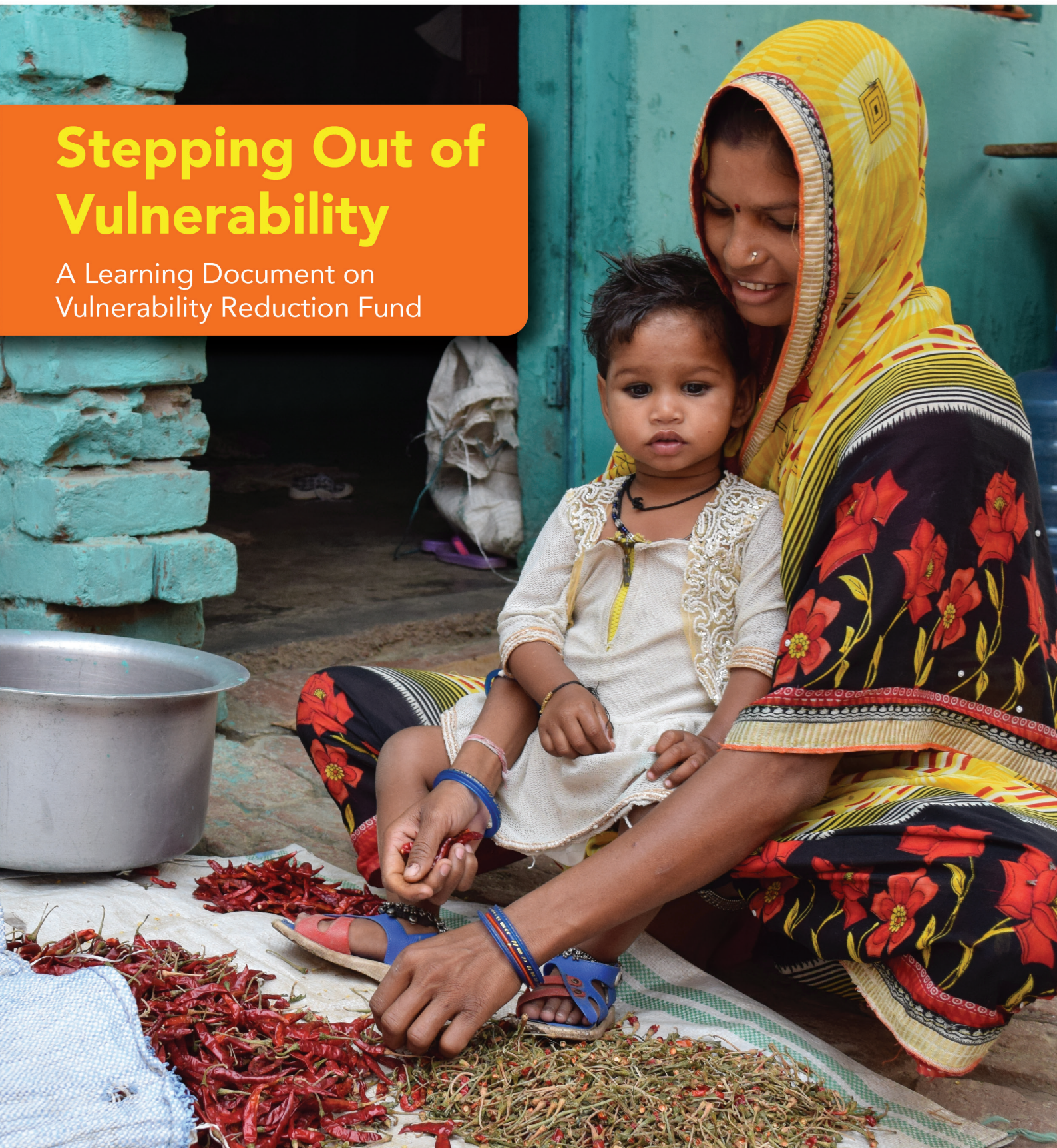


Stepping Out of Vulnerability

A Learning Document on
Vulnerability Reduction Fund



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Message

Deendayal Anyodaya Yojana-National Rural Livelihood Mission (DAY-NRLM), with its multi-dimensional approach to addressing poverty, has focussed on building institutions for women from marginalised communities and social categories. Participatory tools and mechanisms such as participatory identification of the poorest and other Participatory Rural Appraisal (PRA) methods were used to identify the poorest and vulnerable households. Socio-Economic Caste Census (SECC) has been referred to along with PRA methods to bring vulnerable households into the Self Help Group (SHG) fold. At present, DAY-NRLM covers 6,840 blocks forming 77.2 lakh SHGs and their federations like Village Organisations (Vos) and Cluster Level Federations (CLFs). Community funds such as the Revolving Fund and Community Investment Fund have been provided to institutions to enhance income and improve quality of life.

Though DAY-NRLM has succeeded in bringing over 8 crore women into the SHG fold, vulnerable women facing multiple vulnerabilities and social ostracism have been, generally, left out due to various factors. To address these issues of vulnerability, the Vulnerability Reduction Fund (VRF) has been envisaged and is being disbursed to VOs. The VRF is disbursed based on the Vulnerability Reduction Plan (VRP) prepared by the VOs. The VRP is used as an instrument for social inclusion by understanding households experiencing extreme vulnerabilities and including them in SHGs and their federations to ensure access to funds and livelihoods.

I would like to congratulate the team from DAY-NRLM and IWWAGE for developing the VRF compendium of best practices, 'Stepping Out of Vulnerability-A Learning Document on Vulnerability Reduction Fund'. It draws on the best practices from the states of Bihar, Jharkhand, Odisha, Tripura, Nagaland, and Meghalaya. The State Rural Livelihoods Missions (SRLMs) have initiated varied practices in preparing VRPs through VOs. They have disbursed the VRF to meet the consumption, food, nutrition, and livelihood requirements of vulnerable individuals and communities. The fund has been effectively utilised during the pandemic. This compendium will enable SRLMs to learn from the best practices and emulate them.

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Message

Social inclusion in DAY-NRLM has the double-fold approach of extensive inclusion of vulnerable categories such as the elderly, people with disabilities, particularly vulnerable tribal groups, sanitation workers, women survivors of trafficking, migrant workers, survivors of witch-hunting, etc. The second approach is intensive inclusion of the vulnerable communities comprehensively through special projects under the DAY-NRLM

The VRF is part of the Community Investment Fund intended to reduce vulnerabilities and support vulnerable individuals and communities for inclusion in SHGs and their federations. VRF is disbursed based on the VRP developed by the VOs. It can be given for individual and collective purposes. It can be given as a loan with or without interest and as a grant. It can be given to SHG and non- SHG members.

The endeavour to bring forth the compendium on the best practices of VRF utilisation in the SRLMs is deeply appreciated. This would inspire SRLMs to adopt these best practices. The varied practices of the states of Jharkhand, Odisha, Bihar, Tripura, and Meghalaya in addressing the issues of the vulnerable and tiding over vulnerabilities have been enlisted. In Odisha, the focus is on addressing food and nutritional requirements through nutrition gardens. In Meghalaya, it is to support single women and tribal communities. In Bihar, it was divided into the health risk fund and food security fund and exemplary practice of detailed micro-plans. Jharkhand has engaged in a detailed listing of vulnerable categories and support through VRF. The SRLMs are advised to peruse and take forward the learning into practice in their states.

(Nita Kejrewal)

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Finally, we would like to express our heartfelt gratitude to all the women who took the time to share their stories for this document. Nothing we do would be possible without their strength, resilience, and dedication.

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Abbreviations

AIDS	:	Acquired Immune Deficiency Syndrome
BMMU	:	Block Mission Management Unit
BMI	:	Body Mass Index
BRP	:	Block Resource Person
CLF	:	Cluster Level Forum
CRP	:	Community Resource Person
DAY-NRLM	:	Deen Dayal Antyodaya Yojana-National Rural Livelihoods Mission
EC	:	Executive Committee
FSF	:	Food Security Fund
HIV	:	Human Immunodeficiency Virus
HDI	:	Human Development Index
HSF	:	Health Risk Fund
MNREGA	:	Mahatma Gandhi National Rural Employment Guarantee Act
MUB	:	Mo Upakari Bagicha
NMMU	:	National Mission Management Unit
PRA	:	Participatory Rural Appraisal
PVTG	:	Particularly Vulnerable Tribal Group
PwD	:	Person with Disability
SAC	:	Social Action Committee
SC	:	Scheduled Caste
SECC	:	Socio-Economic Caste Census
SHG	:	Self Help Group
ST	:	Scheduled Tribe
SRLM	:	State Rural Livelihoods Mission
UNDP	:	United Nation Development Programme
VO	:	Village Organisation
VRP	:	Vulnerability Reduction Fund
VRP	:	Vulnerability Reduction Plan

Executive Summary

Vulnerability is said to have two facets: an external aspect of shocks, seasonality, and critical trends; and an internal aspect of defencelessness caused by the lack of ability and means to cope.¹

In the wake of an adverse event that pushes people into vulnerability, resilience is the ability of individuals/systems to absorb and recover from the impact of disruptive events without making fundamental changes in everyday functioning or structure. One way to help people/households become resilient to external shocks is to provide them with access to capital.²

Deen Dayal Antyodaya Yojana-National Rural Livelihood Mission (DAY-NRLM), a Government of India programme, has been working effectively through an array of interventions in pulling people out of poverty and has put in place various strategies for social inclusion to ensure no one falls behind. One of the social inclusion strategies designed by the Mission is the provision of a Vulnerability Reduction Fund (VRF) to help vulnerable households cope with external and internal vulnerabilities.

