3. Day NRLM- Governance

The Deendayal Antyodaya Yojana–National Rural Livelihoods Mission (DAY NRLM) is transitioning into a new phase, often referred to as NRLM 2.0, and prepares for the next five-year cycle (2026–27 to 2030–31)

Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM)- Overview

DAY-NRLM is a flagship poverty alleviation and women empowerment programme, launched in 2011 by the Ministry of Rural Development. It represents a paradigm shift from subsidy-driven welfare to community-led livelihood promotion. The mission focuses on social mobilisation, financial inclusion, livelihood diversification, and institution-building among the rural poor. Women, particularly from poor and vulnerable households, are placed at the centre of the development strategy.

Core Objective of DAY-NRLM

The central objective is to reduce rural poverty sustainably by organising poor rural women into strong, self-managed, and financially viable community institutions.

Through Self-Help Groups (SHGs) and their federations, women are enabled to-

1. Access affordable and timely institutional credit
2. Start, diversify, and expand farm and non-farm livelihood activities
3. Enhance household incomes and economic resilience
4. Improve social status, bargaining power, and leadership roles
5. Participate meaningfully in local governance and decision-making processes

The approach is demand-driven, rights-based, and empowerment-oriented, rather than charity-based.

Institutional Architecture of DAY-NRLM

Self-Help Groups (SHGs)

Small, informal groups of 10–20 women, usually from similar socio-economic backgrounds.

Core functions include-

1. Regular savings and internal lending
2. Credit discipline and financial literacy
3. Mutual support and collective decision-making

SHGs act as the foundation unit of DAY-NRLM.

Village Organisations (VOs)

Federations of multiple SHGs at the village level.

Key roles-

1. Coordinating SHG activities
2. Conflict resolution and grievance redressal
3. Implementation of government schemes
4. Social action on issues like health, nutrition, education, and gender violence

VOs enhance collective bargaining power at the village scale.

Cluster-Level Federations (CLFs)

Federations of VOs at the sub-block level, usually formally registered bodies. They function as the economic and governance backbone of the NRLM ecosystem.

Core responsibilities include-

1. Anchoring livelihood collectives and producer groups
2. Managing large-scale financial services
3. Facilitating market access and value chains
4. Enabling convergence with multiple government departments

CLFs represent the highest tier of women-led community institutions under NRLM.

Scale and Reach of DAY-NRLM

DAY-NRLM has mobilised-

1. Nearly 10 crore rural households
2. About 91 lakh Self-Help Groups (SHGs)
3. Around 5.35 lakh Village Organisations (VOs)
4. Over 33,500 Cluster-Level Federations (CLFs)

Financial performance-

1. SHGs have leveraged over ₹11 lakh crore in bank credit
2. Maintained a low Non-Performing Asset (NPA) ratio of ~1.7%

Income outcomes- The number of 'Lakhpati Didis' (women earning over ₹1 lakh annually) has crossed two crores, reflecting tangible income enhancement.

These figures underscore the financial credibility and governance strength of SHG institutions.

Key Interventions- Why DAY-NRLM Matters

Political and Social Empowerment

SHG platforms are increasingly used for direct benefit transfers (DBTs) and welfare delivery. Several States are routing unattached cash transfers directly to women, strengthening their economic agency. Examples include-

1. Ladli Laxmi – Madhya Pradesh
2. Maiya Samman – Jharkhand
3. Ladki Bahin – Maharashtra
4. ₹10,000 transfer to over one crore women in Bihar under Mukhyamantri Mahila Rozgar Yojana

This reflects policy trust in women collectives.

Financial Inclusion

Core instruments include-

1. SHG–Bank linkage programme
2. Revolving Funds (RF)
3. Community Investment Funds (CIF)

Women gain access to formal credit, savings, insurance, and pension products. NRLM has emerged as one of the largest financial inclusion platforms in the world.

Livelihood Promotion

Supports both farm and non-farm enterprises, including-

1. Agriculture and allied activities
2. Livestock, dairy, poultry, fisheries
3. Food processing and value addition
4. Services, micro-enterprises, and rural MSMEs

Emphasis on local resource-based livelihoods and risk diversification.

Skill Development and Entrepreneurship

Capacity building in-

1. Entrepreneurship and business planning
2. Accounting and financial management
3. Digital literacy and market linkage

Focus on transforming SHG members from wage seekers to micro-entrepreneurs.

Social Empowerment

SHGs and federations address-

1. Gender equity and leadership development
2. Health, nutrition, sanitation, and education
3. Social evils such as alcoholism and domestic violence

Women emerge as community leaders and change agents.

Convergence with Government Programmes

DAY-NRLM acts as a convergence platform with schemes related to-

1. Agriculture and animal husbandry
2. Food processing
3. Social protection and nutrition

This enhances efficiency, outreach, and last-mile delivery.

Successful State Models

Kudumbashree (Kerala) and Jeevika (Bihar) demonstrate-

1. Strong CLF-led governance
2. Enterprise-oriented SHGs
3. Deep social mobilisation

These offer replicable best practices for other States.

Looking Ahead- Future Trajectory (2026–31 Appraisal Cycle)

DAY-NRLM is evolving from credit-led inclusion to enterprise-led growth.

Expected focus areas include-

1. Stronger, more autonomous Cluster-Level Federations
2. Promotion of higher-order entrepreneurship
3. Access to scale-up finance, beyond traditional bank loans
4. Improved market access, branding, and value chain integration for SHG products
5. Greater professional support and institutional convergence

There is a growing recognition that debt alone is insufficient.

Need for Financial Innovation

Future sustainability requires- Exploration of equity, venture capital, and blended finance models

Partnerships with institutions such as-

1. SIDBI
2. NBFCs
3. Neo-banks
4. Impact investors

This would enable SHG enterprises to-

1. Scale operations
2. Innovate products

3. Compete in larger markets

Conclusion

DAY-NRLM is a community-led, women-centric development model of global significance. It has-

1. Shifted rural households from subsistence to entrepreneurship
2. Strengthened grassroots democracy
3. Built financially credible and resilient community institutions
4. Enabled policy trust in women as agents of development

With strategic evolution beyond debt financing and stronger CLFs, DAY-NRLM has the potential to redefine rural livelihoods and women-led growth in India.

Source- https-//www.thehindu.com/news/national/what-is-the-next-phase-for-rural-women-entrepreneurship/article70583242.ece