receipt and payment vouchers.
- iii. Deposit all cash collected at meetings within two days of collection
- iv. Pay loans approved by the Federation to members and receive savings, repayment, interest, fines, etc.
- v. Present all financial reports of the group

i. Responsibilities of the Social Action Volunteer:

- i. Raising awareness about the Mission and its benefits
- ii. Identify and include targeted households into SHGs/CIGs
- iii. Provide support to SHGs/CIGs for their membership to the ALF

j. Responsibilities of the Livelihood Volunteer:

- i. Identify employment sectors which would increase income for SHG/CIG members
- ii. Provide support for setting up new enterprise ventures under the Mission linking the members to credit and advisory services;
- iii. Provide linkage with skill training opportunities under the Mission;

k. Responsibilities of the Social Security Volunteer:

- i. Evaluate the social security needs of member SHGs/CIGs;
- ii. Liaise with ward officials in charge of health, education and other social security such that member SHGs/CIGs are linked with benefits available in the city.
- iii. Compile and update a list of schemes in the city whose benefits member SHGs/CIGs can access and disseminate this information through the ALF.

l. Responsibilities of the Financial Inclusion Volunteer:

- i. Ensure that member SHGs/CIGs are linked with banks;
- ii. Ensure that member SHGs/CIGs are linked with financial institutions for insurance and money remittances;
- iii. Ensure that individuals from member SHGs/CIGs have Basic Savings Bank Accounts;
- iv. Ensure that all member SHGs/CIGs undergo financial literacy training

7. Meetings:

- a. The Executive Committee (EC) of ALF will meet ___<specify number here>_____ time/s every month. The dates of the meetings are ___<specify dates here>_____.
- b. In case of an urgent and important issue, the group can hold special meetings at a shorter notice.
- c. A minimum of 80% of the group's members with at least 2 out of 3 of the office bearers must be present for decisions to be valid. Where decisions on group funds above ₹_____ (in figures and words) or changes in the bye-laws are to be made, all members must be present.
- d. The Federation will hold its Annual General Meeting on ___specify date here_____ every year. This meeting will review the last year's activities and financial progress and plan the activities for the next year. (The group may use this meeting to conduct regular annual elections for the posts of office bearers of the Managing Committee).
- e. In case of special meetings or change in the conduct of regular meetings, the Secretary is supposed to give _____days' notice to the members about such meetings.
- f. If an SHG/CIG representative does not attend ___<specify number of meetings> _____ consecutive periodic meetings without any prior information, the SHG/CIG will have to face a penalty of ₹_____(in figures and words) per meeting.

8. Maintenance of Group Records:

- a. Membership, attendance, activity and resolution registers will be kept with the Secretary to register membership, proceedings, attendance and resolutions of all meetings.
- b. Cash book and bank loan register will be maintained by the Treasurer who will update the position of all income and expenditure as well as bank loans received and repaid.
- c. The Group Bank Pass Book is to be maintained by the Treasurer and updated regularly at each deposit and withdrawal.

- d. All group records are to be made available freely for examination by each member SHG/CIG during the meetings and at other times, with reasonable notice to the relevant office-bearer of the Managing Committee.

9. Managing the Group's funds:

- a. Loans will be considered during periodic meetings of the Federation based on a written application from any member SHG/CIG addressed to the Chairperson of the Managing Committee of the Federation. While representatives of the member SHG/CIG applying for the loan may take part in the discussions, they will not be allowed to vote at the time of taking a decision on the loan.
- b. The loan limit for each individual member SHG/CIG shall be decided by the full Executive Committee (EC) considering the financial position of the Federation and its obligations to meet the credit needs of a number of member SHGs/CIGs
- c. The interest rate shall be ₹_____ (in figures and words) per month per ₹100/ (Rupees Hundred Only).
- d. The loan repayment procedure shall be decided by the Executive Committee (EC) of the Federation.
- e. On sanction of the loan, the record of the loan, including agreed repayment schedule must be recorded in the Activity, Resolution, Saving and Loan registers. Thereafter, all repayments (and defaults, if any) must also be so recorded.
- f. The loan shall be granted as long as:
 - i. The member SHG/CIG has paid all federation membership fees due and has repaid any previous loan amount in full, along with the interest
 - ii. The proposed loan purpose is viable
 - iii. The member SHG/CIG is meeting and saving on a regular basis, is following its bye-laws and takes an active interest in the Federation
- g. All the income that accrues to the Federation from interest on savings and loans and returns from penalties and fees will be re-invested in the Federation fund.