This learning practice document is an attempt to understand how the states of Bihar, Jharkhand, Meghalaya, Odisha, and Tripura have been using their VRFs. The stories from these states show the myriad ways in which VRF has been disbursed to support vulnerable households. In terms of state specificities, an interesting utilisation of VRF in Odisha is the development of nutrition gardens called Mo Upakari Bagicha (MUB). Odisha has appointed Krishi Mitras, women who have gained knowledge on agriculture and help other women and households understand the need for and importance of agriculture. They encourage people to develop their nutri gardens and provide handholding support to the farmers. The case study of Soni highlights how many like her, who lost their jobs and means of livelihood during the lockdown imposed due to the COVID-19 pandemic, sustained themselves but also earned an income through the nutrition garden supported by VRF.

Tripura, a state that is connected to the rest of India only by one road, faced widespread food insecurity as well as a dire dearth of necessities during the COVID-19 lockdown. Given this, in Tripura, VRF was particularly useful during the COVID-19 crisis. The timely COVID-19-specific guideline for VRF disbursement from the National Mission Management Unit (NMMU) to the states to fulfill the needs of the vulnerable without following the three-day Vulnerability Reduction Planning (VRP) exercise has been a significant move. The Village Organisations (VOs) were oriented to fast forward the process and make sure that VRF was used to meet the needs of vulnerable families. VRF was predominantly used in Tripura for food and nutrition (to

¹https://link.springer.com/chapter/10.1007/978-981-10-0983-9_5

²https://www.researchgate.net/publication/270293079_The_Concept_of_Vulnerability_and_Resilience

meet consumption needs) and help build livelihoods. It was also provided for medical treatment during the COVID-19 crisis. VOs procured basic food and household items such as dal, rice, oil, and soap, and distributed them to both Self Help Group (SHG) and non-SHG members. SHGs also prepared cooked food for other highly vulnerable groups.

In Bihar, VRF is classified as Food Security Fund (FSF) and Health Risk Fund (HRF). As Bihar is a state that witnessed large-scale return migration during the COVID-19 lockdown, the FSF was extensively used during this time. Bihar practices an exemplary VRP process that involves detailed micro-planning, financing and then community procurement and management. For the utilisation of FSF, a micro plan was prepared that listed food items required for each SHG, based on demand. A mechanism for procuring these food items at the best price and distributing them to the required households was formulated.

In Meghalaya, VRF is used for strengthening livelihoods. It is prioritised for the economically marginalised, Scheduled Tribes (STs), single women, and orphan girls. One of the most common livelihood-generating activities in Meghalaya is piggery farming. Apart from this, VRF is also used for starting dry fish shops, grocery shops, vegetable shops, and fermented bean shops. Meghalaya has made plans to augment VRF so that vulnerable households can be supported continuously without any depletion of the fund. Interestingly, in some VOs, every Friday, all SHG members bring their agricultural produce and organise a voluntary sales day; the money so collected is submitted to VRF.

In Jharkhand, the implementation of VRP and VRF has been a learning exercise and the state has been updating its policy based on this learning. To define vulnerability, a robust list of state-specific vulnerabilities has been mapped and developed in a participatory manner; 35 vulnerabilities have been included in the list. The state has also developed a web-based application for tracking and providing support financially and non-financially. The app is aimed at making the approval process more streamlined as well.

Overall, VRF has been appreciated by all states as the only fund available at the VO level to meet emergency or vulnerability needs. Another unique feature of this fund is that, in many states, it also caters to vulnerable households outside the DAY-NRLM fold. It allows each VO to address its specific and pertinent problems, be it food insecurity, livelihood creation, or natural calamity.

The VRP process of identifying vulnerable households has been appreciated as this helps triangulate already existing Socio-Economic Caste Census data on vulnerable families. The household planning exercise provides an opportunity to understand each vulnerable household in detail, especially its particular problems, and record the multiple forms of vulnerability that it faces. This provides an opportunity for the household to plan for itself along with the Executive Committee officials of the VO. The process helps to overcome the shackles of caste, gender, colour, caste as well as social ostracism and move towards social inclusion and comprehensive development.

The VRF's flexibility (it can be given as a grant or a loan with zero or minimum interest) makes it a unique and accessible product for the most vulnerable households to access. Its flexibility also extends to the terms of repayment of the loan; the repayment schedule can be decided based on the vulnerability and repayment capacity of the household.

The VRF has an efficient system of disbursement with a quick turnaround time. It is also a very timely grant. Since it makes funds available at the VO level, they are released within seven days of VO approval.

This timely receipt of the fund makes the VRF an advantageous choice for households.

The unique features of this fund made it even more beneficial for vulnerable households during the COVID-19 pandemic as many were pushed into poverty due to loss of jobs, return of migrant labourers, food insecurities, and health emergencies. This can be seen in the upward rate of VRF utilisation in most states during this period.

Introduction

Deen Dayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM), a Government of India programme in operation since 2011, is aimed at reducing rural poverty by understanding its multi-dimensional aspects and hence building institutions for the vulnerable and enabling them to access a range of financial, livelihoods and convergence services.

To ensure that no poor family is left out, DAY-NRLM uses differential strategies for social inclusion of all identified poor rural households into functionally effective and self-managed institutions, with a particular focus on addressing vulnerable sections such as Scheduled Castes (SCs), Scheduled Tribes (STs), Particularly Vulnerable Tribal Groups (PVTGs), single women, women-headed households, Persons With Disabilities (PwD), the landless, migrant labour, isolated communities and communities living in remote, hilly and disturbed areas. The programme identifies the poorest and most vulnerable through participatory identification of the poor and prioritises their mobilisation. Existing institutions, their leaders, staff, and Community Resource Persons (CRPs) support the processes of inclusion and mobilisation. Protocols have been developed since 2015 for the inclusion of all vulnerable categories and a key strategy has been the creation of the Vulnerability Reduction Plan (VRP). Special projects for PVTGs and survivors of human trafficking were developed under the innovation fund to ensure the inclusion and comprehensive development of the marginalised population. DAY-NRLM has robust gender intervention strategies to address issues that keep women in poverty.

While vulnerability reduction as a goal is already embedded in the DAY-NRLM framework for implementation through its social inclusion policy, a specific policy for addressing vulnerability through strengthening the resilience of the community and addressing contingent poverty is also being implemented under DAY-NRLM 2014 onwards.

This document highlights this specific intervention of vulnerability reductions through the use of the Vulnerability Reduction Fund (VRF), a corpus fund given to Village Organisations (VOs or primary-level federations at the village level) to address vulnerabilities such as food insecurity, health risk, sudden sickness/hospitalisation or natural calamity faced by the household(s) or community. The VRF is the only fund available at the VO level. This document also captures how this fund has been instrumental in addressing the challenges posed by the COVID-19 pandemic, especially in the context of many communities being pushed into further vulnerabilities due to food insecurity, loss of jobs, return of migrant labourers and increased health emergencies during multiple lockdowns.

Understanding Vulnerability

Vulnerability has been theorised by many social scientists and when VRF is targeted to address vulnerability, it is important to understand how vulnerability is theorised and what it actually means.

From the focus on weaknesses and defencelessness of vulnerable groups such as informal workers and the elderly or landless, the debate is shifting towards a broader view of reducing exposure to uncertainty and risk to minimise the likelihood of a shock resulting in the absence of well-being. In short, vulnerability is now viewed as insecurity leading to destitution.³

Vulnerability is also characterised as insecurity of the well-being of individuals, households, and communities in the face of changes in the external environment. Vulnerability of a country/region as theorised by Guillaumont⁴ (2009) can be measured based on natural or external factors that hamper its development.⁵

On the empirical side, a broad range of vulnerability indices has been created by scholars and institutions in the past years covering a range of dimensions. All vulnerability indices cover one or more of the following dimensions: economic, social, environmental, governance, and peripherality. Among 189 countries, India ranks 131 on the Human Development Index (HDI) 2020 prepared by the United Nations Development Programme (UNDP).⁶ Indian states face different forms of vulnerability based on their geographical location, climate change impact, and population as well as access to schemes and entitlements, resources, education, health care, etc. These vulnerabilities were considerably heightened with the onset of the COVID-19 pandemic and nationwide lockdown.

Acharya and Porwal⁷ (2020) measured the vulnerability of different districts in India based on ecological and socio-economic conditions. They have constructed health vulnerability indices for COVID-19 to help policymakers focus on those regions which are most vulnerable to the disease.

A socio-environmental vulnerability index at the district level was constructed by Sarkar and Chauhan⁸ (2021) which highlights environmentally and socio-economically backward districts. There is also a four-dimensional approach to vulnerability theorised by Mukherjee, *et al.*⁹ (2020); these dimensions include disruption of access to health care; poverty; disruption in students' access to school education and mid-day meals; and ills caused by alcoholism and domestic violence. When these four dimensions of vulnerability were considered, the states which seemed to be more vulnerable due to the lockdown were Bihar, Jharkhand, Odisha, West Bengal, and Chhattisgarh as they showed higher index values of three or more dimensions of vulnerability. It was found that factors such as high population density, low ratio of hospital beds to people or a high percentage of a vulnerable population (those above 60 years of age) pushed some states such as Odisha further into vulnerability.

