

Exploring Strategies, Processes, and Utility of the Vulnerability Reduction Fund (VRF) During COVID-19

-Experiences from
Jharkhand, Odisha,
Tamil Nadu and Tripura





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MESSAGE

The Mission has a special focus on early inclusion of the Scheduled Castes, Scheduled Tribes, persons with disability, elderly, poorest of the poor and other vulnerable sections of the community into SHG fold under Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM) through participatory vulnerability assessment processes as part of social mobilisation in the States/UTs. One of the social inclusion strategies designed by the DAY-NRLM is the provision of the Vulnerability Reduction Fund (VRF). VRF particularly focuses on the poorest of poor and other vulnerable sections of the community, like Particularly Vulnerable Tribal Groups (PVTGs), Scheduled Castes (SC), Scheduled Tribes (ST), women-headed families, elderly persons, persons living with disabilities, minority groups and people living in remote affected areas, hill terrains (challenging to reach areas), trafficked women, people engaged in unhygienic occupations (ex-manual scavengers), transgender, people living with HIV and AIDS and their families, families with one or more persons suffering from chronic illness, etc.

The DAY-NRLM has provisioned for different funds like the Revolving Fund, Community Investment Fund and Vulnerability Reduction Fund to support community women to address a range of needs. The Vulnerability Reduction Fund (VRF) is a unique fund which is provided to the Village Organisations (VOs). The VRF is an inclusive fund that is envisioned to meet the immediate consumption and production needs of vulnerable women, including populations outside of the Self-Help Group (SHG) fold. Over the years, this has emerged as an important tool for social inclusion, addressing immediate needs, particularly during the COVID period.

DAY-NRLM with support from the Institute for What Works to Advance Gender Equality (IWWAGE), has completed an exploratory research study to understand the systems, strategies, and processes that States implemented to allocate, disburse, and monitor the VRF during COVID-19, while exploring whether the VRF was effective in supporting the intended beneficiaries at the times of crisis. The study drew on the experiences from Odisha, Jharkhand, Tamil Nadu, and Tripura. It documented the processes adopted by SRLMs for the VRF disbursement, which included the relaxation of VRF protocols during the COVID-19 crisis.

I would like to congratulate the efforts of IWWAGE for constantly rendering the technical expertise required to support the work being undertaken by DAY-NRLM to strengthen gender interventions within the program. I also thank the State Rural Livelihood Missions (SRLMs) for their support. The study will enable SRLMs to learn from the best practices and emulate them to implement the VRF effectively.


11/11/24
[Shailesh Kumar Singh]

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Message

The DAY-NRLM is a flagship program of the Government of India that underscores the principle of nurturing and sustaining institutions of the poor with the mandate of poverty alleviation. Adopting a multi-pronged strategy to alleviate poverty, DAY NRLM has taken multiple interventions to address the unique challenges faced by marginalized communities in rural areas through its various strategies for social inclusion to ensure no one falls behind. One of the social inclusion strategies of DAY-NRLM is the provision of the Vulnerability Reduction Fund (VRF) to support vulnerable households in mitigating their immediate production and consumption needs.

The DAY-NRLM targets vulnerable populations through a community-driven process. This includes households identified as poor by the Participatory Identification of the Poor (PIP) program duly approved by the village council (Gram Sabha). The program prioritizes early inclusion of disadvantaged groups like Scheduled Castes, Scheduled Tribes, people with disabilities, and the elderly. To achieve this, DAY-NRLM utilizes participatory assessments to identify vulnerable populations within communities and integrate them into Self-Help Groups (SHGs) during its social mobilization efforts across different regions.

The COVID-19 pandemic brought immense hardship to rural communities across India. The research study conducted by IWWAGE sheds light on how the Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM)'s Vulnerability Reduction Fund (VRF) emerged as a critical instrument in mitigating the crisis's impact. VRF provided immediate relief to vulnerable families who faced job losses, income disruption, food insecurity, and health emergencies. The fund supported initiatives to restart livelihoods that were disrupted due to lockdowns and economic slowdown. Additionally, VRF resources were used to address healthcare needs, including purchasing essential medical supplies, supporting transportation for medical care, and creating awareness about hygiene practices.

The research reports are essential for getting feedback from the ground and commensurate course correction. It provides valuable insights from real-world situations that inspire us in our mission and offers practical recommendations to improve the delivery of the VRF, ensuring it reaches even the most remote communities. I am delighted to share these findings and recommendations for the benefit of the public and wider implementation. I extend my sincere congratulations to IWWAGE for their significant contribution.

(Charanjit Singh)

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Message

I am pleased to introduce the report on the strategies, process, and utility of the Vulnerability Reduction Fund (VRF), a provision of the Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM). The DAY-NRLM plays a pivotal role in empowering rural communities across India. Ensuring no one is left behind, the provision of VRF is a critical instrument that empowers Village Organizations (VOs) to address the special needs of vulnerable people, SHG members with vulnerabilities and the needs of any destitute/non-members in the village. It can be used for an individual need or collective action. Village Organizations (VOs) develop Vulnerability Reduction Plans (VRPs) that guide the distribution of VRF resources. The VRF can be used for individual needs (e.g., medical emergencies) and collective community initiatives (e.g., disaster preparedness). The VRF offers loans (with or without interest) and grants.

The endeavour to conduct a research study on the effectiveness of VRF during COVID-19 in select states was crucial for the DAY-NRLM to understand whether VRF reached and supported the most vulnerable during the pandemic, did the strategies implemented by States and VOs aligned with the specific needs of the communities, and was the process for accessing and utilizing VRF funds smooth and efficient during a crisis.

This report sheds light on how the VRF has been utilised to tackle these challenges. We have gained valuable insights into the types of vulnerabilities addressed, the funding allocated, and the impact achieved. Furthermore, the report explored the effectiveness of the VRF in promoting social inclusion within the DAY-NRLM framework. Based on the findings and recommendations, the VRF will be utilised better to address vulnerabilities in rural communities. The study has also shared the best practices employed by VOs across select states during the pandemic, inspiring and guiding other communities in future emergencies.

The report's recommendations will be instrumental in optimising the use of the VRF and achieving even greater social inclusion under DAY-NRLM. I commend the team behind the report for their dedication and hard work. I trust this information will be a valuable resource for policymakers, practitioners, and all stakeholders committed to empowering rural communities in India.


(Smriti Sharan)

Preface

Addressing vulnerabilities is a complex and interconnected process that requires a comprehensive and long-term approach. The DAY-NRLM, since its inception, has prioritised and undertaken initiatives for the inclusion of the vulnerable sections of the community through a social inclusion strategy. The Vulnerability Reduction Fund (VRF) is one such fund that has been provided to address the special needs of vulnerable Self-Help Group members and non-SHG members in the village. Under social inclusion and social development, the NRLM aims to address the needs of marginalized groups through targeted interventions such as the VRF.

The Institute for What Works to Advance Gender Equality (IWWAGE) is an initiative of LEAD, an action-oriented research centre of IFMR Society (a not for profit society registered under the Societies Act). The IWWAGE aims to build and deepen evidence around the low participation of women in the economy - caused by low asset base, poor access to public services, restrictive gender norms, and the burden of unpaid work - to find solutions to inform gender transformative changes and policy reforms.

The IWWAGE is a technical partner to the DAY-NRLM for Strengthening Women’s Institutions for Agency and Empowerment (SWAYAM). SWAYAM aims to strengthen the demand-supply linkages and create a robust gender-responsive ecosystem integrated into the development planning process to achieve the objective of increased agency of women. IWWAGE through SWAYAM, assists the mission and its implementing partners by generating knowledge and learning about the progress of gender mainstreaming. The IWWAGE builds upon existing research and generates new evidence to advocate for women’s economic empowerment in India. This research study is one such knowledge product from the collaborative joint effort with the DAY-NRLM.

The research study “Exploring Strategies, Processes, and Utility of Vulnerability Reduction Fund (VRF) During COVID-19 - Experiences from Jharkhand, Odisha, Tamil Nadu and Tripura”. The study findings indicate that the VRF was able to mitigate the immediate production and consumption needs of the beneficiaries. That the fund was utilised for food, livelihood, sickness/hospitalisation and education. . The low-interest and hassle-free process of the VRF has supported beneficiaries from taking loans from private lenders or relatives in times of crisis. We hope the research recommendations will inform critical policy and programmatic intervention to strengthen the social inclusion strategy of the DAY-NRLM.

The endeavour has been extraordinarily insightful for the team to deepen intellectual insight to the VRF. The DAY-NRLM and IWWAGE partnership generated empirical evidence to inform policies leading to women’s social and economic empowerment.



Radha Chellappa
Executive Director, IWWAGE

The study report, 'Exploring Strategies and Processes in Implementing Vulnerability Reduction Fund (VRF) During COVID-19 - Experiences from Odisha, Jharkhand, Tamil Nadu, and Tripura' was commissioned by Deendayal Antyodaya Yojana- National Rural Livelihood Mission (DAY-NRLM) to IWWAGE in 2022.

We want to extend our sincere thanks to Smt. Smriti Sharan, Joint Secretary, Ministry of Rural Development (MoRD), Ms. Nivedita Prasad, Deputy Secretary, MoRD and Mr. Tathagata Dasgupta, National Mission Manager, M&E, and Dr. Jui Bhattacharya for their support throughout the journey. We also extend our heartfelt gratitude to Ms Nita Kejriwal, former Joint secretary, MoRD and former members of the DAY-NRLM, in particular Ms P. Usha Rani and Ms. Kavita Maria for their valuable input and support. We would also like to thank the State Rural Livelihood Missions (SRLMs) of the four states of Jharkhand, Odisha, Tamil Nadu and Tripura for offering their invaluable support in providing respondent data and supporting the overall study. We would also like to sincerely thank the SWAYAM partner organisations Professional Assistance and Development Action (PRADAN) and Project Concern International (PCI) in Jharkhand and Odisha, respectively, for their hands-on support in each state; this study would not have been possible without their efforts. We also wish to acknowledge the hard work put in by LEAD at Krea University's operational and field team led by Mr Prasenjit Samanta and all the project associates., interviewers, and the transcription team who worked hard to complete the study.