10. Managing the Group's Bank Account:

- a. The Federation account shall be kept in the nearest bank. The Treasurer, Chairperson and/or Secretary (any two) shall have joint signatory power. All withdrawals to be supported by a resolution of the Executive Committee (EC) of the Federation.

11. Withdrawal of Membership:

The Executive Committee (EC) should discuss in detail the procedure and terms of refund of money if a member SHG/CIG proposes to leave the group. This should be recorded in the bye-laws of the group

12. Disqualification of Membership:

A member SHG/CIG may be disqualified by the Federation on the following criteria:

- a. Non-participation in regular federation meetings for more than _____ times

- b. Not paying the subscription fee
- c. Not repaying the loan received from the Federation
- d. Not following the rules of the group

13. **Change in the bye-laws:** The rules of the Federation or any part thereof can be amended by all members present at a General Body Meeting convened for the purpose.
14. **Dissolution of the Federation:** In the event of group dissolution, members need to discuss the formalities and terms of group money distribution and group payables and receivables among themselves before the group can be dissolved. The agreed conditions of dissolution and re-distribution of funds should then be recorded in the bye-laws of the group. Members with a majority vote may decide to dissolve the group.

Model Bye-Laws for CLF

(These are only indicative, and CLF should be encouraged to make their own bye-laws)

1. The name of the federation shall be _____ and hereinafter referred to as "The Federation".
2. The <FEDERATION NAME> shall accept as members ALFs of _____ ward and the address of the group is as follows:

Pin-code: _____
3. **Objectives:** The objectives of the Federation are:
 - a. To provide a forum for regular interaction and networking between member ALFs and assist in the formation of new ALFs wherever needed.
 - b. To take up activities that strengthen member ALFs/SHGs/CIGs but cannot be taken up by individual SHGs/CIGs on their own, such as facilitating bank linkages for member SHGs/CIGs, providing handholding support for the development of member ALFs/SHG's/CIGs loan proposals.
 - c. To facilitate member ALFs/SHGs'/CIG's access to benefits under the Mission and other Government of India and State Government schemes and to create linkages with institutions of relevance for their welfare.
 - d. To identify and address training and capacity-building needs for ALFs and their member SHGs/CIGs to enhance skills and operational efficiency.
 - e. Work as an information dissemination body by facilitating member ALFs/SHGs/CIGs' access to skill training and micro-enterprise formation support under the Mission as well as access to social assistance benefits under various government programmes, e.g. insurance, entitlements, convergence activities.
 - f. Handhold and build the capacity of new member ALFs, regularly review the functioning and strengthen the capacity of existing member ALFs to continue to function successfully.
 - g. To successfully represent the federation and member ALFs at the City Level Federation.
 - h. To build leadership skills of members so that they can manage the member ALFs and the Federation.

4. Membership:

- a. ALFs in the area defined above which have:
 - i. Been in existence for at least 6 months
 - ii. Been meeting and saving regularly (not less than 80% of the members)
 - iii. Been repaying any loans given (not less than 90% repayment)
 - iv. Paid the prescribed admission fee and the fixed yearly subscription fees
- b. Each member of ALF will elect two of its members to represent the group in the Executive Committee (EC) of the Federation for a one-year term. One of these members shall be an ALF office bearer; the other one may be a general ALF member or an office bearer.

5. Contributions:

- a. At the time of admission, each ALF shall pay an admission fee of ₹_____ (in figures and words)
- b. Each member ALF shall pay a subscription fee of ₹_____ (in figures and words) per year.
- c. If a member ALF does not pay the yearly subscription fee on the decided date, it will be fined ₹_____ (in figures and words) per _____ (e.g. per month/week / day)

6. Group Management:

- a. An Executive Committee (EC) shall comprise two representatives per member ALF
- b. From the EC, five members shall be selected as the Management Committee who shall be responsible for strategic and day-to-day management of the Federation.
- c. The Management Committee shall consist of 3 office bearers– Chairperson, Secretary, Treasurer, and some members as volunteers/committee members (such as Social Action Volunteer, Livelihood Volunteer, Social Security Volunteer and Financial Inclusion Volunteer)
- d. These office bearers can remain in office continuously for only 2 terms.
- e. All three office bearers must be from three different ALFs.
- f. Responsibilities of the Chairperson:
 - i. Presides over the regular meetings and any other meetings of the Federation
 - ii. Signs (or puts thumb impression) to approve the decisions and resolutions of the Federation taken at various meetings
 - iii. Call for or postpone a special meeting
 - iv. Check and coordinate the activities of the Secretary, Treasurer and other members
 - v. Maintain relationships within and outside the federation, especially with the banks and Urban Local Body of _____ (name of the city) to ensure credit to the group (and individual ALF members) as well as access of SHG/CIG members to benefits under all

relevant components of the Mission.