If we compare pre-COVID-19 vulnerability, Figure 1 illustrates how some states such as Odisha, Bihar, and Jharkhand had a low HDI even in the pre-COVID 2011 analysis conducted by UNDP. We can see from the recent analysis of Mukherjee, *et al.* (2020) that these states continued to be vulnerable even during the lockdown.

³*Risk, Poverty and Vulnerability in Africa | Journal of African Economies | Oxford Academic (oup.com)*

⁴<http://www.tandfonline.com/doi/abs/10.1080/13600810903089901>

⁵<https://hdr.undp.org/en/content/latest-human-development-index-ranking>

⁶<https://hdr.undp.org/en/content/latest-human-development-index-ranking>

⁷<https://pubmed.ncbi.nlm.nih.gov/32682459/>

⁸[https://cegh.net/article/S2213-3984\(20\)30200-1/fulltext](https://cegh.net/article/S2213-3984(20)30200-1/fulltext)

⁹http://idsk.edu.in/wp-content/uploads/2020/06/Final-Report_Subrata_IDSK-Special-Series.pdf

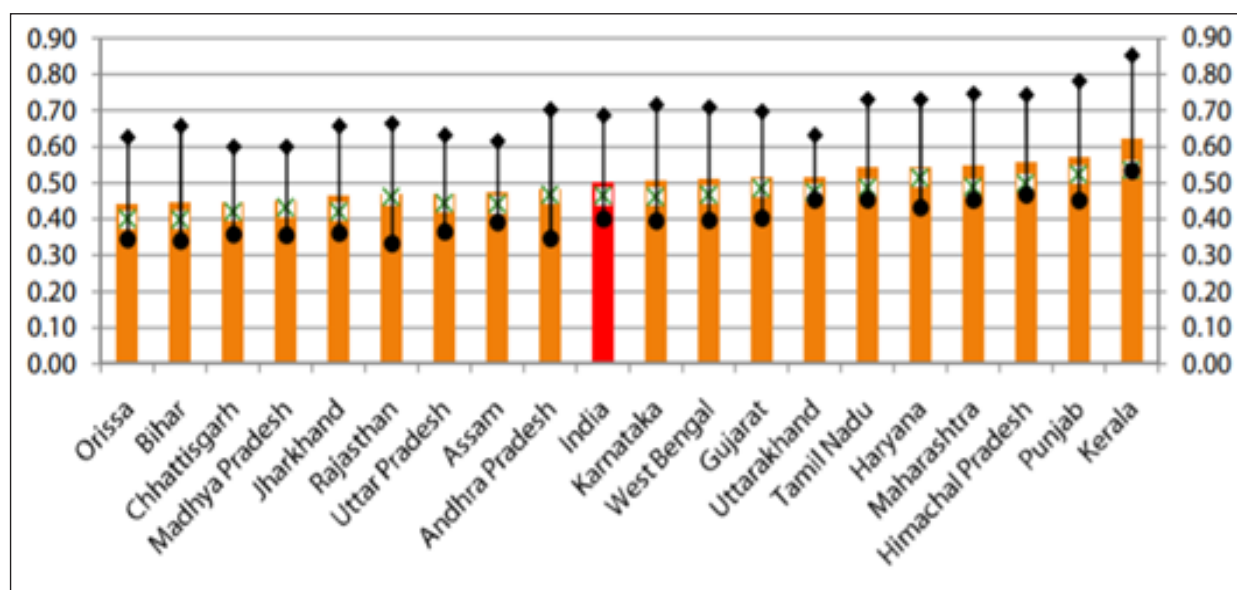


Figure 1: HDI and its Dimensions: Indian States

Notes: Vertical bars (Orange color for states and red for India) indicate the HDI; dark black circles (inside the bars) indicate the education dimension index; cross within white squares, the income dimension index, and dark black diamonds (outside the bars), the health dimension index, and the states are arranged in ascending order of their HDIs)

According to another recent climate vulnerability assessment conducted by the Government of India, Bihar, Jharkhand, and Odisha are among the top eight most vulnerable Indian states with Jharkhand and Bihar having over 60 per cent districts in the category of highly vulnerable districts.¹⁰

Addressing Vulnerability and Social Inclusion within DAY-NRLM

The purpose of VRF is to address the special needs of vulnerable households including Self Help Group (SHG) members and non-members in the concerned VO geographical area.

Irrespective of SHG membership, VRF can be given to vulnerable households that are identified by the VO during the VRP process. Depending upon the need, VRF can be given as a loan with interest, a loan with low interest, a loan without interest, or a grant as decided by the VO Executive Committee (EC). The VO may consider charging interest or increasing interest, depending on an improvement in the situation of vulnerable households. VRF can be given for an individual need or collective action based on the needs identified through the VRP. An amount up to INR 1,50,000 per VO can be disbursed as VRF.

DAY-NRLM prioritises and undertakes initiatives for the inclusion of the poorest of the poor and other vulnerable sections of the community through a social inclusion plan. This plan identifies vulnerable households such as women-headed families, elderly persons, PwD, minority groups, people living in extremist-affected areas or hill terrains (hard to reach areas), trafficked women, transgender persons, and their families, families with one or more persons suffering from chronic illness, etc., using participatory tools, as those who need the most immediate attention. DAY-NRLM endeavours to comprehensively include the poorest and most vulnerable communities into its institutional architecture.¹¹

¹⁰<https://dst.gov.in/national-climate-vulnerability-assessment-identifies-eight-eastern-states-highly-vulnerable>

¹¹http://nirdpr.org.in/nird_docs/nrlm/nrlmhandbookSocialInclusion050716.pdf

DAY-NRLM provides three types of funds: Revolving Fund (RF), Community Investment Fund (CIF), and Vulnerability Reduction Fund (VRF) as resources to the institutions of the poor. These funds aim to strengthen their institutional and financial capacities and build a track record to attract mainstream bank finance.

- **The Revolving Fund** is used to provide SHGs a corpus of INR 10,000–15,000 to meet the members' credit needs directly and as catalytic capital for leveraging repeat bank finance. It is given to SHGs that are practicing the Panchasutra (regular meetings; regular savings; regular inter-lending; timely repayment; and up-to-date books of accounts);
- **The Community Investment Fund** is provided as seed capital to SHG federations at the cluster level to meet the credit needs of the members through the SHGs/VOs and to meet working capital needs for collective as well as individual activities at various levels; and
- **Vulnerability Reduction Fund** is provided to VOs to address vulnerabilities in their geographical area and to meet the needs of the vulnerable persons in the village. The VOs are expected to play a catalytic role in the promotion of SHGs and the development of livelihoods of the poor. More specifically, they must work for social development and social inclusion and, within this umbrella, develop vulnerability reduction and convergence plans and support their implementation

This document will focus on the total amount of VRF released in all the Indian states between January 2011 to July 2022 (Table 1).

Table 1: State-wise VRF disbursement between January 2011 and July 2022

S. No	State	Total SHG	VRF	
			No. of VOs	INR Amount (in lakh)
1	Andhra Pradesh	27,985	143	539.06
2	Assam	18,544	7,437	13290.07
3	Bihar	68,134	52,000	150000
4	Chhattisgarh	13,514	2,433	3214.76
5	Jharkhand	19,292	2,274	2172.09
6	Karnataka	28,960	2,024 (GPLF)	2025
7	Kerala	15,953	2,721	1893.27
8	Madhya Pradesh	36,024	6,262	5555.11
9	Maharashtra	28,203	7,932	6223.75
10	Odisha	47,401	22,765	33110.42
11	Tamil Nadu	22,353	2,690	2285.83
12	Uttar Pradesh	32,553	20,826	17946.58
13	West Bengal	39,340	2	2
14	Haryana	3,542	68	82.05
15	Himachal Pradesh	1,832	22	31.8
16	Jammu and Kashmir	5,286	371	253.69
17	Punjab	2,274	0	0
18	Uttarakhand	4,434	107	96.5
19	Arunachal Pradesh	434	315	472.8
20	Manipur	267	126	188.2
21	Meghalaya	3,872	778	940.21
22	Mizoram	614	557	869.51
23	Nagaland	1,086	735	1050.26
24	Sikkim	483	292	465.65
25	Tripura	1,590	1,587	1978.3
26	Puducherry	102	62	93
	Grand Total	4,69,804	1,32,505	244779.91

BIHAR



Many poor households are still not within the DAY-NRLM fold and the best part of VRF is that it covers both DAY-NRLM as well as non-DAY-NRLM households



– Young Professional, Social Development, SRLM (Jeevika), Bihar

Introduction

Bihar, as a state, ranks the lowest on the HDI¹² in the country. According to a recent study (Acharya and Porwal 2020) that investigated the vulnerability index for the management of and response to the COVID-19 epidemic in India, Bihar ranked as the second most vulnerable state after Madhya Pradesh in terms of socio-economic vulnerability, demographic vulnerability, vulnerability due to housing and hygiene conditions, vulnerability due to non-availability of healthcare and epidemiological vulnerability. The data were compiled based during National Family Health Survey 4.