We would like to express our sincere gratitude to the IWWAGE team for their incredible support throughout this project. In particular, we want to thank Ms. Moumita Sarkar (Co-Lead, SWAYAM), Dr. Sona Mitra (Director, Research and Policy), Ms. Pallavi Duggal (Manager, Communications), and Mr. Neeraj Upadhyay (Business Manager).

Finally, we would like to extend our heartfelt gratitude to all the respondents of this study who shared their insights and experiences. The study was only possible with their valuable input. We hope that the findings and the recommendations of this study will provide essential insights for strengthening the utilisation of the Vulnerability Reduction Fund.

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List of Abbreviations

CIF	Community Investment Fund
CLF	Cluster Level Federation
CRP	Community Resource Person
CSO	Civil Society Organisation
DAY-NRLM	Deendayal Antyodaya Yojana-National Rural Livelihood Mission
GP	Gram Panchayat
GPDP	Gram Panchayat Development Plan
IWWAGE	Institute for What Works to Advance Gender Equality
IPPE	Integrated Participatory Planning Exercise
LEAD	Leveraging Evidence for Access and Development
MIS	Monitoring Information System
MoRD	Ministry of Rural Development
PLF	Panchayat Level Federation
PWD	Persons with Disability
NFHS	National Family Health Survey
RF	Revolving Fund
SECC	Socio-economic and Caste Census
SAC	Social Action Committee
SHG	Self-Help Group
SRLM	State Rural Livelihood Mission
SWAYAM	Strengthening Women's Institutions for Agency and Empowerment
VAW	Violence Against Women
VO	Village Organisation
VRF	Vulnerability Reduction Fund
VPRP	Village Poverty Reduction Plan
VPRC	Village Poverty Reduction Committee
VRP	Vulnerability Reduction
PRI	Plan Panchayati Raj Institution
WASH	Water, Sanitation and Hygiene
WEC	Women's Empowerment Collective

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EXECUTIVE SUMMARY



The Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM) is a flagship scheme of the Ministry of Rural Development, Government of India. The scheme attempts to address multidimensional poverty by building strong institutions of the poor and its federal structures to access various financial services and livelihoods. The institutions are spaces for women to collectivise, and achieve increased access to rights, entitlements, public services, diversified risk, and better social indicators of empowerment.

The existing institutional structures at the village level, like the Self-Help Groups (SHGs), Village Organisations (VOs), and Cluster-Level Federations (CLFs), offer a unique opportunity to address women's identity, access, control over economic and productive resources, technical knowledge, dignity, and bodily integrity. These institutions serve as an effective fundamental structure for establishing a demand-supply related linkages with other public offices/spaces like the Gram Panchayat/Village Council (specific to tribal areas), Gram Sabha, Anganwadi Centres, Banks, Public Health Centres, Public Distribution System, and schools..

The DAY-NRLM is founded upon three interwoven pillars: universal social mobilisation, comprehensive financial inclusion, and livelihood enhancement. The mission seeks to transcend societal barriers through collective action and local leadership, ensuring that marginalised voices are heard through the vehicle of Self-Help Groups (SHGs). The DAY-NRLM uplifts livelihoods and nurtures skill development, market integration, and sustainable economic options, catalysing income, dignity, and self-reliance.

The DAY-NRLM has adopted a multi-pronged approach and reached the most marginalised by providing access to rights, entitlements, and better livelihood opportunities. However, efforts are needed to reach the most vulnerable people and address their production and consumption needs, including those who are not in the SHG framework. 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 community's resilience and addressing contingent poverty has also been implemented under DAY-NRLM 2016 onwards. The social inclusion strategy of the DAY-NRLM, the Vulnerability Reduction Fund (VRF), was formed to keep risk and uncertainty at a central place when thinking about poverty and destitution.

The DAY-NRLM commissioned this study to IWWAGE in August 2022 to understand the systems, strategies, and processes states implemented to allocate, disburse, and monitor the Vulnerability Reduction Fund (VRF) during COVID-19. The study aims to understand the challenges and mitigation strategies adopted by the states while exploring whether VRF was effective in helping the intended beneficiaries in times of crisis. The study was undertaken in Jharkhand, Odisha, Tamil Nadu, and Tripura. This is one of the first studies to explore VRF from the demand side (beneficiaries) and supply side (SRLMs and VOs). The broad questions guiding the study were: what were the different processes adopted by SRLMs for VRF disbursement? What were the strategies adopted explicitly during COVID-19? What was the utility of VRF as a tool for addressing the needs of vulnerable households/individuals? Did non-SHG members benefit from VRF? What were the inclusion criteria? What were the challenges and mitigation strategies for VRF allocation, disbursements, and utilisation implemented by states?

The study is qualitative in nature and has a descriptive research design. The study participants were purposively sampled and are the beneficiaries who have taken loan from the VRF and to understand from them the effectiveness of the fund. Focus Group Discussions were held with VO-EC members to understand beneficiary identification and the disbursement of funds at the VO level. Additionally, to understand the enablers and barriers for effective implementation from the perspective of the supply side, the block, district, state, and national-level officials were purposively sampled, and in-depth interviews were conducted. Eighty-four in-depth interviews (44 with the beneficiaries and 40 with Government Officials) and 18 focus group discussions (FGD) were conducted across four states (Table 1).

As stated in the VRF guideline issued by the GoI in 2016, VRF is a corpus fund given to VO (Village Organisations) to address vulnerabilities like food security, health risks, sudden sickness/hospitalisation, natural calamities, etc., faced by households or the community. The purpose of the VRF is to address the special needs of vulnerable people/households, SHG members with vulnerabilities, and also the needs of any destitute/non-members in the village. The VRF addresses vulnerabilities, including the consumption and production needs of vulnerable people/households in the concerned VO's geographical areas. Irrespective of SHG membership, the VRF can be given to vulnerable households that the VO identifies during the Vulnerability Reduction Plan (VRP) process. Depending upon the need, VRF can be provided as a loan with interest, a loan with low interest, a loan without interest, or a grant, as per the decision of the VO - Executive Committee (EC) . The VRF can be given for an individual need or collective action based on the needs identified through the VRP. An amount of up to ₹ 1,50,000 per VO is allocated for the VRF as a one time fund.

The study finds that beneficiaries were aware of the the VRF process and were informed about it mainly during SHG meetings. The reflections from beneficiaries indicate that the VRF was able to mitigate immediate production and consumption needs. The fund was utilised for food, livelihood, sickness/hospitalisation, education, etc. The low-interest and hassle-free process of the VRF helped beneficiaries avoid taking loans from private lenders or relatives in times of crisis and manage the repayment of loans smoothly due to flexible timelines. The study indicates that the VRF has benefited its beneficiaries, enabling them to address immediate needs, such as production and consumption, and long-term goals, such as livelihood development and children's education.

The study sheds light on the diverse interpretations of vulnerability adopted by the VOs/ states. While economic vulnerability is one criterion, vulnerabilities related to health and structural marginalisation (women, girl children, caste, etc.) of groups are also criteria to determine the beneficiaries for the VRF. The study finds that states have adopted context and culture-specific beneficiary identification processes and understanding of vulnerability. While in Jharkhand, the VRF has been channelled to address the issues of witch hunting, in Tripura, vulnerability is understood in-depth considering the economic and health challenges and the uncertainty and shocks people may face in their day-to-day lives, leaving them more vulnerable to coping. While it is understandable that there are multiple understandings of vulnerability, a lack of consistency in understanding relative priority or clarity of protocol around beneficiary identification leaves scope for a high amount of subjective decision-making by the VO executive committee members to sanction in selecting who will get a loan from a pool of applicants.

The study tries to understand a pivotal aspect of the National Rural Livelihood Mission (NRLM), specifically the Vulnerability Reduction Fund (VRF), which extends its reach beyond the ambit of the Self-Help Group (SHG) cohort. The central inquiry of this research also revolves around the inclusion of vulnerable individuals or families within village settings who stand outside the ambit of SHG engagement. The study reports

that most states include non-SHG members within the purview of the VRF, except Odisha. However, all the states mentioned that their first action was to include the non-members in the SHG fold.

The study's evidence suggests consistent demand for increased VRF funds across states. However, experts noted that an increase should not be universalised, and a contextual understanding of each village's situation should inform fund modification. The interviews reflected that states faced a critical challenge during the COVID-19 pandemic, as the crisis confined people to their homes, and in addition dealing with the loss of lives and livelihoods. This hindered the Vulnerability Reduction Plan (VRP) and social mapping by the VOs due to mobility restrictions and fear associated with the pandemic. The study underscored that the understanding of vulnerability underwent a drastic transformation during the pandemic. For instance, economically stable households before COVID-19 suddenly found themselves vulnerable after the demise of their sole earning member's demise. The study also reports that due to COVID-19, protocols were relaxed to distribute funds effectively, and VOs received the VRF fund even without completing their mandatory three-month training.

The study highlights that the VRF was allocated to prioritise the most immediate needs of the vulnerable population during COVID-19. The study reports that Jharkhand, Odisha, and Tamil Nadu allocated the VRF for production and consumption needs. On the other hand, Tripura allocated the VRF as 'recovery from any danger'. The study finds that the VRF's allocation was need-based, and the states adopted it with the changing understanding of vulnerability during the pandemic. The evidence from the study also suggests that during the COVID-19 pandemic, the states witnessed an influx of migration, and to manage urgent needs, the state distributed funds to whoever needed them at the time. The study concludes that each state has context-specific criteria for allocating funds that are adopted as per the local needs of the states. States can determine their needs and restructure their understanding of vulnerability per their local culture and politics.