- vi. Regularly report the progress of the federation to the Urban Local Body of _____(name of the city) along with any other details requested in a timely manner.

g. Responsibilities of the Secretary:

- i. Call meetings with the prior permission of the Chairperson and prepare the agenda for every meeting
- ii. Maintain a record of the proceedings of all regular and special meetings and read them out at the next meeting.
- iii. Write resolutions made at each meeting and read them out at the same meeting.
- iv. The Secretary will maintain the membership register, attendance register, and activity and resolution register
- v. Conduct all meetings and chair a meeting if the Chairperson is absent.
- vi. Verify the books of account of the Federation regularly and report to the members in every meeting.
- vii. Maintain relationships within and outside the Federation, especially with the banks and Urban Local Body of _____ (name of the city) to ensure credit to the group (and individual ALF members) as well as access of SHG/CIG members to benefits under all relevant components of the Mission.
- viii. Regularly report the progress of the Federation to the Urban Local Body of _____(name of the city) along with any other details requested in a timely manner.

h. Responsibilities of the Treasurer:

- i. Preserve all important papers and documents related to financial matters of the Federation
- ii. Maintain all accounts of the Federation i.e. cash book, loan ledger, and receipt and payment vouchers.
- iii. Deposit all cash collected at meetings within two days of collection
- iv. Pay loans approved by the Federation to members and receive savings, repayment, interest, fines, etc.
- v. Present all financial reports of the group

i. Responsibilities of the Social Action Volunteer:

- i. Raising awareness about the Mission and its benefits
- ii. Identify special social issues/challenges of member ALFs
- iii. Provide support to ALFs for their membership to the CLF.

i. Responsibilities of the Livelihood Volunteer:

- i. Identify employment sectors that would increase income for ALF/SHG/CIG members
- ii. Provide support for setting up new enterprise ventures under the Mission, linking the members to credit and advisory services;
- iii. Provide linkage with skill training opportunities under the Mission;

k. Responsibilities of the Social Security Volunteer:

- i. Evaluate the social security needs of member SHGs/CIGs;
- ii. Liaise with ward officials in charge of health, education and other social security such that member SHGs/CIGs are linked with benefits available in the city
- iii. Compile and update a list of schemes in the city whose benefits member SHGs/CIGs can access and disseminate this information through the ALF.

l. Responsibilities of the Financial Inclusion Volunteer:

- i. Ensure that member ALF/SHGs/CIGs are linked with banks;
- ii. Ensure that member ALF/SHGs/CIGs are linked with financial institutions for insurance and money remittances;
- iii. Ensure that individuals from member ALF/SHGs/CIGs have Basic Savings Bank Accounts;
- iv. Ensure that all member ALFs/SHGs/CIGs undergo financial literacy training

7. Meetings:

- a. The Executive Committee (EC) of CLF will meet ___<specify number here>_____ time/s every month. The dates of the meetings are ___<specify dates here>_____.
- b. In case of an urgent and important issue, the group can hold special meetings at a shorter notice.
- c. A minimum of 80% of the group's members, with at least 2 out of 3 of the office bearers, must be present for decisions to be valid. Where decisions on group funds above ₹_____ (in figures and words) or changes in the bye-laws are to be made, all members must be present.
- d. The federation will hold its Annual General Meeting on ___specify date here_____ every year. This meeting will review the last year's activities and financial progress and plan the activities for the next year. (The group may use this meeting to conduct regular annual elections for the posts of office bearers of the Managing Committee).
- e. In case of special meetings or change in the conduct of regular meetings, the Secretary is supposed to give _____days' notice to the members about such meetings.
- f. If an ALF representative does not attend _____<specify number of meetings>_____ consecutive periodic meetings without any prior information, the ALF will have to face a penalty of ₹_____ (in figures and words) per meeting.

8. Maintenance of Group Records:

- a. Membership, attendance, activity and resolution registers will be kept with the Secretary to

register membership, proceedings, attendance and resolutions of all meetings.