It has also been reported that nearly 2.5 million migrant workers returned to Bihar during the nationwide lockdown imposed in 2020.¹³

Given the overall low development in the state and the direness of the crisis due to the pandemic, the VRF has been particularly helpful in addressing vulnerability in the work areas of Jeevika.

Vulnerability Reduction Fund

VRF in Bihar is mainly divided into two funds: Food Security Fund (FSF) and Health Risk Fund (HRF). VRP is the first step towards VRF disbursement. For the VRP of the FSF, there is a specific FSF committee within each VO. This committee prepares the detailed micro plan based on demands received from the SHGs. Its members also update the VO profile and the VRF details in the management information system. The VRP process involves micro planning, financing, and then community procurement and management.

Micro Planning: In this process, household food requirement for three to six months is estimated in a participatory manner at the SHG level and then further collated (or aggregated) at the VO level. Aggregation of demand facilitates economies of scale and bulk purchase of food grains.

Financing: This involves offering a loan or credit to the VO to finance the bulk purchase of food grain. The loan is repaid to the VO in easy installments by members of the SHGs.

Community Procurement and Management: The VO's FSF committee procures the food grains and is responsible for logistics (including price negotiation, procurement, and transportation), aggregation (i.e., collective purchase on behalf of all SHG members), distribution, and financial management, including bookkeeping.

¹²Inequality-adjusted Human Development Index | Human Development Reports (undp.org)

¹³<https://www.hindustantimes.com/cities/patna-news/some-migrant-workers-return-to-bihar-amid-surge-in-covid-19-cases-101641873333696.html>

Members of the SHG Mahila Jeevika, Patori block, Samastipur district, heard about the VRF in a VO meeting. They grouped themselves into three committees: the purchase committee to help in the purchase of food grains; the food security committee to conduct micro-planning of the VRF, and the loan repayment committee to look into the return of loans to the VO.

The members visit every shop in every village in the area to understand their pricing and select one that offers the lowest price on food materials.

Since June 2020, the SHG has already purchased food grains four times using VRF. Initially, the shop would give food grains on cash payment only but now members have a good relationship with the shopkeeper. The VO issues a cheque directly to the shopkeeper and food grain is delivered before that. The SHG has bought dal (pulses), chawal (rice), and tel (oil) with the VRF.

The loan repayment committee then examines the repayment of loans. The SHG makes a loan repayment to the VO every three months by collecting INR 350 every month.

Food Security Fund

The FSF in Bihar is given to SHG members as a loan at 1 per cent rate of interest, primarily for the purchase and distribution of food grain, and recovery/repayment of outstanding credit, thus making it accessible to the poorest. This fund is given to a VO at least 40 per cent members of which are from marginalised groups such as the SC/ST communities. A total of INR. 1,00,000 is provided as FSF. A functioning bank account is required for the VO to get this fund.

Over time, VOs are encouraged to expand the FSF basket to include procurement of pulses and edible oil in addition to rice and wheat to improve the nutritional value of the food procured. Staff from Jeevika explained, *“The idea is to procure as much healthy food as possible through this fund. For example, we promote gur but discourage sugar.”* The FSF is targeted toward the most vulnerable SC and ST populations where food insecurity is likely to have a high prevalence.

The objective of FSF is:

- To enable the poorest of the poor to have access to nutritional security throughout the year and to reduce the vulnerability of the poor households;
- To reduce high-cost debts of poor households while coping with crises in lean seasons/periods;
- To fill the gap between food grains available through the public distribution system and the actual requirements of households;
- To enable women from poor households, especially pregnant and lactating women and children less than two years old, to have access to nutritional security; and
- To empower women by building their capacity to negotiate and procure at the best price in the market.

FSF in Bihar was particularly helpful during the lockdown as this ensured food availability for those families whose members lost their jobs, who could not go back to their work because of the lockdown, and those families who had sick and elderly people.

Suneeta lives in Bopaganj with her husband, son, daughter-in-law, and two grandchildren. She and her husband and son go out to work while the daughter-in-law stays at home to take care of the children.

During the lockdown, all three lost their jobs. Her husband, who worked in Delhi, lost his job and returned home. The son, who worked as a daily wage labourer on construction sites in Bihar, also lost his job. Suneeta worked in the fields as a daily wage labourer but there was no work since markets were closed. The family faced a shortage of money and a huge food crisis. Suneeta discussed her condition in her SHG which helped her get food through the FSF.

Her family got 25 kilogram rice, 5 kilogram pulses, and 5 litre oil for three months.

– Suneeta, Bopalganj, Bihar

Health Risk Fund

HRF is a dedicated fund that helps SHG members get low-interest loans for any health/medical emergency. This loan may cover transportation, medical needs, medicine, and hospitalisation cost. Each VO saves a certain monthly installment for this purpose. This prevents SHG members from taking loans from the open market where they must pay much higher interest rates.

To apply for this fund, a member submits a written application to the SHG which is approved by the VO. But, in an emergency, a small sum of INR 3,000 is given as immediate relief, even before making a written application.

“In our SHG, one woman got INR 30,000 from the VO for her husband’s eye operation and another woman got INR 15,000 to treat her son’s fractured leg.

“During my delivery, I had some complication and therefore had to undergo a C section delivery. This required more money than I anticipated and, therefore, I informed the community mobiliser who immediately informed our SHG members and got an amount of INR 20,000 approved as a loan from the Health Risk Fund. They gave the cheque to my husband who then came to the hospital to pay my bills.”

– Focused Group Discussions, Patori Block, Samastipur

Conclusion

In a study¹⁴ commissioned by SRLM, Bihar (Jeevika), it has been found that over 80 per cent of the rural poor in Bihar depend on a basket of livelihoods that revolve around agricultural labour and subsistence animal husbandry. They, therefore, become vulnerable during the lean periods of agriculture. It was found that credit for food security in the lean months was a critical need of the rural poor; food insecurity leads to spiraling indebtedness to a variety of moneylenders. Therefore, the FSF has the potential to address vulnerabilities arising out of loss of income and its impact on food consumption and debt. Both categories of funds under VRF have been highly beneficial in meeting the challenges of food and health during the pandemic.

¹⁴<http://brlps.in/livelihoods>

JHARKHAND

Introduction

Jharkhand was formed in the year 2000 from what was previously the southern half of Bihar. It is known for its forest produce and as the leading producer of mineral wealth in the country. The state has a large tribal population. The ST population as per the 2001 census constitutes 26.3 per cent of the total population, 91.7 per cent of which resides in villages.¹⁵

Although the state is rich in minerals, it is still the second poorest state in the country. According to the multidimensional poverty report of 2021, the poverty level of this state is nearly 42.16 per cent. Jharkhand's social indicators such as literacy, school enrolment, infant mortality, and child nutrition are below the all-India average.¹⁶

The human development status across districts varies significantly and this makes the need for village-specific vulnerability planning very important. To meet different kinds of vulnerabilities, many households often need to borrow money from the SHGs. One of the more flexible and accessible loans and grants available to economically vulnerable households is the VRF.

VRF

VRF in Jharkhand started around 2014 and it was then divided into HRF and FSF. However, with time and multiple training programmes, the VRF process and disbursement were further streamlined to meet individual, community level, and emergency needs. Although VRF started in 2014, it was only from 2016-17 that VRF was rolled out based on advisory guidelines. The state mission staff underwent extensive VRF training for seven days in 2018, cascading the training to field-level staff. In 2016-17, the VRF process was a seven-day process. It engaged several village resource persons as well as Block Resource Persons (BRPs). Before the exercise, BRPs were given 12 days of training including seven days in the field and five days in the classroom on Participatory Rural Appraisal (PRA) exercises, concepts of vulnerability reduction, guidelines of VRF, formats, formation of VRF management committee, etc. The revised guidelines of 2021 now have reduced the time and have developed survey formats, VRF applications, vulnerability mapping, etc. too

¹⁵<https://www.jharkhand.gov.in/Home/AboutTribals>

¹⁶Mpi: Bihar, Jharkhand, UP emerge as poorest states in India: Niti Aayog, Government News, ET Government (indiatimes.com)

As per the state guidelines, VRF disbursement is mapped under three broad categories:

- a. **Vulnerable families:** There are 35 categories of vulnerability being mapped in the vulnerability mapping exercise which is carried out across the state. The bulk of the VRF is being earmarked for individual vulnerable families;
- b. **Community work:** Village-level vulnerabilities are also mapped during the VRP exercises and about 10 per cent of the fund is earmarked for this; and
- c. **Emergency services:** People are also being supported in emergency cases such as disasters, death, accidents, fire, thunderbolt, theft, Naxal attacks, wildlife attacks, pandemics, loss of livelihood, etc. The remaining 10 per cent of the fund is earmarked for this.

VRF is disbursed in two installments in the state. The first installment of INR 1,00,000 is released to those VOs that are at least three months old and have their bank account, a Social Action Committee (SAC) as well as updated books and records. They should also have identified vulnerable households in their area and received requests for VRF from the vulnerable families. The second installment of the remaining INR 50,000 is released after utilisation of at least 60 per cent of the first installment, completion of the VRP exercise, formation of a VRF management committee, and submission of the utilisation certificate. The VRF management committee comprises all VO-SAC members + treasurer of VO + VO accountant + two bookkeepers from the village + representatives from the special SHGs such as the elderly, Particularly Vulnerable Tribal Groups (PVTGs), Persons with Disabilities (PwD) groups, etc., and the concerned Block Resource Person-Social Development (BRP-SD) of the VO.