The study further reflects that despite challenges stemming from the pandemic, state officials showcased creativity by pooling resources from various funds, including SHG, VRF, and CLF funds, to address the inadequate funding relative to the number of vulnerable individuals and families. Furthermore, testimonies from Tamil Nadu highlighted a multifaceted approach, where families significantly impacted by the pandemic received comprehensive support. In cases of bereavement leading to loss of income, VRF, SHG, and Panchayat Level Federation (PLF) funds were combined to alleviate financial distress. Due to COVID-19, states responded to the influx of reverse migration by extending support to returning migrant workers. These individuals, facing a sudden loss of income, were provided with funds to establish livelihoods and generate revenue, often through schemes like the Community Investment Fund (CIF). Additionally, the VRF provided daily rations and food through community-run kitchens to sustain migrant families.

The study reports that the VRF is a versatile and adaptable program within NRLM, embodying resilience, compassion, and inclusivity. It empowers communities, raises awareness, and responds to evolving challenges. The lessons learned during the pandemic emphasise the need for flexibility and innovation to support the most vulnerable members of society, who remain on the fringes.

This is the research study's final report to explore strategies, processes, and utility of the Vulnerability Reduction Fund (VRF) during COVID-19. It documents the findings and provides further recommendations to strengthen the social inclusion strategy of DAY-NRLM.

A woman with grey hair, wearing a yellow and green floral sari and a blue top, is seated on a green plastic stool. She is focused on grinding a bright red chili powder in a large, dark stone mortar using a wooden pestle. The mortar is placed on a large, rough stone block. In the background, there is a wall made of blue-painted bricks and some outdoor kitchen equipment. The scene is set outdoors, likely in a rural or semi-rural area.

CHAPTER 1

Introduction

The Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM) is a flagship scheme of the Ministry of Rural Development, Government of India. The DAY-NRLM's scheme attempts to address multidimensional poverty by building strong institutions of the poor and its federal structures to access various financial services and livelihoods. The institutions are physical spaces for women to collectivise and achieve increased access to rights, entitlements, public services, diversified risk, and better social indicators of empowerment.

The existing institutional structures at the village level, like the Self-Help Groups (SHGs), Village Organizations (VOs), and Cluster-Level Federations (CLFs), offer a unique opportunity to address women's identity, access and control over economic and productive resources and technical knowledge, dignity, and bodily integrity. These institutions serve as an effective fundamental structure for establishing a demand-supply relationship with other public offices/spaces like the Gram Panchayat/Village Council (specific to tribal areas), Gram Sabha, Anganwadi Centres, Banks, Public Health Centres, Public Distribution System, schools, etc.

The DAY-NRLM, in the mission mode, departs from the allocation-based strategy to the demand-driven strategy, enabling the states to formulate their own livelihood-based, state-specific poverty reduction plans and strategies. The unique feature of this program is that poor women from different cross sections of the class and caste implement the program under the guidance and support of other community women who have come out of poverty using the DAY-NRLM institutional mechanism platform. NRLM's core values include the poorest and meaningful role of the poorest in the process. They own and play critical roles in their institutions in all stages - planning, implementation, and monitoring in the respective institutions.

The DAY-NRLM is founded upon three interwoven pillars: universal social mobilisation, comprehensive financial inclusion, and livelihood enhancement. The mission seeks to transcend societal barriers through collective action and local leadership, ensuring that marginalised voices are heard. By promoting holistic financial inclusion, The DAY-NRLM empowers individuals, particularly women, with access to credit, savings, insurance, and digital transactions, fostering economic security and agency. Through the vehicle of Self-Help Groups (SHGs), The DAY-NRLM uplifts livelihoods and nurtures skill development, market integration, and sustainable economic options, catalysing income, dignity, and self-reliance.

1.1 Vulnerability and Social Exclusion in India

Vulnerability is the disadvantage and insecurity experienced by individuals, households, and communities in the face of a changing external environment leading to poor social conditions in one's life and livelihood from a particular identifiable event in health, nature, or society (Serrat, 2017 and Mah et al., 2023)¹. As identified by Serrat (2017), vulnerability has two facets: an external side of shocks, seasonalities, and critical trends and an internal side of defencelessness caused by a lack of ability and means to cope with these. The vulnerability context thus includes:

- » shocks, e.g., conflict, illnesses, floods, storms, droughts, pests, diseases
- » seasonalities, e.g., prices and employment opportunities
- » critical trends, e.g., demographic, environmental, economic, governance, and technological trends (p.24)

While exposure to hazards and shocks is one facet of vulnerability, the inability to foresee, cope with, and resist is another. People become more vulnerable if they are greatly affected by events which are out of their control, such as COVID-19. However, it is more likely to be influenced by a person's or a group's traits and environment. Sen (2000) referred to this as a disadvantage faced by socially excluded groups from being denied access to shared opportunities enjoyed by other groups.

The World Food Program developed a Vulnerability Analysis and Mapping platform in 2002 and understood and explained Vulnerability as:

Vulnerability = Exposure to Hazards + Ability to Cope

Exposure to Hazards (economic, social, health, environmental) is understood as a community issue, but the ability to cope varies from household to household. The determinants of coping capacity include levels of assets, income, and consumption, and the ability to diversify sources of income and consumption to mitigate the effects of the risk that households face; primary access to resources and infrastructure is an essential determinant of coping capacity (Prasad, 2023). Household coping vulnerability has inter-linkage with social exclusion, poverty, discrimination, and marginalisation. Understanding the context and notions of vulnerability is essential in shaping policies and targeted interventions in the lives of those in need. Identifying vulnerabilities and prioritising vulnerable groups takes further precedence in social policy and, thus, reveals critical assumptions and trends when 'vulnerability' as a factor is included in social policy.

In India, social, economic, political, and historical disparities among regions, states, and social groups lead to varying exposure to risks and shocks. This forms a foundation for exclusion rooted in social divisions like caste, ethnicity, gender, geographic disparities such as urban-rural divides and accessibility challenges, and economic inequalities encompassing poverty and its related aspects that restrict access to resources and services like healthcare, education, nutrition, skills, and employment opportunities. At its core, social exclusion is multidimensional (it implies disadvantage across a wide range of indicators) and relational (it means a significant discontinuity in the relationship of the individuals with the rest of the society) (Shipstone et al., 2020). The author further notes that social exclusion varies between individuals and families; some will exhibit exclusion on few or no indicators and are therefore considered less vulnerable than people experiencing multiple forms of exclusion.

Social exclusion encompasses various disadvantages, including lack of access to quality education, health, housing, and material poverty. Social exclusion results from the failure of a society to grant equitable access and recognition in different spheres of life, such as education, health, job opportunities, resources, etc (Sen, A, 2000). Social exclusion of structurally marginalised groups thus makes them more vulnerable to coping with uncertainty and shock. The World Bank's framework For assessing social inclusion, for instance, analyses the performance of marginalised groups on various socio-economic indicators compared to the general population across domains such as markets, services, and spaces to comment on the extent of social exclusion and, by that, also comments on their vulnerability. Independently, there are multiple definitions of vulnerability; Chambers (1989) stated that vulnerability "refers to exposure to contingencies and stress, [...] which is defencelessness, meaning a lack of means to cope without damaging loss". The World Development Report 2000/01 made 'security' a central part of its analytical framework. It provided several related definitions, of which "vulnerability measures [...]. – the likelihood that a shock will result in a decline in well-being" is most relevant for this research.

The core theme of the Government of India's development agenda is "social inclusion," which is integral to New India's vision. One of the objectives outlined by NITI Aayog in its Strategy for New India@75 is 'to build an inclusive society.' . The COVID-19 crisis has further highlighted the need for strong social protection measures covering different vulnerable groups nationwide.

1.2 Vulnerability Reduction Fund: A Tool to Address Social Exclusion and Vulnerability within DAY-NRLM

While the risk and uncertainty of events and consequences continue to exist, we also look at welfare strategies and implications of policies to help vulnerable groups cope with crises and shocks. The DAY-NRLM, adopting a multi-pronged approach, has made concerted efforts to reach the most marginalised by providing access to rights and entitlements and better livelihood opportunities. However, efforts are needed to reach the most vulnerable people and address their production and consumption needs, including those not in the SHG framework.

Kashyap (2022, p.11) writes, '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 the DAY-NRLM 2014 onwards'. The social-inclusion strategy of the DAY-NRLM, the Vulnerability Reduction Fund (VRF), was formed, keeping risk and uncertainty at a central place while thinking about poverty and destitution. As stated in the VRF guideline issued by the GoI in 2016, The VRF is a corpus fund given to VOs (Village Organisations) to address vulnerabilities like food security, health risks, sudden illness/hospitalisation, natural calamities, etc., faced by households or community. The purpose of VRF is to address the special needs of vulnerable people, SHG members with vulnerabilities, and also the needs of any destitute/non-members in the village. It can be used for individual needs or collective action.

The VRF addresses vulnerabilities, including consumption and production needs, and the special needs of vulnerable households, including Self-Help Group (SHG) members and non-members in the concerned VO's geographical area. Irrespective of SHG membership, the VRF can be given to vulnerable households that the VO identifies during the Vulnerability Reduction Plan (VRP) process. Depending upon the need, the VRF can be provided as a loan with interest, a loan with low interest, a loan without interest, or a grant, based on the decision of the VO Executive Committee (EC). The VO may consider charging interest or increasing interest, depending on an improvement in the situation of vulnerable households. The VRF can be given for an individual need or collective action based on the needs identified through the VRP. An amount up to Rs 1,50,000 per VO can be disbursed as the VRF.