- b. Cash book and bank loan register will be maintained by the Treasurer who will update the position of all income and expenditure as well as bank loans received and repaid.
- c. The Group Bank Pass Book is to be maintained by the Treasurer and updated regularly at each deposit and withdrawal.
- d. All group records are to be made available freely for examination by each member ALF during the meetings and at other times, with reasonable notice to the relevant office-bearer of the Managing Committee.

9. Managing the Group's funds:

- a. Loans will be considered during periodic meetings of the Federation based on a written application from any member ALF addressed to the Chairperson of the Managing Committee of the Federation. While representatives of the member ALF applying for the loan may take part in the discussions, they will not be allowed to vote at the time of taking a decision on the loan.
- b. The loan limit for each individual member ALF shall be decided by the full Executive Committee (EC) considering the financial position of the federation and its obligations to meet the credit needs of a number of member ALFs
- c. The interest rate shall be ₹_____ (in figures and words) per month per ₹100/ (Rupees Hundred Only).
- d. The loan repayment procedure shall be decided by the Executive Committee (EC) of the Federation.
- e. On sanction of the loan, the record of the loan, including agreed repayment schedule must be recorded in the Activity, Resolution, Saving and Loan registers. Thereafter, all repayments (and defaults, if any) must also be so recorded.
- f. The loan shall be granted as long as:
 - i. The member ALF has paid all federation membership fees due and has repaid any previous loan amount in full, along with the interest
 - ii. The proposed loan purpose is viable
 - iii. The member ALF is meeting and saving on a regular basis, following its bye-laws and takes an active interest in the federation
- g. All the income that accrues to the federation from interest on savings and loans and returns from penalties and fees will be re-invested in the Federation fund.

10. Managing the Group's Bank Account:

- a. The Federation account shall be kept in the nearest bank. The Treasurer, Chairperson and/or Secretary (any two) shall have joint signatory power. All withdrawals are to be supported by a resolution of the Executive Committee (EC) of the Federation.

11. **Withdrawal of Membership:** The Executive Committee (EC) should discuss in detail the procedure and terms of refund of money if a member ALF proposes to leave the group. This should be recorded in the bye-laws of the group.
12. **Disqualification of Membership:** A member ALF may be disqualified by the Federation on the following criteria:
 - a. Non-participation in regular federation meetings for more than _____ times
 - b. Not paying the subscription fee
 - c. Not repaying the loan received from the federation
 - d. Not following the rules of the group
13. **Change in the bye-laws:** The rules of the federation or any part thereof can be amended by all members present at a General Body Meeting convened for the purpose.
14. **Dissolution of the Federation:** In the event of group dissolution, members need to discuss the formalities and terms of group money distribution and group payables and receivables among themselves before the group can be dissolved. The agreed conditions of dissolution and re-distribution of funds should then be recorded in the bye-laws of the group. Members with a majority vote may decide to dissolve the group.

Checklist for a functional SHG/CIG

This is to be applied monthly

S. No.	The factor to be checked	Checklist
1.	Group Size	Number of members in a group
2.	Types of Members	70% urban poor to ensure Revolving Fund access
3.	Meetings	• Minimum once in a week • Members are sitting in a circle. • The chairperson is selected in each meeting to conduct the proceedings of the meeting. • Minutes of meeting are recorded in the meeting itself and are read out loudly by book-keeper/office bearers. • The social agenda is included in the SHG/CIG meeting. • Meeting- to be held in the house of each member on a rotation basis. • The agenda of the meeting will be decided by SHGs/CIGs. This may include- attendance, saving, internal lending, loan repayment, information on income & expenditure, benefits under different components of the Mission, rights & entitlements, benefits under government programmes, social issues, etc.
4.	Rules of SHGs/CIGs	The rules of SHGs/CIGs should be framed, and rules followed in every meeting
5.	Attendance of members per meeting	Minimum 90% attendance per meeting
6.	Savings collection within the group	Savings deposited by all members in each regular scheduled meeting held
7.	Internal Loan repayment from members	All internal loans repaid on time by SHG/CIG members as per the loan repayment schedule

8.	Maintenance of records	• Bookkeeper is identified for SHGs/CIGs • There should be a record of every meeting in the minute book with signature/thumbprint of all members • Every meeting should have a record of attendance • Savings and internal loans register should be updated in every meeting • Bank passbook is to be updated once a month
9.	Management Committee	• All three office bearers (Chairperson, Secretary and Treasurer or their equivalents) have been elected • Elections have been carried out once a year • All three office bearers have attended at least 90% of meetings each • No two members of the same family are office bearers in the SHG/CIG
10.	Bank linkages	• The SHG/CIG should have a bank account • The SHG.CIG should have been successful in grading by a bank for credit access
11.	Capacity Building	• Every SHG/CIG member has gone through basic SHG/CIG training at least once • Every SHG/CIG member has gone through basic financial literacy training at least once • SHG/CIG office bearers have undergone leadership and SHG/CIG management training