Jharkhand is exceptional in the sense that it has developed innovative systems to implement and track VRF, and conducted field-level testing of its systems which have been improved based on learning and needs.

VRP Process

Jharkhand has devised a detailed seven-day VRP process. This exercise is intensive and helps identify all vulnerable households. Further, systems have been devised to provide financial and non-financial support to these households and track them. The system in place helps to collate all the data related to VRF in one place. The VRP process, overseen by the BRP, is as follows:

Day 1: The list of vulnerable families is matched and tested on the ground against raw data from SECC. The inclusion and exclusion list is prepared based on this. Through social mapping, a household listing as well as family cards are prepared subsequently. The team also visits village-level institutions such as schools, Anganwadi centres, Panchayat Bhawan, primary health centre, and public distribution centre for the mapping exercise.

Day 2: The vulnerability mapping exercise is conducted based on participatory methods. Criteria for listing out vulnerabilities of a particular area are discussed and family cards are developed. Each family has a vulnerability card that has symbols to identify its vulnerabilities. Households with the highest number of symbols are the most vulnerable and the ones with no symbol are non-vulnerable. Symbols are allocated on the cards based on discussions with the members of the family and people from the village. The families are sorted in a list based on vulnerability. It is then decided to support 10-20 most vulnerable families through the VRF.

Day 3, Day 4, and Day 5: Representatives of the VO meet the identified families individually to conduct vulnerability planning. The BRP and Gender Point Person or *Badlao Didi* visit with the identified households and chalk out the plan for vulnerability reduction. This exercise is spread over two days.

Day 5 and Day 6: The VRP is shared with the SHG for vetting. Once the SHG approves the plan, it is shared with the VO. The VRF management committee is formed. The VO members meet with other village authorities such as the Panchayat and members of the Anganwadi centre and prepare a matrix to discuss how each family will be supported jointly.

Day 7: On the last day of this exercise, a list of community-level vulnerabilities is prepared and a plan to address these vulnerabilities is created with 10 per cent of VRF reserved for this. The plan is presented in the Village Gram Sabha.

The detailed process underwent some changes during the pandemic whereby the participatory exercises for mapping were reduced.

Field Testing the VRP Policy

Jharkhand has been innovative with its VRP process and has tested its VRP policy in the field and made changes to the state policy accordingly. It is admirable that its VRP process continues to evolve. Some of the key takeaways from the experience of Jharkhand with VRF are:

- **Release of VRF:** In the 2016–17 policy, VRF money was released to the VO even before the VRP process to reduce the time lag to meet the immediate needs of vulnerable households. Once the VO completes the VRP process, the money could be immediately released from the VO to the vulnerable household since VO members did not want to push the vulnerable household into further vulnerability. However, it was later found that many VOs did not complete the VRP process after receiving the money and it was difficult to track expenditure without VRP. Therefore, the process was changed in the updated policy of 2021; VRF can only be released to VOs after the completion of the VRP process;
- **Need to define vulnerability:** Another very interesting learning was that the state felt the need to define vulnerability and carried out an extensive exercise of interacting with the village households and working with them to list out their vulnerabilities. Based on this exercise in multiple locations, an exhaustive list of 35 categories of vulnerabilities was prepared. Some of the vulnerabilities include single women, abandoned women, divorced women, survivors of violence against women, socially ostracised women such as survivors of witch hunting, sex workers, unmarried mothers, and mentally challenged women. Apart from these, beggars, manual scavengers, bonded labourers, people with life-threatening diseases, the homeless, the disabled, orphans, old people with caregiving needs, PVTGs, vulnerable SC groups, people with HIV and AIDS, households with cancer patients, households with food insecurity and other vulnerabilities as identified by the VOs;
- **Need to define emergency needs and community development needs:** The understanding of emergency was interpreted in different ways by different households, for example, for some, expenditure on a wedding could be an emergency. An extensive list of different kinds of emergencies was prepared. Similarly, community development needs and the kind of expenses that can go within this category were also defined;
- **Moratorium:** Another strategy that proved to be useful was to introduce a period of moratorium for the initial three months based on individual need and capacity;
- **Ceiling on how much one individual can get:** The state felt the need to have a ceiling on the amount of loan an individual could avail of. The repayment period was also decided. Loans of INR

5,000 and above can be paid in a maximum of 24 months while those less than INR 5,000 have a repayment period of 18 months; and

- **Monitoring and evaluation system:** The state felt the need to monitor the utilisation of VRF and therefore developed standardised forms to track requests for VRF and expenditure. It also developed a web-based application called Swalekha to collate and evaluate how different VOs are using the VRF. The app has different user rights for different stakeholders such as the CLF, VO, and Block Mission Management Unit (BMMU). The VOs upload the information, the BMMU approves it and others can view the information but cannot edit it.

Apart from financial support, this web-based application helps in providing non-financial support such as building convergence with other line departments and tracking entitlement provisions.

Uses of VRF

Jharkhand has released around INR 10 crores of VRF till 2021. VRF utilisation for health emergencies and food security increased substantially during the COVID-19 pandemic. It reported that, during the pandemic in 2020, INR 1.8 crores was released just for food security. Apart from this some of the main VRP activities undertaken during the COVID-19 pandemic included:

- Grain banks were initiated at the VO level to help the affected families with dry rations and other essential consumable items;
- Ration cards were ensured under the entitlement drive as part of the VRP;
- To enhance their access to macronutrients, households were encouraged to take up livelihood activities such as nutrition gardens, and backyard poultry and their access to safe drinking water was mapped; and
- Vulnerable families were encouraged to participate in the Village Health and Sanitation Day.

Pushpa Devi, a resident of Kudu block, Lohardaga district, lives with her husband Gajendra Munda. They struggled to make ends meet and faced economic hardship. They did not own land and worked as agricultural labourers in the fields owned by others. Pushpa became a member of an SHG in 2015 and started saving INR 10 weekly.

Pushpa's husband began to suffer from physical disabilities that restricted his movement. His health worsened during the COVID-19 pandemic and Pushpa could not afford his treatment.

She shared her problems in her SHG. Once the other members heard of her situation, they called for an emergency meeting where they decided to take the case up to the VO. Another emergency meeting of the VO was held where it was decided to grant Pushpa a VRF of INR 2,000. Her husband was admitted to a hospital in Ranchi where he was treated for liver and stomach issues.

Conclusion

Jharkhand has put in place innovative mechanisms such as creating a detailed listing of vulnerabilities and a web-based app for tracking VRF. Since the app, as a model, has started running only recently, it remains to be seen how effectively it can be used in the long run.

MEGHALAYA

“*The most vulnerable households do not come forward to take the Community Investment Fund loan or bank loans for fear of penalty but VRF is different as it offers flexibility in terms of repayment and, because of this, even the most vulnerable get to access these funds*”

– State Mission Manager, SRLM, Meghalaya

Introduction

Meghalaya, in the northeastern part of India, has a predominantly hilly terrain with foothills and plains that are flood-prone. The state also shares a stretch of international border with Bangladesh.

The state has a predominantly tribal population consisting of three major tribal groups, namely, the Khasis, the Jaintias, and the Garos. These tribal groups are matrilineal communities with strong matrilineal kinship systems. This makes the state an interesting case to study as most households are women-led.

As per the last state HDI report, as high a proportion as 49 per cent of Meghalaya's population lives below the poverty line; in the East Garo Hills district, this percentage is 55.94 per cent, with families living in abject poverty.¹⁷

Vulnerability Reduction Fund

VRF has been available for quite some time in Meghalaya but inconsistently. It was in August 2019 that a definite structure around VRF was provided with staff training on VRP preparation and disbursement. Meghalaya pays particular attention to vulnerable groups in VRF disbursement which include sections such as SC, ST, PVTGs, single women and women-headed households, PwD, the elderly, landless families, chronic patients, migrant labour families, isolated communities (such as bonded labourers, nomads, manual scavengers, survivors of trafficking, etc.) and communities living in politically disturbed areas.

To receive the VRF, VRF proposals are made by VOs, in a specific format given by the BMMU. The BMMU helps fill the online fund proposals through the DAY-NRLM portal and the district then releases the amount directly into the VO bank account. In Meghalaya, so far, 584 VOs have received the VRF. The VO receives the VRF in two installments. The first installment is 60 per cent of the total allocation and the second instalment is released only after the utilisation certificates are submitted. The total amount released under VRF for each VO in Meghalaya is around INR 1,50,000.

VRF is given as a soft loan, grant, or loan without interest depending on the economic vulnerability of the household/individual. The VOs have a list of indicators based on which this decision is made. The VO mainly tries to gauge if the person has the means to earn and repay the amount.

¹⁷<https://www.oneindia.com/2008/06/02/49-of-meghalayas-popultaion-below-poverty-line-1212393747.html?story=1>

Vulnerability Reduction Plan

The VRP is prepared in minute detail to roll out VRF effectively. It contains details regarding eligibility for VRF and target groups, activities that may be taken up to reduce vulnerability, fund management, resource generation, mode of disbursal, utilisation, repayment, and maintenance of records, monitoring and roles and responsibilities of the VO beneficiaries and other stakeholders.