The Community Operational Manual (COM) of the DAY-NRLM prioritises and undertakes initiatives to include the poorest of the poor and other vulnerable community sections through a social inclusion plan. This plan uses participatory tools and identifies vulnerable households such as women-headed Household, elderly persons, Persons with Disability (PWD), minority groups, people living in remote areas or hilly terrains (hard-to-reach areas), trafficked women, trans-gender persons, and their families, families with one or more persons suffering from chronic illness, etc., as those who need the most immediate attention. The DAY-NRLM endeavours to comprehensively include the poorest and most vulnerable communities in its institutional architecture.

A vulnerability reduction fund is provided to VOs to address vulnerabilities in their geographical area and meet the needs of the vulnerable persons in the village. The VOs are expected to play a catalytic role in promoting SHGs and developing the livelihoods of people with low incomes. 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 (Kashyap, 2022).

The DAY-NRLM uses different social strategies for social inclusion for 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 (Kashyap, 2022) . The program also identifies trans-genders, Devdasis, those living with HIV and AIDS, survivors of violence, trafficked women. , and manual scavengers in the vulnerable sections. DAY-NRLM outlines extensive participatory tools and mechanisms such as participatory identification of the poor (PIP) and other Participatory Rural Appraisal (PRA) methods and Socio-Economic Caste Census (SECC) to identify the poorest and most vulnerable households.

Existing institutions, leaders, staff, and Community Resource Persons (CRPs) support 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) . We summarise the social inclusion strategies within DAY-NRLM in the following figure:

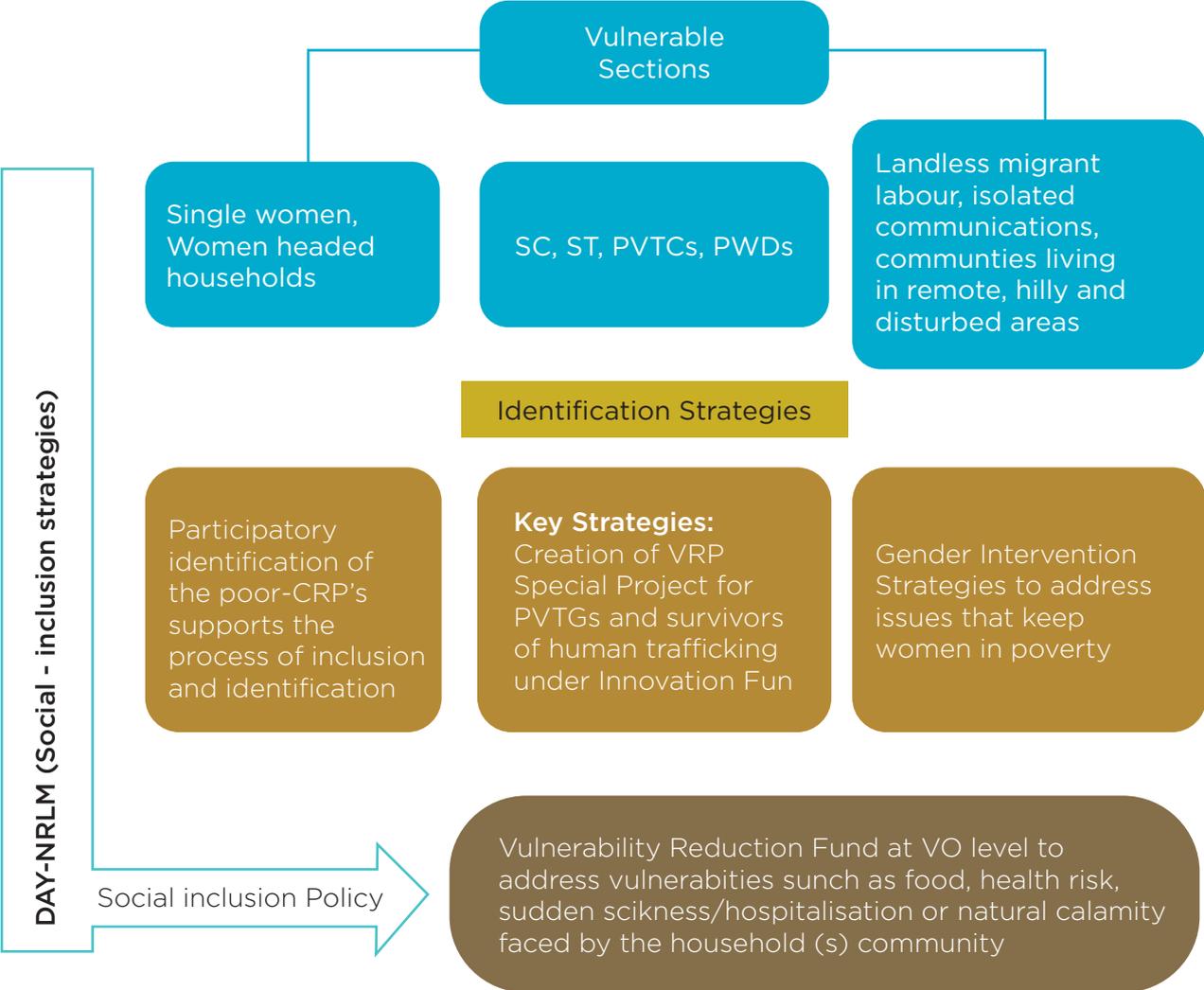


Image 1: DAY-NRLM Social-Inclusion Strategies

A detailed VRF Protocol is Annexed (Annexure-I).

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

The Revolving Fund (RF) provides SHGs with a corpus of ₹10,000 to ₹ 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 practising the Panchasutra (regular meetings, regular savings, regular inter-lending, timely repayment, and up-to-date books of accounts);

The Community Investment Fund (CIF) is provided as seed capital to SHG federations at the cluster level to meet the members' credit needs through the SHGs/VOs and to meet working capital needs for collective and individual activities at various levels.



CHAPTER 2

METHODOLOGY

This section focuses on the research methodology that was adopted for the study, including the significance of the study, research objectives, research questions, methodology, and limitations of the study.

The DAY-NRLM commissioned this study to understand the system and process-level strategies implemented by states to disburse and allocate VRF during COVID-19. The study further aims to understand the challenges and mitigation strategies adopted by states while also exploring whether VRF was effective in helping the intended beneficiaries in times of crisis. The study was undertaken in Jharkhand, Odisha, Tamil Nadu, and Tripura. This is one of the first studies to explore VRF in depth from the perspective of the beneficiaries and the perspective of the implementation from SRLMs. Furthermore, the study examines the innovative strategies adopted by each state for better implementation of the social-inclusion strategy in times of uncertain crisis imposed by the COVID-19 pandemic.

2.1 Research Objectives and Questions

The study's objective was to understand the system and process-level strategies implemented by states to disburse and allocate VRF during COVID-19. The study further aims to understand the challenges and mitigation strategies adopted by states while also exploring whether VRF was effective in helping its intended beneficiaries in times of crisis.

The broad questions guiding this research are:



- **What were the different processes adopted by different SRLMs for VRF disbursement? What were the strategies specifically adopted during COVID-19?**
- **What was the utility of VRF as a tool for the socio-economic graduation of the most - marginalised in terms of identifying the beneficiaries through the Vulnerability Reduction Plan (VRP)?**
- **Did non-SHG members benefit from VRF? What were their inclusion criteria?**
- **What were the challenges and mitigation strategies for VRF allocation, disbursements, and utilisation implemented by states?**



2.2 Research Design

The research study uses a descriptive research design to investigate the research objectives. This particular design gave this research a space to understand the problem in question and offer comprehensive and detailed explanations. The study is qualitative in nature, as the researcher studies things in their natural settings and attempts to make sense of or interpret phenomena in terms of the meanings people bring to them (Denzin and Lincoln, 2011). The method of qualitative inquiry opens up the platform for a broader analysis, as it explores the efficiency and access to VRF for the beneficiaries while also exploring the enablers and barriers faced by SRLMs for the effective disbursement and allocation of funds for the target population; vulnerable groups. Qualitative research also allows us to understand the day-to-day challenges faced by the VOs and recall incidences of how they overcame barriers during the COVID-19 crisis. Through these interactions, the researcher understood the larger vision for VRF and drew vital takeaways and learnings from the experiences.

2.3 Sampling Strategy and Study Participants

To obtain a holistic picture of the nature of VRF allocations and utilisation across the country, the study was conducted in four states exhibiting VRF disbursements and utilisation (as reflected in the DAY-NRLM Monitoring Information System (MIS) and with the DAY-NRLM's suggestions). Based on preliminary discussions with the DAY-NRLM and data from the DAY-NRLM (MIS), a detailed list of states and districts based on their level of disbursement and the justification for selection is presented in Annexure 2. Odisha, Jharkhand, Tripura, and Tamil Nadu were purposively sampled for the study. Furthermore, per state, three districts were selected, and from each district, two blocks were selected based on the disbursements and utilisation of VRF (as reflected in the DAY-NRLM MIS) for district selection.

The study participants were purposively sampled and are the beneficiaries who have taken some loan amount from the VRF to understand the effectiveness of the fund. Focus Group Discussions (FGDs) were held with VO-EC members to understand beneficiary identification and the disbursement of funds at the VO level. Additionally, to understand the systemic enablers and barriers for effective implementation from the perspective of the supply side, the block, district, state, and national-level officials were purposively sampled.