Annexure IV

Application for Revolving Fund Support to SHGs/CIGs

Application for Revolving Fund (RF) Support to SHGs/CIGs under the Mission (Attach Requisite Documents)												
Application No.	Date of Application	Name of SHG/CIG	Complete Address with Pin code/ Ph No	Landmark	Date of Formation of SHG/CIG	Date of Opening of Bank Account	Bank Account Number	Bank Name	Branch Name	Branch Address	Tick Appropriately	
Details of Office Bearers of the SHG/CIG				Remarks by		Remarks by		Overall Remarks by		Approved	☐	Date of Transfer of RF to SHG
President	Name	Signature	Ph No	CS/CRP/field coordinator		CMMU Representative		ULB Competent Authority		Rejected	☐	
				Name		Name		Name				

Secretary	Name	Signature	Ph No	Signature		Signature		Signature				
				Ph No		Ph No		Ph No				
Treasurer	Name	Signature	Ph No	Date		Date		Date				

Format: SHG/CIG Grading format for Fresh Credit Linkage

A: Basic Information

Name of the SHG/CIG.....

Area..... Ward ULB.....District.....

Date of formation of the SHG/CIG.....Date of opening of Bank S/B A/C:.....

The period considered for Grading: From.....to.....

(Usually last 3 months)

A. Details of Grading /Evaluation Exercise:

S.N.	Indicator	Allotted Marks	The formula for determining Marks	Marks obtained
1.	Regularity of Meetings:			
a)	Regularity of holding meetings by SHG/CIG	10	$\frac{\text{No. of meetings held} \times 10}{\text{No. of meetings required to be held as per rule of SHG}}$	
b)	Regularity of Attendance of members in the meetings	10	$\frac{\text{Average no. of members attended the meetings} \times 10}{\text{Total no. of members of the SHG}}$	
2.	Regularity of Savings by members	10	$\frac{\text{Amount of savings deposited by the members} \times 10}{\text{Amount of savings required to be deposited as per the rule of SHG}}$	

3.	*Velocity of Lending to members from Group Corpus	20	More than 1.5 :- 20 More than 1.0 up to 1.5 :- 15 More than 0.5 up to 1.0 :- 10 More than 0.2 up to 0.5 :- 5 Up to 0.2 :- 0	
4 .	Regularity in Repayment of loans by members	20	Amount of recovery against Demand X20 Amount of Demand (required to be paid as per repayment schedule)	
5 .				
a)	Resolution Book	4	Maintained up to date :- Full marks Maintained, but not up to date : - Half Marks Not maintained :- 0 (no Mark)	
b)	Cash Book	8		
c)	Savings Ledger	4		
d)	Loan Ledger	4		
e)	General Ledger	6		
f)	Individual Pass Book	4		
	Total	100		

*Velocity of lending from Group Corpus = $\frac{\text{Amount lent to the members from Group Corpus}}{\text{Average amount of Group Corpus}}$

A Grade: 80 or more marks

B Grade: 70-79 marks

C Grade: 60-69 marks

D Grade: less than 60 marks

Only A & B graded SHGs are to be considered for the RF

Annexure VI

Application for Revolving Fund Support to ALFs under the Mission

Application for Revolving Fund (RF) Support to Area Level Federation (ALF) under the Mission (Attach Requisite Documents)												
Application No.	Date of Application	Name of Area Level Federation (ALF)	Complete Address with Pin code/ Ph No	Landmark	Date of Formation of ALF	Date of Opening of Bank Account	Bank Account Number	Bank Name	Branch Name	Branch Address	Date of Registration	
Details of Office Bearers of the ALF				Remarks by		Remarks by		Overall Remarks by		Approved		Date of Transfer of RF to ALF
President	Name	Signature	Ph No	CS/CRP/field coordinator		DMMU/CMMU Representative		ULB Competent Authority		Rejected		
				Name		Name		Name				

Secretary	Name	Signature	Ph No	Signature		Signature		Signature				
				Ph No		Ph No		Ph No				
Treasurer	Name	Signature	Ph No	Date		Date		Date				





सत्यमेव जयते

Ministry of Housing and Urban Affairs
Government of India