An eight-step process is followed:

Step I: Identification of vulnerable households by the VO: The VO identifies vulnerable households through participatory identification of poor processes and identifies and records all the vulnerable households/individuals in a predefined format. VO members carry out village mapping to record the total population, number of males, females, children, and also households that are excluded from the SHGs. Details on the household such as ownership of a job card or below the poverty line card, number of members, kind of house, toilet, and kind of vulnerability (landless, single-headed, women-headed, disabled, school dropout, aged, chronic patient) are also recorded.

Step II: Focus group discussion on VO status and inclusion plan: All VO EC members discuss livelihood options and challenges faced by the village members, financial inclusion, situation of food and nutrition, education and health in the village.

Step III: Vulnerability identification: In this step, all VO EC members (the average number of members per VO will be around 20-30) are divided into three sub-groups. Each sub-group, after discussion and assessment, identifies the most vulnerable category of people within the village who are not part of SHG and notes down the types of and reasons for vulnerability, and support required by the vulnerable. Each group lists out the vulnerable people in its village and presents to a larger forum where the headman and secretary of the village are also present. During the presentation, the village headman and secretary share their views and also give suggestions on how to support the excluded vulnerable households/individuals.

Step IV: Household visit: The VO EC members oversee the household visits. The three sub-groups involved in the identification process are again divided into five smaller sub-groups for the household visit and interaction with the vulnerable household/members. The main objective of the household visit is to observe and understand the actual vulnerabilities that the family is facing. (The VO EC members should visit all the other households that could not be accommodated in the VRP). Each sub-group is given a standardised format for capturing the socio-economic condition of the family.

Step V: Consolidation of socio-economic data: All five sub-groups re-assemble together to finalise and consolidate the socio-economic data collected based on the household visits. Decision-making on the finalisation of the consolidated data is based on the consensus of all members.

Step VI: Submission of the consolidated data to village council/line department: The VO then forwards the consolidated list of vulnerable households/individuals to SRLM (BMMU) requesting the release of VRF. Also, the VO may submit the consolidated list of vulnerable households/individuals to the Village Council, Block Development Officer, and line departments for related support.

Step VII: Preparation of action plan: The Cluster Coordinator provides facilitation support to the VO ECs to prepare their action plans. An action plan has a focus on gender, food, nutrition, health and wash, and PwD.

Step VIII: Stakeholder meeting: The VO organises the stakeholder meeting (headman, village secretary, VO EC representatives, line departments, non-governmental organisation representatives, etc.). The meeting is chaired by the Block Development Officer. This is where the VO presents its plan to all stakeholders. The objective of this stakeholder meeting is to converge the possible assistance of each department and try to generate resources from the line departments.

The SRLM appreciated the detailed and thorough VRP process which helped a Cluster Coordinator from a block in East Khasi Hills to find many orphans in a remote area where they had no one to take care of them. They were found during the door-to-door visits of the VRP process. The SRLM staff further appreciated how, through this exercise, SHGs and VOs were being empowered to voice the real situation of their village.

Uses of VRF

The VRF is used for a variety of purposes. However, primarily, it is used in all districts to address livelihood, health, and emergency needs, and other daily needs of vulnerable groups such as the elderly, orphans, single women, etc. It became especially useful during the pandemic. Meghalaya has documented the detailed use of VRF in different districts. In district Mawkynrew, VRF is mostly given to women from the ST community to generate livelihood (piggery farming). In Laitkroh, it is given to economically marginalised women and single women for piggery farming and opening of grocery stores and to orphan girls to meet consumption and nutrition needs. In Pynursla, VRF is given to people with chronic illnesses, the abandoned elderly and the disabled for medication, food, and basic necessity. Apart from this, VRF is also disbursed for a variety of livelihood activities such as the opening of a dry fish shop, grocery shop, vegetable vend, and fermented bean shop. It has also been given for repairing the house of a particularly vulnerable woman from a marginalised community. In district Laskein, VRF was given to both male and female disabled individuals to meet their food and nutrition needs during the COVID-19 lockdown. In the same district, some economically marginalised men and women took VRF for health emergencies and livelihood generation (turmeric farming, ginger farming, piggery farming, goat and chicken shop). Apart from this, VRF is also used for educational purposes such as purchasing books for orphan kids and paying their school fees. In Khliehriat, VRF is mostly used for livelihood activities covering agriculture.

Banriskhem Khonglam from Wahlyngkhat village, Lateilang SHG, East Khasi Hills district, lives with her four children who are between the ages of four to 11 years. She belongs to a poor family and, being a single mother, she goes through extreme hardship to feed the family. She earns her living by doing daily intensive labour, marginal farming, and by rearing livestock such as cattle, goats and pigs. In February 2021, her five-year-old daughter met with a tragic accident; she suffered serious injuries and was hospitalised. This incident stretched Banriskhem's finances even further, adding to overall precarity. Noticing her plight, the VO held an emergency meeting to find a solution to help her during the crisis and decided to grant her an amount of INR 5,000 through the VRF for which she has expressed her gratitude.

Such a source of funds that caters to the needs of people like Banriskhem in times of dire need has been instrumental in addressing vulnerability in addition to benefitting members of the SHGs.

Apart from this, the VRF is also given to meet emergency needs. The VO EC members can be requested for emergency money at any point of time and, for this, they can get post facto approval. For example, if somebody meets with an accident or has a dire emergency, the VO EC members can immediately provide INR 2,000 to that family. In case the household needs more money after this, an application can be sent to the VO through the SHG if the person is an SHG member or directly to the VO if the person is not an SHG member.

During the second wave of COVID-19, the situation in many villages needed urgent attention as the sources of livelihood became scarce and, at times, the situation became dire with little availability of food and money to meet medical emergencies. People even ran out of cash for personal and basic needs. VRF was very helpful during this time.

Kindro Lyngdoh from Mawstep village in East Khasi Hills district is an elderly person who lives alone. He has seven children who live in different villages. His main source of income used to be daily wage labour but, for the past few months, due to ill health, he has not been able to work. Each day, a VO member comes to check on him and also bring food. The VO granted him INR 1,000 to meet his basic needs such as food. He bought chicks with the balance amount.

Meghalaya has also made plans to augment the VRF so that vulnerable households are supported continuously without depletion of the VRF. In some VOs, every Friday, all SHG members bring their agricultural produce and organise a voluntary sales day; money thus generated is submitted to VRF.

Conclusion

VRF has been very helpful in Meghalaya, although VOs can borrow money from the Community Investment Fund to meet the needs of the vulnerable. However, this attracts a fixed interest rate and most of the needy do not come forward to take it or bank loans for fear of penalty. The VRF, on the other hand, is flexible and very helpful to vulnerable households as they can take their own time to repay.

ODISHA

“*VRF is a timely loan received directly into the beneficiary's account within seven days of sending the proposal and that too without any security deposit*”

– Block Project Manager, Community Finance, State Rural Livelihoods Mission

Introduction

Odisha experiences multiple vulnerabilities on account of social diversity and regional disparities as well as frequent occurrences of natural calamities such as floods, droughts, heat waves, and earthquakes, to which parts of the state are susceptible.

Odisha was ranked as the least developed state in India on the composite index of economic development in the Raghuram Rajan Committee Report in 2013 (Government of India, 2013) which compared all states on 10 sub-components including average consumption, education, health care, poverty, household amenities, SC-ST population, etc.

According to a recent report published by the Government of Odisha, it was found that, on average, households spend a high share of about 57 per cent of their consumption expenditure on food and the poorest 30 per cent of the population spends as much as 71 per cent of its income on food. This indicates that the distribution of income in the state is highly disparate and a significant proportion of the households do not have the minimum purchasing power to access sufficient energy, protein, and fat. Therefore, any rise in prices, livelihood shocks, and disaster-related shocks, especially among the vulnerable population groups (social and livelihood groups) and regions, would have the potential to impact household food security, pushing many households into deficit nutritional intakes (Report on the State of Food Security and Nutrition in Odisha, 2020).

It has also been found that, between 2005-06 and 2015-16, although the percentage of women with low-Body Mass Index (BMI<18.5 kilogram/square metre) has declined by about 15 percentage points, it is still higher than the national level. The prevalence of anaemia among under-five children and women is also significantly high at around 45 per cent and 51 per cent, respectively (Report on the State of Food Security and Nutrition in Odisha, 2020).

Therefore, during any livelihood-related or disaster-related shock, many of the economically disadvantaged households experience a high level of nutritional deficiency and food insecurity for relatively long durations of time.¹⁸ To meet these vulnerabilities, many households often need to take a loan from the SHGs.¹⁹ One of the more flexible and accessible loans or grants available to economically vulnerable households is through the VRF.

¹⁸Mo-Upakari-Bagicha-Website-Content.pdf(odishalivelihoodsmission.in)

¹⁹ibid

VRF

Odisha started using VRF in 2018. A state-level training programme on VRP preparation and VRF implementation was held in 2018 and since then regular state-, district- and field-level training and refresher training sessions have been organised every year. In-person training was modified to virtual training post the COVID-19 lockdown.