Eighty-four in-depth interviews (44 with the beneficiaries and 40 with Government Officials) and 18 focus group discussions (FGD) were conducted across four states. *Table 1 below shows the distribution of respondents across states.*

NATIONAL					
RESPONDENTS	DAY-NRLM Officials		2		
STATES					
	Odisha	Jharkhand	Tripura	Tamil Nadu	Total
State Program Managers	1	1	1	0	3
District Program Managers	3	3	3	3	12
Block Program Managers	6	6	5	6	23
Beneficiaries	8	13	9	14	44
TOTAL	18	23	18	23	82
VO EC members and CRPs - Focussed Group Discussions	4	3	5	6	18
GRAND TOTAL					84 IDI and 18 FGD

2.4 Tools and Analysis

The interviews were conducted using semi-structured interview guides in Odiya, Tamil, local Jharkhand dialects, Hindi and Bengali in Odisha, Tamil Nadu, Jharkhand, and Tripura, respectively. Focus group discussions were similarly held using a guide in appropriate local languages.

The data obtained was transcribed and translated from the local languages of the study sites to English and coded using MaxQDA, a qualitative data analysis software. We used a deductive coding process aligned with the research's key themes. Coded data was thematically categorised and analysed to develop critical findings for the report.

2.5 Limitations

The study sample is limited due to a lack of diversity in the sample from the beneficiaries' perspective. It only included VRF beneficiaries at the community level and excluded non-beneficiaries and non-SHG members. As a result, it is difficult to comment on the outreach of VRF to mainstream vulnerable people. The above-mentioned criteria could not be included as the data was collected during the third wave of the COVID-19 pandemic.

CHAPTER 3

Context and Influencing Factors



The COVID-19 pandemic and the subsequent national lockdown created unprecedented challenges for rural households, women, and the most marginalised groups, resulting in loss of life and livelihood. The pandemic led to uncertainty and shock, making people more vulnerable. Social inclusion and development is one of the crucial pillars of the DAY-NRLM; one of the social inclusion strategies designed by the Mission is the provision of a Vulnerability Reduction Fund (VRF) in 2016 to help vulnerable households cope with external and internal vulnerabilities.

The DAY-NRLM provides the VRF to SHG federations at the village level to address vulnerabilities like food security and health security and to meet the needs of vulnerable persons in the village. VRFs also contribute to the 5th component of the DAY- NRLM (social inclusion) (Deshpande, 2022) . As a COVID-19 response, the DAY-NRLM issued guidelines to the states to support community institutions, including ensuring the immediate release of funds to community institutions. It was further advised that financing through the Vulnerability Reduction Fund (VRF) be leveraged to support the most marginalised in addressing vulnerabilities. (Tankha, 2020). In this context, the DAY-NRLM commissioned the research study in 2022 to IWWAGE, approximately two years after the COVID-19 pandemic, to understand the systems and process level strategies in disbursing, utilising and allocating the VRF during COVID-19 to also understand whether VRF helped the most vulnerable people in the time of crisis.

A learning document titled, 'Stepping Out of Vulnerability' collated by Kashyap (2022) discusses various strategies adopted by states to utilise VRF in the wake of the COVID-19 pandemic and the national lockdown, which resulted in the loss of livelihoods. An intriguing utilisation of VRF in Odisha is the development of nutrition gardens called "Mo Upakari Bagicha" (MUB). Odisha appointed Krishi Mitras, a woman who has gained knowledge on agriculture, to 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.

Kashyap (2022) further writes that VRF in Tripura was predominantly used for food and nutrition (to meet consumption needs). The state faced widespread food insecurity and a dire dearth of necessities during the COVID-19 lockdown. The VO procured basic food and household items and provided them to SHG and non-SHG members. VRF was also used for medical treatment during the COVID-19 crisis.

The DAY-NRLM operational structure is built as a framework by the central government, and its design allows for the states to adapt to their needs and resources, thus giving them flexibility in the implementation aspects. This also means that critical aspects – structure and process may differ from one state to the other, and a closer look at state-level missions provides us with finer details of the program at the ground level. . This study examines four states: Jharkhand, Odisha, Tamil Nadu, and Tripura. Details on state selection have been described in chapter two. Since the survey was conducted in 2022, it is essential to note that each state was affected differently by the pandemic, given their socio-economic conditions and the maturity of the state-level governance mechanisms, social security systems, and overall achievements on various developmental parameters.

The comparative vulnerability of each state to COVID-19 was further mediated by factors such as the population over 60 years of age, the share of the population with pre-existing comorbidities, and life expectancy, all contributing to the vulnerability of people to COVID-19 infections. The per capita, health expenditure, and doctor density were also significant parameters. According to an International Monitoring Fund (IMF) working paper (2021) documenting the variable outcomes of the pandemic in Indian states, Both in terms of health spending and doctor density and share of the population vulnerable to COVID-19, Tamil Nadu ranks the highest, followed by Odisha

and Jharkhand. Similarly, if we look at social vulnerability, Odisha and Jharkhand are states with a much higher proportion of out-of-state migrants than Tamil Nadu and Tripura. Both States have a much larger share of the rural population and lower Net State Domestic Product (NSDP), which is a marker of the state's economic performance. This context is critical to fully comprehending and appreciating the inter-state variations of how vulnerability is understood and operationalised for VRF, as we will see further in the report. The states included in the study have several variations in implementing a large-scale poverty reduction and microfinancing program such as the DAY-NRLM. Since specific data and studies on VRF are unavailable, we will focus on comparability using available evidence concerning the implementation of the DAY-NRLM.

In terms of coverage and reach, we observe the following.¹⁹:

ODISHA

By March 2023, the DAY-NRLM has made significant strides in Odisha, reaching out to approximately 12.5 million households, which accounts for around 57 per cent of the state's rural households. The program facilitated loans amounting to ₹ 23,000 crore (USD 3.0 billion) to these households, nurturing financial inclusion and empowerment. Beyond financial support, the DAY-NRLM contributed to skill development and training over 2.1 million individuals, thus enhancing employability and resilience within the community.

JHARKHAND

As of March 2023, the DAY-NRLM has covered 7.7 million households in Jharkhand, about 46 per cent of the rural households in the state. The program has disbursed loans amounting to a total of ₹16,000 crore (US\$2.2 billion) to these households. Moreover, training over 1.6 million people in diverse skills highlights the DAY-NRLM's commitment to elevating livelihood prospects and minimising vulnerabilities.

TAMIL NADU

As of March 2023, the DAY-NRLM had covered 10.7 million households in Tamil Nadu, about 51 per cent of the rural households in the state. The program disbursed a total of ₹ 21,000 crore (US\$2.8 billion) loans to these households and trained over 2.2 million people on skilling.

TRIPURA

As of March 2023, the DAY-NRLM had covered 3.6 million households in Tripura, about 77 per cent of the rural households in the state. The program disbursed a total of ₹ 8,500 crore (US\$1.1 billion) loans to these households and trained over 1.1 million people in skilling.

Despite having a smaller rural poor population, Tamil Nadu and Tripura have made significant progress in reaching their target population through targeted interventions and effective implementation strategies. Financial and management issues are also there, with Jharkhand facing challenges in optimal fund management, resulting in delays in the disbursement of funds and affecting the program's effectiveness.²⁰ Budgetary allocations across the states for FY 2023-24 are as follows:



Tamil Nadu: The state government of Tamil Nadu has allocated ₹2,500 crore in FY-2023-24. This is an increase of 25 per cent from the previous financial year.

Odisha: The state government of Odisha has allocated ₹1,500 crore for the DAY- NRLM in FY 2023-24. This is an increase of 25 per cent from the previous year.

Jharkhand: The state government of Jharkhand has allocated ₹ 1,200 crore in 2023-24. This is an increase of 20 per cent from the previous year.

Tripura: The state government of Tripura has allocated ₹ 750 crore in 2023-24. This is an increase of 50 per cent from the previous year.



Some of the critical factors that contribute to these variations also include:

- **State policies and priorities:** State governments' commitment and support vary significantly. Some states have been more proactive in implementing the program and thus allocated more resources, while others have shown less initiative.
- **Geographic factors:** Different states' physical and climatic conditions can also affect the program's performance. For example, states with difficult terrain or extreme weather conditions may find it more challenging to implement the program effectively.
- **Social and cultural factors:** The social and cultural context of different states can also play a role in the program's performance. For example, states with low literacy levels or high social exclusion levels may find it more challenging to reach out to the poorest and most vulnerable households.
- **Capacity of implementing agencies:** The capacity of the implementing agencies in different states also varies significantly. Some states have well-functioning implementing agencies with experienced staff, while others have less of the same.



CHAPTER 4

Vulnerability Reduction Plan and Beneficiary Identification

In this section, we explore the process of beneficiary identification based on the Vulnerability Reduction Plan (VRP) and state-specific criteria. We further discuss the understanding of vulnerability from the perspective of beneficiaries and officials. It reflects upon the processes followed during beneficiary identification and participation in the VO-level planning process. Additionally, it includes officials' responses on how they conceptualise and implement VRF processes at block, district, and state levels. This information helps us understand how vulnerability is identified and whether the VRF is reaching its intended recipients.

4.1 Vulnerability Reduction Plan: Reflections from Beneficiaries and VOs

Based on the responses received, we infer that most respondents understand that the VRF is a government-funded program aimed at helping poor and financially marginalised people. The beneficiaries convey that the program offers loans to people at a low rate of interest, which can be repaid within a year, and the loans can be utilised during emergencies like medical treatments, education, livelihood, and nutrition. Additionally, the respondents mentioned that the VRF fund benefits poor women who pay higher interest rates while taking loans from other sources. Respondents mentioned that they were informed about the VRF through various sources, notably through discussions among SHG members and information provided by government officials.

As a respondent mentioned, 'As far as I know, VRF is a sort of fund offered to poor people and people with financial issues. It is a program that helps poor and financially challenged people. This program provides loans to people at a very low rate of interest. In my case, I am paying a 50 paise per month interest on the VRF loan. I have to pay off the amount of ₹ 10,000, which I have taken through the VRF program, within ten months. Once I clear off the loan amount, I will get some money as a subsidy.'

Most respondents correctly describe the process of obtaining a loan from the VRF. They demonstrate an understanding of the eligibility criteria, the purposes for obtaining a loan, the application process, and the supporting documentation required. Conversations with beneficiaries demonstrate a fair understanding and participation in beneficiary identification, including mapping vulnerabilities in their respective areas. *"The beneficiaries are identified out of the poorest of the poor. People are identified from that group, a team is committed to identifying them, and a list is created. Then, people who are identified as economically needy get benefits. From such identified lists, groups are created -the widowed women's group, some widows are well off. We could not have known the genuinely needy people otherwise. Due to the survey, we have identified the genuinely needy, and they are given the VRF funds, and their standard of living is improved" (Beneficiary, Tamil Nadu).*

The VO is allocated with a limited budget for the VRF, which is a one-time fund. As a result, the identification of beneficiaries is carried out with great care. The VO employs a step-by-step process called the Vulnerability Reduction Plan (VRP) to identify beneficiaries. After the VO allocates the budget, its members identify those most in need. The beneficiaries are then prioritised, and the funds are disbursed accordingly. This ensures that the limited resources available are used most efficiently, providing assistance to those who need it most.

A VO member from Odisha explained the VRF process during the FGD and said,

"When VRF first came, they gave 1,15,000/-, then they gave 60,000/-. We discussed in our camp that the people who need help will get VRF funds. Then, when the budget was sanctioned, the members met with the group and discussed with the people who needed help, such as medical assistance, educational help, or any other help required in the home. Again, a discussion was held; if five members are selected, we cannot give to all the five members, so again we discussed prioritise whom to give the money to....."

The members go on to explain the identification of vulnerability,

“We know our village people and their income. Then we also saw whether they had a house to stay in, were getting help, and so on. We first identified whether the person has a house or not. Then, we looked at their financial condition and income. Then we considered the age and the number of children they have, how many family members are there and how many are earning, what their monthly expenses are and so on”. (FGD, Odisha)

However, we find that this narrative is inconsistent, and not every VO explains the same criteria for beneficiary identification as a VRF loan, i.e., in some cases, beneficiary identification is undertaken based on prioritising the most vulnerable as per the VO’s understanding and discretion. While economic vulnerability is one of the criteria, vulnerabilities related to health and structural marginalisation of women, girl children, and discrimination based on caste are also criteria to determine the beneficiaries for VRF. For instance, we received the following information from another block in Odisha: *‘The people who are below the poverty line are the first to get assistance; there are the pregnant women and also the unprivileged girls’ section. The women who are either not privileged or have any physical disability are the next to get assistance. They usually get the amount for the education of the girl child and health issues. They also get the loan amount for the education of the son. Help is also extended to people who have an emergency.*

While it is understandable that there are multiple understandings of vulnerability, a lack of consistency in the interpretation of relative priority or clarity of protocol around this leaves scope for a high amount of subjective decision-making by the VO executive committee members in selecting who will get a loan from a pool of applicants. While exploring the composition of VO executive committee members was beyond the scope of this study, existing evidence suggests that the poorest are often excluded from SHGs due to the inability to pay membership, which may mean the chances of representation from the poorest are low in the VO executive committee.

The relationship between how the vulnerability is understood, the subjective nature of decision-making, and the representation of the ultra-poor within VO Executive Committees (EC) pose a complex challenge for allocating funds through the VRF. Acknowledging the importance of equal participation and empowerment, addressing this issue becomes crucial. In a large-scale evaluation of NRLP spanning 27,000 households in Bihar, Jharkhand, Odisha, West Bengal, Uttar Pradesh, Chhattisgarh, Madhya Pradesh, Maharashtra, and Rajasthan, it was established that the demographic characteristics of VO executive committee members differ from the usual SHG members in terms of number of years of schooling completed (Kochar et al., 2020) . This is one example, but it would be worth understanding how representative the composition of VO executive committees is in light of the significant powers bestowed on VOs regarding funds disbursement in the context of the VRF.

VO-EC members decide to identify the beneficiary, the amount of funds to be disbursed, the interest rate, or whether they grant the money to the beneficiary (in the case of a grant, the money doesn’t come back to the VO in the form of any repayment). The VO-EC members have the right to reject an application. One of the beneficiaries elucidated their application process, ‘I came to know from the group.

A CRP didi told us that in her view, there are ₹ 1,00,000 in the VRF, and to apply for it - and then to get that sum, they must go to the VO meeting. In that meeting, the EC members and the VRF committee members decided whether I was eligible or not, and after discussion, they decided, and it was given to me. It was not given at first. I then made an application. My application form was filled out, and my Aadhar card and photo are also attached. After filling out the form on my mobile, it was updated online, and the Vo and EC members were the decision makers’.

Beneficiary, Jharkhand

Most beneficiaries confirmed that they found out the information about the VRF application procedure for availing a loan during SHG meetings. Respondents received loan money within 3-4 days after applying. A respondent shares,

I received the loan money in one of the VO meetings. We conduct emergency meetings whenever any member is in urgent need of money. After I attended the meeting and told them I needed the VRF loan, I got it in three or four days. I received ₹ 20,000 through the VRF loan'.

Beneficiary, Tripura.

The study's beneficiaries reported that funds through the VRF program were hassle-free, with funds often being disbursed within two days of submitting an application and never taking more than four days. During the pandemic, when obtaining immediate loans from external sources was difficult due to high interest rates, the VRF program provided crucial assistance to beneficiaries in crisis by offering low to no-interest loans. This highlights the effectiveness and importance of the VRF program in providing timely financial support to those in need.

4.1.1 Beneficiary Identification: Reflections from State-Level Functionaries

Identifying beneficiaries is important in the context of the the DAY-NRLM and its commitment to reducing vulnerability. This section focuses on shedding light on this process, examining it through the perspectives of state-level officials. By examining the experiences of officials in the four states included in the study, IWWAGE gained insights into their well-informed understanding of vulnerability, their adeptness in identifying those in need, and their effective implementation of the Vulnerability Reduction Fund (VRF). The subsequent sections thoroughly explore how these officials navigate the intricacies of identifying the most vulnerable individuals within the larger framework of the DAY- NRLM's objectives. The research team also spoke to the national-level officials who comprehensively explained the beneficiary identification process.

'Generally, identification of the households is a four-day event. Firstly, the VOs identify vulnerable households. The concept of identification is done by EC members, who sit with VOs and set the indicators for the vulnerability. Every indicator is mapped, and after a meeting, they write the information in the register. After that, identification is done. Then comes the house visit by EC and SHG members who understand the situation and discuss the support they seek. Now, prioritisation or ranking of the households is done, and the plan is made accordingly. They map it with the support from where it can be provided- panchayat, convergence. The VO shares the plan in the Gram Sabha and tries to get commitment from Pradhan on the same'.

While the national-level officials state a standard protocol opted by the states for beneficiary identification, it was also found that the state-level managers have adopted a more context and culture-specific protocol for beneficiary identification in their respective states and convey an acute understanding of the ground realities and clarity on how to navigate them; given the VRF implementation guidelines. The state-level official from Jharkhand explained the beneficiary identification process for VRF in great detail:

'Earlier, we had to survey 100% of the population and identify the vulnerable. We had surveyed 2.5 lac families, and 61 per cent of the families were vulnerable. How do we proceed if 1,60,000 families are vulnerable? So, we changed the process. Firstly, surveying every house is time-consuming, and secondly, 61 per cent of the families are vulnerable, so how will ₹.1,00,000 help? So, we asked them to sit with the VO committee,

and a cadre was formed. We told them to discuss this with the VO and keep the Socio-economic and Caste Census (SECC) report as a reference. We charted out four to five indicators and auto-included families who are at least vulnerable in these indicators; based on these criteria, we surveyed the vulnerable families, so we changed the process as we were not getting results after covering all the families. Now, we can work in a focused way, as we have these many families, and we need to work with them. Jharkhand is a poor area; everyone will fall into it if we have 28-29 indicators. So, we thought 100 per cent of family surveys should be stopped. It is time-consuming; efforts are wasted without results'.

The states demonstrated a context-specific understanding of vulnerability and dynamic approaches needed to implement large-scale implementation programs in their demographics. Furthermore, they identified the most needy amongst the vulnerable, with a realistic understanding of the limitations and the coverage the fund can provide. Regarding other processes, we primarily find an aligned understanding of the different purposes of the RF, Community Investment Fund (CIF), and VRF and clarity on empowering the VOs to identify the most vulnerable within their areas. One of the officials from Tripura mentions, *'There is a committee, its first priority is Persons with Disabilities (PwD), then the single women, bonded labour, according to its priority. Due to these funds, the economic status of many families has improved. The neediest amongst the vulnerable people are identified based on the need and priority basis: those that face structural and societal challenges such as PwD, single women, and bonded labour.*

We also hear of experiences among officials to address vulnerabilities that go beyond the categories coming up predominantly in the vulnerability assessment. This includes an understanding that certain *norms and practices that are locally prevalent but do not have tangible solutions* given local sensitivity have been attempted for redressal and inclusion within the ambit of VRF.

A district-level official from Jharkhand mentions, *'We have many issues concerning the practice of witch hunting. There is much action about this. The affected people from the witch hunt have been identified, and at the same time, such migrant families who went outside and had come back during COVID-19 have also been identified, whom we have to help through the VRF fund. We have received their applications. Based on their applications, we are providing funds per their requirements'.*

The study finds that states have adopted context and culture-specific beneficiary identification processes and understanding of vulnerability. While in Jharkhand, the VRF has been channelled to address witch-hunting, in Tripura, vulnerability is understood in-depth considering the economic and health challenges and the uncertainty and shocks that people may face in their day-to-day lives, leaving them more vulnerable to coping.