Interestingly, in Odisha, VRF is available only to the SHG members, and the VO is called the Cluster Level Forum (CLF) and therefore will be referred to it as the CLF in this document as well. The CLF has a special sub-committee of three members on social inclusion that oversees VRF implementation. The sub-committee also identifies the most vulnerable households in each CLF, following which household meetings are held with the identified families. Sub-committee members carry out house visits and ascertain each family's financial and non-financial requirements. They also enquire about linkages with other available schemes such as a pension, etc. Based on this economic information and assessment, each CLF sub-committee prepares the VRP.

The plan is then sent to the SHGs for consolidation and prioritisation – SHGs help prioritise who among the most vulnerable needs immediate attention (whether priority should be on grounds of health/ PwD/ destitution/ migrant labour, etc.) and then submits the proposal to CLF. On receiving this recommendation, the CLF then does a final round of scoping and verification. Thereafter, the CLF transfers funds to individual members' accounts within seven days.

According to the Odisha SRLM, "Once the VRF is approved by the CLF, it reaches the beneficiaries' account within seven days. The timely nature of this loan is very helpful as it helps households plan their schedule and time in a better way."

Uses of VRF

In Odisha, the VRF is divided into seven different funds depending on the purpose:

- **Health Risk Fund:** HRF is mainly used for consultation on and treatment of all kinds of minor and major health issues. The demand for this fund increases during the rainy season and seasonal change. In most cases, this fund is given as a loan with no interest; however, for critical illnesses, especially of the elderly, it is also given as a grant;
- **Food and Nutrition Security Fund:** This fund is used for the purchase of food grains and other food items, including nutrition support to pregnant and lactating mothers, the old, and the infirm. This fund was largely used during the lockdown imposed due to COVID-19 to purchase food grains and other necessities. No interest is charged;
- **Nutrition Investment Fund:** This is used for developing *Mo Upakari Bagicha (MUB)* or Nutri gardens. This is always given at zero rates of interest to encourage people to develop their Nutri gardens;
- **Education Fund:** This fund is for the education of children and its utilisation occurs mostly during school admissions. Generally, 1-2 per cent rate of interest per annum is charged but if it is taken for a girl child's education it is given at zero rates of interest;
- **Emergency Fund:** This fund is given to cope with emergency incidents of fire, theft, natural calamity, funeral, accident, etc. It is generally given as a loan at a 1-2 per cent rate of interest unless a dire emergency is involved, and the person is unable to repay the amount. In this case, it is given as a grant;
- **Livelihood Support Fund:** This fund is used to encourage people to start their livelihood generating activities such as opening their grocery store, making homemade products to sell in the market, etc. It is especially useful for persons rescued from human trafficking; etc; and

- **Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) Gap Fund:** This is designed to meet the gap in receipt of MNREGA money. However, this fund has still not been used in Odisha.

"VRF has helped our family come out of extreme poverty, our children are being able to go to school now, our family is also running well and our earnings have increased"

- Nirupama Chhura, SHG Maa Bhabani, Barma Block

Nirupama used to work in farm fields as a daily wage agricultural labourer. With time she realised that income from farming was not enough to meet daily needs and run the household. She decided to discuss her condition with the CRP didi. The CRP apprised her of all the processes of VRF and supported her in procuring VRF in December 2020. She got an amount of INR 10,000 as a loan. Nirupama used this money to buy 30 broiler chicks. She sold them 45 days later at a profit of INR 1,800.

Her confidence and aspirations got a boost; she bought 50 chicks and made a profit of INR 3,500. She continued to incrementally increase the number of chicks and her profit. She is currently rearing 300 chicks. Within one year, she made a gross income of INR 44,100 and has come a long way from being in dire economic straits to becoming an entrepreneur!

She used the rest of the VRF loan to augment her poultry business, buy food for the chicks, build a shed to keep the chicks in and get their medicines and vaccinations.

She repaid the VRF loan amount in one year by December 2021.

Mo Upakari Bagicha

An interesting use of the VRF in Odisha has been the investment in developing nutrition gardens or MUB. Nutrition gardens are an effective, affordable, and sustainable way to ensure healthy and balanced nutrition at the household level. They are designed to fulfill the dietary diversity requirement of everyone in the household, especially of the most vulnerable persons which include adolescent girls, the elderly, pregnant and lactating women, and children below five years of age.

Odisha has appointed *Krishi Mitras*. *Krishi Mitras* are women who have gained knowledge on agriculture and help other women and households understand the need for and importance of agriculture. They encourage people to have their Nutri gardens and provide handholding support to the farmers. There are three *Krishi Mitras* per Gram Panchayat which roughly translates to one per 150 households. They conduct training programmes, generate awareness, hold discussions and dialogues with each family and work towards creating demand for nutrition gardens. *Krishi Mitras* are trained on various topics such as different nutrition garden models, design layout of models, crop matrices and crop calendar, organic manure and pesticide preparation and application, water management, seed collection, preservation, etc.

The MUB programme helps to mainstream dietary diversity interventions. It has been the mainstay of women and women have been leading the process. Starting right from the *Krishi Mitra* who helps in preparation and provides technical know-how of setting up the MUB to those who cultivate these Nutri gardens in the backyards of their own homes and also those who take the produce from their gardens to the market or sell them at the SHG level – all are women.

In this programme, women are encouraged to develop nutrition gardens systematically on a small patch of land (usually in the backyards of houses) in which nutri-beds are prepared in specific formats and selected nutrition-rich diverse vegetables and fruit trees are grown organically with specific attention

Soni and her husband used to work as daily wage labourers before the COVID-19 lockdown. They lost their daily work due to the lockdown and therefore faced economic hardship. Soni then took an amount of INR 1,000 from the VRF in August 2021 to set up a Nutri garden (MUB). She learnt about Nutri gardens from the Krishi Mitra who also helped her with Nutri-bed preparation and seed sowing. Since then she has grown 13 varieties of vegetables and rotates between Kharif and Rabi cultivation. In the last Kharif season, she made a profit of INR 2,000 and returned her loan along with the interest within three months. Now that her garden is set up, she wishes to continue farming in the Nutri garden every season. "I enjoy my cultivation," she laughs. She uses the farm produce for household consumption and sells the surplus in the market. Even during the lockdown, she sold her vegetables through the SHG networks.

– Soni Madhi, Kalimela Block, Malkangiri

to addressing micronutrient deficiencies (vitamin A, iron, etc.) of the household. *Krishi Mitras* help in identifying the nutrition deficiency of the household and encourage the woman accordingly.

Both landless households and families with land can set up nutrition gardens. Landless families are provided with 10-15 gunny bags per family in which to develop the Nutri garden and families with land are helped with land-based intervention. For landless families, an innovative concept of growing multiple creeper vegetables in gunny bags is promoted. This involves growing creepers in gunny bags (cement or fertilizer bags) where four to six plants can be grown in very little space. For families with land, there is a rectangular model and a circular model. These are developed considering the size of the household land.

To get both families with/without land interested in nutrition gardening and to create a demand for the programme, *Krishi Mitras* provide nutrition and dietary education to the community. They help the community carry out root cause analysis of issues, prioritise issues, and prepare community-level action plans to address such issues. They impart training spread over 14 sessions and this enables the women to understand and discuss issues related to nutrition and health as well as plan solutions to address these issues.

The MUB programme was also very important for migrant workers who returned to Odisha from other states due to the nationwide lockdown during the COVID-19 pandemic. The programme was found to be very helpful in creating food security for such people as they could grow their vegetables and did not have to depend on the market at a time when there was no income and rapid depletion of savings.

As part of MUB, Odisha SRLM also provides seed kits to each household. A typical kit consists of seeds of brinjal, chili, pumpkin, ridge gourd, bottle gourd, cucumber, snake gourd, cowpea, basella (poi), okra, kalama, amaranths, and ivy gourd (kundru). Saplings of drumstick, papaya, lemon, and banana are also provided

Conclusion

Odisha has been innovative with the use of VRF and has implemented various strategies to bolster its initiatives. The MUB programme is a good example of how a state can be innovative and provide food security at a crucial time such as the COVID-19 lockdown and therefore prevent people from being pushed into poverty and other forms of vulnerability.

TRIPURA

“*VRF means a lot to Tripura, this is the only fund available for sudden health emergencies that can also be given as a grant for the most vulnerable*”

- Programme Manager (Capacity Building and Social Inclusion)

Introduction

Tripura is a North-eastern state where 31.76 per cent of the population belongs to the ST category and 17.83 per cent to the SC category.²⁰ Tripura is also frequently affected by natural disasters which play havoc with an already impoverished economy. Floods are a recurring calamity while earthquakes and droughts are not infrequent, all particularly affecting the vulnerable sections. Forest fires are another unrelenting disaster occurring across the forestlands of the state.²¹

Tripura has mixed parameters of development. It has a literacy rate of 87.8 per cent and is the fifth-most literate state in the country as per the 2011 Census. The state's sex ratio, at 960 females per 1,000 males, is above the national average of 942. On multiple social and health indicators, Tripura competes with Goa, Kerala, Karnataka, and Gujarat which rank first, eighth, 10th, and 12th on per capita income (2014-15) but, despite the education, Tripura holds the highest unemployment percentage in India. Tripura also features at the bottom for per capita income, ranking 24 of 36 states and union territories.