The state-specific approaches reflect the intricate interplay between context, culture, and the vision of vulnerability reduction championed by the DAY-NRLM. The adaptable beneficiary identification processes and nuanced definitions of vulnerability illustrate the program's responsiveness to the diverse needs and circumstances across the nation.

A district-level official from Tripura states, *'We use the word vulnerable, needy family, but there are many criteria in needy families. A needy family doesn't only imply poverty. There are many criteria; there can be disabled members. Some people could be alone and have no one in their family [to depend on] who are part of the vulnerable groups. They have a house but don't have an income source. They can have health issues as well.*

A district official from Tamil Nadu states, *'Vulnerable group means people falling under categories such as helpless widows, wives left alone by husbands, transgender, suffering from incurable diseases, etc. Funds especially given to these categories of people are known as VRF'*. Tamil Nadu has adapted unique mechanisms to make VRF more inclusive. In Tamil Nadu, VRF is a fund for the vulnerable, specially curated to circumvent the challenges of accessing funds via SHGs since "dominant groups" may occupy higher representation within SHGs. The official further elaborates, *'VRF fund is for the vulnerable group whereas SHG fund is for women who have formed a group to meet their needs such as education, hygiene, medicine, etc. Both groups form SHG, and there are huge possibilities for the dominating group to avail the benefits of the fund. Hence, VRF has been implemented exclusively to increase the chance of benefiting the vulnerable group'*.

Tamil Nadu's experience of beneficiary identification has been exemplary in including the poorest of the poor as part of the Village Poverty Reduction Committee (VPRC) at every village level. The list of the poorest of the poor households is shared during the Gram Sabha. If any person has objections on specific grounds, that household or individual doesn't become part of the beneficiary group. The VRF is only given to those individuals who fall under the category, approved by the people of the village and recognised by the Gram Sabha.

A district-level official from Tamil Nadu shares,

'A VPRC (Village Poverty Reduction Committee) has been formed at every village level. The committee is composed of poor and impoverished people. It comprises members from various categories, such as those below the poverty line, youngsters, people with disabilities, etc. As a first step, concurrence needs to be received from the village people (Grama Sabha) regarding the classification of this list of people identified in the categories mentioned above. If I refer to someone as poor, the public will not accept it. We will call out the names, and if any person from the general public (Grama Sabha) objects, stating that the name called out belongs to the middle-class or well-to-do category, that will be considered. So, our list will automatically become the one approved by the people and recognised by the Grama Sabha. Each member in each list will automatically get to know which category they belong to and which list contains their name. If any person has to avail of VRF, they must approach VPRC. The requirements and the methods to join the vulnerable group will be published at the monthly meeting held by VPRC, SHG meetings or Grama Sabha. For example, if a village has 1000 members, and we select ten among them, there might be many considerations or objections to it. Everyone will not be immediately accepted into the vulnerable group category. Secondary data must also be verified with the Village Administrative Officer (VAO), Panchayat Secretary, or other sources to identify if they belong to this vulnerable group category. By using these methods and approaching the Gram Sabha and VPRC, the beneficiary will get the necessary information to avail the VRF'.

Compared to Tripura and Tamil Nadu, the fund's description at district levels in Odisha and Jharkhand is more operational in describing their understanding of VRF than the nuances observed in the conceptual understanding of functionaries in the former. This may indicate that Tripura and Tamil Nadu are more mature in their understanding.

4.2 Perceptions of Utility - Reflections from Beneficiaries

Beneficiaries were also asked to narrate their experiences of VRF. They broadly share favourable experiences about the process of getting a loan in a timely and accessible manner, supporting the intention of the fund to be of utility to the vulnerable. A beneficiary shares,

'When I learned about VRF, my son had expired. So, I was in mourning for my son, and I did not like to talk to anyone. I would start crying whenever I spoke to somebody. So, the didis of my village brought me here and gave me money. Due to that, I was not required to submit any documents anywhere. With that money, I performed the last rites of my son and distributed food to people. He was the only earning member of my family.'

Gumla, Jharkhand

Beneficiaries also share several instances where the VRF loans have helped them create and develop existing livelihood opportunities and supplement their income during COVID-19. A respondent mentions,

'I learned about VRF through Community Resource Persons (CRP). We received ₹ 50,000 for our group, and I received ₹ 20,000. I bought hens with this money'

Anakkavur, Tamil Nadu.

In another instance, a respondent mentions how the low interest rate and annual repayment schedule are a significant relief, 'There are many benefits with VRF. If I had taken a loan anywhere else, I would have had to pay five to 10 per cent interest, which I would have been unable to do. But with VRF, I have to pay interest only yearly, which is why I like the fund'.

Nimdih, Jharkhand

Beneficiaries also took VRF loans as a collective or as a group. In Odisha (Deogarh), '15 households took loans for their girls to study from VRF' (Deogarh), whereas in Malkangiri, 'Some people have started poultry farming by taking VRF. They have taken ₹ 10,000 each to start their poultry farm. They have established a poultry farm.

The evidence also shows that there needs to be a follow-up protocol to verify the VO's utilisation of loans. One of the respondents from Tripura shares, 'My brother runs a cosmetic business. So, I gave my brother money from the VRF loan, which he used to buy cosmetic products for his company. I bought a goat using the loan money to sell its milk and earn some extra cash. The VRF and VRP protocols do not mention that the beneficiaries could further share the loan amount to help out family members.

In some cases, beneficiaries prefer to receive the amount of VRF in cash. A beneficiary from Tripura notes, 'I received the loan amount in cash during one of the meetings. So, if this VRF loan amount is transferred to my personal bank account, then I would have to go to my bank in Ambassa to withdraw the money. In that case, much money would get wasted because I would have to book a cab or auto-rickshaw to go to my bank in Ambassa. That's why it was better for me to receive the loan amount in hand. But if I take a bank loan, the loan amount will be transferred directly to my personal bank account. As for the VRF loan, I have seen people only get the loan amount in cash. Most Odisha and Tripura beneficiaries reported receiving cheque payments or transfers to their personal bank accounts. Still, Tripura's responses consistently report receiving the

VRF in cash. The VRF and the VRF protocol issued by the DAY-NRLM does not specify the medium of fund transfer: cheque/bank transfer/cash. Therefore, it is open to the discretion of the VOs.

The study indicates that the Vulnerability Reduction Fund (VRF) has been advantageous for its beneficiaries, enabling them to address both immediate needs, such as production and consumption, and long-term goals, such as livelihood development and children's education.

4.3 Examining VRF Implementation Beyond SHGs: A Focus on Inclusion of Non-SHG Members among Vulnerable Village Residents

This study is dedicated to understanding a pivotal aspect of the DAY-NRLM, specifically the VRF, which extends its reach beyond the confines of SHG participation. The central inquiry of this research revolves around the inclusion of vulnerable individuals or families within village settings who stand outside the ambit of SHG engagement. Embedded within the VRF protocol issued by the DAY-NRLM lies a distinctive purpose: to address the distinctive requirements of vulnerable SHG members and other vulnerable individuals within the village milieu, encompassing non-members and destitute individuals. This renders the VRF a unique and encompassing fund within the DAY-NRLM ecosystem, transcending the traditional SHG framework to concentrate on incorporating marginalised village residents. A defining characteristic of the VRF is its dual role - it functions as a resource to meet individual needs and as a mechanism for collective action. Thus, the study unearths this multifaceted approach's intricate dynamics and implications, revealing how the VRF serves as a conduit for holistic inclusivity and vulnerability mitigation in village communities.

A national-level manager explains that *'Non-members' work comes at the VO level. After the Village Poverty Reduction Plan (VPRP), their demand is included in the SHG consolidated plan. After that, it is submitted to the GP and the concerned line departments. Some schemes are at the central level, and some are state-sponsored. These non-members are identified at the SHG level. Prioritisation occurs at the VO and GP levels.* Ranks are given to the community based on their vulnerability. So, it becomes the department's duty to take note of this when they are sensitised along with the GP'. However, this is not the case in all states. For instance, Odisha does not offer the VRF loans to non-SHG members. Most state officials agreed that their first priority for any loan disbursement is getting people into the SHG fold. While some states include non-SHG members for VRF, Odisha does not. District officials from Odisha state: *'People who are not in the SHG fold do not benefit from the VRF funds; we include them in BPL procedures. However, in SHG, a low interest rate is offered, so our priority is to get people into the SHG fold. Being an SHG member is mandatory for any loan'.*

While most states include non-SHG members except Odisha, all states mention that their first course of action is to include non-members in the SHG fold.

Another respondent from Jharkhand states during the FGD, 'Women will understand the meaning and the importance of the SHG group. If women are financially weak and get help from our SHG group, they will be interested in joining the SHG group'. In that case, additional steps are taken by block and district officials to inform non-SHG members about the benefits of the SHG framework, as well as additional funds that are available only to SHG groups for income generation and livelihood purposes.

The examination of the VRF implementation, extending its reach beyond the SHG paradigm, reveals promising strides and areas warranting attention within the DAY-NRLM. This study has illuminated how the VRF is crucial for holistic inclusivity and vulnerability mitigation in village communities.

One key takeaway is the dual role of the VRF, as it functions both as a resource for individual needs and a vehicle for collective action. It is a testament to the DAY-NRLM's commitment to encompassing the marginalised, transcending the traditional SHG framework. However, a nuanced understanding of its deployment emerges across states, reflecting the diverse landscape of the DAY-NRLM's implementation.

States like Jharkhand and Tamil Nadu are open to including non-SHG members in VRF disbursements. This highlights their recognition of the unique vulnerabilities that extend beyond SHG affiliation. In contrast, Odisha maintains a different approach, emphasising the importance of SHG membership as a prerequisite for loan disbursement. While this approach has its merits, it also raises questions about the inclusivity of VRF for those who still need to be part of the SHG fold.