Journey of VRF Utilisation in Tripura

Tripura started using VRF in 2016. The initial implementation started in three districts: Dhalai, Gomati, and South Tripura. To implement the VRP and VRF, orientation was given to all VO EC members with support from the national mission staff and cadre.

Preparation of Vulnerability Reduction Plan

Sub-committees within each VO called the SACs comprising of four or five VO EC members, are primarily responsible for the VRP. To prepare the VRP, the first step is vulnerability mapping in which the SACs identify and list the vulnerable families in their areas. After the final list of vulnerable families is prepared, the members of VO EC are divided into groups of three. Each group is given two to three vulnerable households to visit, following which it prepares case studies on each, which are presented to all VO members. Each case study contains the present condition of the vulnerable household, the status of the household in the past few years, and the kind of support system that is already available to these families.

²⁰<https://www.censusindia2011.com/tripura-population.html>

²¹<http://trpenvs.nic.in/test/disaster.html>

After all case studies are presented, the VO EC members prioritise the households according to their susceptibility to continued vulnerability. The VO then prepares the final list of vulnerable individuals/households and decides on who shall be supported with the VRF and by how much. Individuals who could not be accommodated are included in the next VRP exercise.

The VO also analyses the role of Panchayati Raj Institutions and other line departments in addressing the problems faced by individuals and how support can be built collectively. After the household visits and finalisation of the list of vulnerable households, an individual report called the Vulnerability Intervention Plan is made on each of the houses. This contains details of the individual household, its vulnerability, etc., as well as the role of the SHG network, Panchayati Raj Institutions, and line departments in addressing the existing conditions of the vulnerable.

VRF

In Tripura, an amount of INR 1,50,000 is available as VRF for each VO. Some of the funds are given as grants and some as soft loans depending on the vulnerability level of the household. If the household/individual member's vulnerability is dire enough to create an inability to repay, it is given as a grant.

VRF is released in Tripura primarily through two modes: as a continuous process of identifying vulnerable households and helping them with some funds to improve their economic situations; and for emergency needs.

For the former, there is a social mapping exercise conducted to identify vulnerable households mostly based on their economic background. They are then categorised as poor, extremely poor, single women-headed, or including PwD; other ethnic communities such as PVTGs are also categorised.

For the latter, individuals (SHG or non-SHG members) can directly seek approval, even telephonically, from the SHG. The SHG then sends the request to the VO which sanctions the amount on a priority basis. A VRP register is maintained to track the utilisation of this fund.

Chasha is from Marcharra Gram Panchyat, Durgachowmuhani block, Dhalai, Tripura. She joined a Tripura SRLM SHG in 2017. Presently she is working as a Community Service Provider (micro-credit plan trainer) under Annapurana VO and Tejeshwini Cluster Level Federation.

In 2017, her husband was diagnosed with kidney stones as well as an ulcer. He had to continue working, albeit at a slower pace, as he was the only earning member of their family. In September 2021, his health problems became severe; the household faced a financial crunch for his treatment.

Chasha approached and sought help from her VO. The members decided to provide her with financial assistance without any interest. They held an emergency meeting and gave her INR 98,000 from the VRF for her husband's treatment. The husband's health has improved and Chasha has already repaid INR 18,000.

Uses of VRF

VRF, being the only emergency fund available at the VO level, is used for a variety of activities such as medical treatment (health), livelihoods, basic needs of the elderly, and food and consumption needs. In one case, many families lost their houses and resources due to a forest fire. In this case, VRF was disbursed to repair the damaged houses and to support the households to rebuild their lives.

In Tripura, VRF was particularly useful during the COVID-19 crisis. The pandemic has been a particularly stressful time for families across the country and coping with the health and economic crisis has been one

of the biggest challenges. The timely COVID specific guideline for VRF disbursement from the National Mission Management Unit (NMMU) to the states to fulfill the needs of the vulnerable without following the three-day VRP exercise has been a significant move. The VOs were oriented to fast-forward the process and make sure the VRF is used to meet the needs of vulnerable families. **The scope of the VRF was expanded to include people facing vulnerability particularly due to the pandemic.** During the pandemic, VRF was predominantly used for food and nutrition (consumption) needs and helped build livelihoods. VRF was also given for the medical treatment of COVID-19. Apart from that, the VO procured basic food and household items such as dal, rice, oil, and soap, and distributed them to both SHG and non-SHG members. SHGs also prepared cooked food for PwD and highly vulnerable people.

Soft loans were also given to SHGs for mask preparation, which allowed the SHGs to repay the VRF loan.

Table 2: VRF Disbursement, Category Wise

Category	%
Consumption - food and nutrition	45%
Health emergencies	23%
Natural disasters	1%
Livelihoods	30%
Any other	1%

Conclusion

Although VRF was initiated in only three districts in 2016, by 2020, it had reached other districts of West Tripura, Sepahijala, Khowai, North Tripura, and Unakoti. The amount of VRF disbursed and utilised over the years has also increased with its growing demand. The utilisation was especially high during the COVID-19 lockdown and this speaks volumes of how useful this fund has been for the most vulnerable at the time of a crisis. With an upward trend in utilisation of VRF year after year, it can be concluded that this fund has been very useful in Tripura in addressing the susceptibilities of economically vulnerable families.

Summing up

VRF guidelines from NMMU are adapted by the states to come up with a state-specific policy that caters to the vulnerability needs of each state. The VRP process maps the local context and fund disbursement is carried out accordingly.

The process of discussing the VRP and VRF for this learning document with the states has prompted many states to reflect on their VRF disbursement process and experience for the first time. Most state representatives interviewed expressed a desire to learn from other states on the practices adopted for effective implementation of this fund. Overall, it can be concluded that the VRF is a very useful safety net for vulnerable families and has been especially significant in tiding over the dire situation during the COVID-19 pandemic.

Annexure 1:

Key takeaways from VRF Advisories

VRF: A Tool to Address Vulnerability and Promote Social Inclusion

VRF is primarily meant to address the needs of:

- Single women, deserted women, widows, survivors of violence against women, ostracised women, survivors of witch hunting, women engaged in sex work, unwed mothers, transgender, survivors of human trafficking, etc.;
- Rescued bonded labour, child labour, and people in hazardous occupations such as manual scavenging, etc.;
- People with disabilities, the elderly, the destitute and orphans, etc.;
- PVTGs, de-notified tribes, nomadic and pastoral communities, rural artisans;
- Households facing critical health crises such as HIV/AIDS, unabated infant mortality deaths or maternal mortality deaths, severe malnourishment, disease outbreak, accidents, hospitalisation, chronic illness, etc.;
- Households facing emergencies such as sudden hospitalisation, accidents, and natural calamities;
- Households facing food insecurity; and
- Any others as specified by the VO/primary SHG federations.

The eligibility for VOs for the VRF depends on:

- a. The VO should be at least six months old and should have held regular meetings with proper attendance and have updated books of records;
- b. Its members should have received basic training in VO management;
- c. It should have formed all sub-committees, especially the SAC;
- d. VO EC, SAC members, and cadres should have received training on social inclusion, the concept of VRP, VRF management, and utilisation process;
- e. It should have opened a separate savings bank account to manage the VRF; and
- f. It should have prepared the Vulnerability Reduction Plan and submitted it along with the VO resolution to Cluster Level Federation. VRP is mandatory for the release of VRF.

Vulnerability Reduction Planning

The VRP is the action plan for addressing issues such as food, nutrition, health, water, gender, livelihoods, infrastructure, housing, and entitlements of the identified and prioritised vulnerable individuals, households, or communities. VRP is initiated when a VO is three months old. VOs identify vulnerable households through analysis of SECC and other secondary data, conduct social mapping, focus group discussions, and household visits with the support of VO EC members. VOs prepare a household-VRP which is then consolidated and presented in the concerned VO EC meeting for prioritisation. The VRP also leads to formulation of community level VRP (community action plan) apart from household level plan. The VO also decides to keep certain portion of the VRF as reserve for the emergencies (both community level as well individual emergencies).

The VRP consists of both financial as well as non-financial action plans to reduce the vulnerability of the community in general or any household in particular. The non-financial plan may consist of an entitlement plan of every households, carrying out some relief work, community work in convergence with other departments such as health camps, awareness generation campaigns, etc.

The VO needs to submit the VRP proposal along with VO EC resolution to the BMMU through the Cluster Level Federation for the release of VRF from the DAY-NRLM.

Release of VRF

For the release of VRF, VOs submit the VRP proposal along with VO EC resolution to BMMU directly in case the CLF is not yet formed or through CLF for the release of VRF from DAY-NRLM. In most cases, VRF is released to VO account directly by DAY-NRLM within seven days of receipt of the proposal.

For the return of the VRF loan, the vulnerable households repay the VRF loan to VO through the SHG. There is generally no interest margin for SHGs on the VRF loan. The loan tenure for the vulnerable family is fixed based on the family's requirement and ability to repay; a moratorium period is provided if required.

Augmentation of VRF

To support vulnerable households continuously and to avoid depletion of VRF, many VOs have adopted innovative strategies to augment the VRF:

- SHG members make contributions towards VRF, HRF, and Gender Fund;
- SHGs and VOs contribute some portion of their profit towards augmenting VRF; and
- VOs raise funds by seeking support from the Panchayat, other departments or Corporate Social Responsibility funds, and civil society organisations.



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