Nonetheless, the study observes that, regardless of the approach, the states acknowledge the significance of bringing non-SHG members into the SHG ecosystem. Their commitment to sensitising and educating these individuals about the benefits of SHG participation demonstrates a proactive effort to foster financial literacy and empowerment.

The study has shed light on the dynamic nature of VRF implementation, with states crafting strategies reflective of their unique circumstances. It emphasises the need for continued dialogue and evaluation to ensure that VRF remains a versatile tool for vulnerability reduction, offering opportunities for all, especially those outside the SHG framework. ***The DAY-NRLM's mission of comprehensive vulnerability reduction is indeed an evolving journey, and the adaptability and inclusivity demonstrated in the study are essential steps towards its fulfilment.***

4.3.1 Challenges

This section highlights the challenges faced by the states during the COVID-19 pandemic. The evidence from the study reports challenges such as inadequacy of funds during a pandemic, principally low amount of VRF sanctioned at the state/national level considering the vulnerable population, lack of training and unavailability of training modules, the complexity of VRF, inability to reach the most marginalised due to socio-cultural dynamics in the village, and competing needs within the broad understanding of "vulnerability." The challenges discussed in detail are discussed in the following sections.

The study reports that many beneficiaries and VOs noted that the amount given to VOs as VRF was insufficient for beneficiaries. A VO member during the FGD shares, '₹1 lakh is very less, and beneficiaries are more, so the amount should be increased', FGD Gumla Sadar, Jharkhand. The study also finds that the states did not have adequate funds during COVID-19, and the crisis was so sudden that people confine to their homes; the VO has not got an opportunity to assess the village and do social mapping due to the restrictions in mobility and fear of the virus. Vulnerability, as understood, changes drastically during the COVID-19 pandemic. In this crisis, the states face challenges in funds disbursements; more often than not, they rely on the VO members' familiarity with their village.

A state-level official from Tripura noted that 'During the COVID-19 pandemic, the main problem we faced was to receive adequate funds to distribute among needy people. So, during COVID-19, we had to tell the VO members to distribute the VRF money among people they were familiar with and bring up any individual issue before the Gram Panchayat'. Additionally, VRF is given to the VO during COVID-19, who do not do their mandatory three-months training. A state official notes, 'During the COVID-19 period, we gave the VRF money to the VO members even if they didn't complete their three-month training program. We needed to provide the funds to the VOs during COVID-19. People would have suffered much more if we hadn't given them the required money. States relax their protocols during COVID-19 to disburse the funds to the VOs.

The evidence from the study also suggests that one of the more significant challenges faced is developing vulnerability reduction plans and approvals, especially in the context of COVID-19. A national-level manager stated, 'The VRF process is not easy. The VO has given VRF according to the decision made during the VO-EC meeting. Online training was provided and was communicated even over the phone. Office bearers were asked to share the information and get approval over the phone through the cadre. Even if it is an emergency and they have taken the decision, they will inform in the subsequent meeting who all are the members and take post facto approval.... but there are still some challenges associated; some states are not in a position to utilise it [VRF] as they are not able to understand its implementation process'.

As there is a demand across all states for increased funds in the VRF, a national-level manager reflected, 'VRF should be increased, but there should not be a dependency on it to improve it. A proper planning process and preparation of VPRP should be triggered. An increase in the amount should not be universal for every VO, as different villages and areas have different situations and vulnerabilities. So, the VRF amount should be modified accordingly. Also, the community is aware of the grants, so updating them on fund utilisation is most important. There is no single factor that decides it'. The interaction with the national-level manager suggests that increasing the amount of VRF should not be universalised amongst all the VOs. The villages should be mapped to understand the village's vulnerable and structurally marginalised groups in the village. Accordingly, additional funds could be considered if needed.

The FGDs were conducted with VO, VO-EC members, and CRPs in different states, and they share the challenges the VOs faced, including a lack of training on the VRF. VOs reports that apart from the funds' inadequacy, they need training to run the VRF fund effectively. A respondent from Jharkhand during FGD stated, 'We want training so that we can run the VRF fund in a better way and make the VRF plan more effective'. While capacity building and training are needed at the state level for the VRF management committee, a training module is required to communicate about VRF in the village in an easy language. A state official from Jharkhand states, 'There is much scope for capacity building, and we need rigorous training. We have currently trained the cadres who will teach the community. But we have not planned for any community training; we don't have a module for that. The VRF management committee must have a training module, and then the VO committee must have one on identification and selection. We have guidelines but don't have training modules to know how to communicate in an easy language in the village'. Creative and straightforward pedagogical tools are needed for community training to understand vulnerability and vulnerable families in their respective villages.

Another challenge the states faced is the 'inability to reach the most marginalised due to socio-cultural dynamics in the village'. The discussions with the state/district-level officials highlights that communities operate on their socio-cultural belief systems, which

sometimes hinder the betterment of the most marginalised group in the communities. A state-level official stated, 'I may not discriminate against a patient with leprosy or sex work, but how do you think the society generally views them? We can say that the person is poor and vulnerable, and why don't you take them? The village also has its dynamics. They don't allow them to sit with them and avoid such families. So, there should be some provision to help the community to break away from these stereotypes. This is the biggest challenge to work for those vulnerable families because they are marginalised. The day the community realises this, the most significant change can come when the Antyodaya- the poorest of the poor can join it'.

Some discussions during the FGD also points out the problems of *competing needs within the broad understanding of "vulnerability" and how it could lead to conflicts within the community. During the FGD at Villupuram (Tamil Nadu), the group shared: 'Two widowed women are in some group. We have to find them and give them support. Then, one lady buys some goats or sets up a shop, and she earns her livelihood. Now, another widowed woman might expect the same support despite having financial means. The first woman might not have any male support at home. The second woman has, and they might all be doing well individually. But she asked why we were helping only that woman and why she could not get the same benefits. Even though conflict arises between the members, evidence from the study suggests that during the vulnerability mapping, all aspects of vulnerable families are considered by the VOs – financial support, household economic status, dependent and non-dependent members, etc before disbursing the funds.*

During the COVID-19 pandemic, states encountered several challenges regarding VRF allocation and disbursement. **Highlights of the fundamental difficulties faced by states, drawing on evidence from the study:**

- **Inadequacy of Funds and Low VRF Sanction:** States grappled with a fundamental issue - the inadequacy of funds allocated during COVID-19. Specifically, the VRF sanctioned by both states and the national government was often deemed insufficient, especially considering the large number of vulnerable populations.
- **Lack of Training and Training Modules:** Another challenge revolves around inadequate training for managing the VRF. Training modules were either unavailable or insufficiently developed, making it difficult for officials and volunteers to navigate the complexities of the VRP.
- **Complexity of the VRP:** The VRP's complexity posed a significant hurdle. States struggled to implement it effectively, and this complexity made ensuring that the funds reached the proper beneficiaries challenging.
- **Socio-Cultural Dynamics and Marginalisation:** Socio-cultural dynamics within villages often hinder identifying and assisting the most marginalised individuals or groups. These dynamics create barriers to reaching those in need effectively.
- **Changing Notions of Vulnerability:** The concept of vulnerability underwent a significant transformation during the COVID-19 pandemic. This evolving understanding of vulnerability made it challenging for states to respond adequately.
- **Reliance on the VO Members:** States often had to rely heavily on the familiarity of the VO members with their respective villages to disburse funds. This approach is necessary due to the urgency of providing support.

- **Protocols Relaxation:** In response to the crisis, states relaxed their protocols for funds disbursement to the VOs, as a stringent approach would have exacerbated people's suffering.
- **Importance of Village Mapping:** The study underscores the importance of mapping villages to identify vulnerable and structurally marginalised groups. This mapping provides a foundation for assessing additional fund requirements

4.3.2 Mitigation Strategies

While the states faced challenges during COVID-19, they also devised creative strategies to mitigate the problems that the pandemic brought them. It is understood from various testimonies of the state officials that there was inadequate funding considering the number of vulnerable people and families. States pooled resources from different funds to help the people in need during the COVID-19 pandemic, whether it was SHG, VRF, or Panchayat Level Federation (PLF) funds. Block-level officials from Tamil Nadu shared, *'The people who were affected a lot during the pandemic received more. In one case, the husband had passed away during the pandemic, and the wife could not go to work or earn. So, we gave the funds from VRF, SHG, and PLF. Funds were presented in the best manner possible. We also got a loan from the bank for a person to assist.'*

During the pandemic, the states also witnessed an influx of reverse migration when the migrant workers returned to their native states amidst the uncertainty of the pandemic. With no source of income, the states provided them with funds to provide livelihood and generate revenue. A state-level official from Odisha stated, *'Migrant workers returned due to COVID-19, and we wanted to establish them in our own states. So, we provided them with CIF; for those who took small loans for their business, we asked them if they wanted to grow their business so they could take a top-up loan and work here. Many people who found out that their family members were seriously ill decided not to return. Then the question arises, what will they do if they will not go back?'*

Thus, the states adopted different strategies to cater to the needs of their community, whether it was to pool funds, augment funds from the community, distribute/offer masks, or develop strategies for income/livelihood generation.

A woman with dark hair pulled back, wearing a red top with white floral patterns and a blue sarong with a pink border, is sitting cross-legged in a traditional wooden structure. She is looking towards the camera with a neutral expression. The background shows the intricate wooden framework of the building, with light filtering through the gaps. To her right, there is a large metal pot on a stove with a smaller pot on top of it.

CHAPTER 5

**Strategies and Processes - Allocation
and Disbursement of the VRF**

This chapter is divided into four sections and broadly sheds light on the strategies and processes undertaken at the national, state, and VO levels to allocate, disburse, utilise, and monitor funds from the VRF during the COVID-19 emergency. The allocation of funds section provides insights into the context-specific needs for which states allocated the VRF per their policies. However, the evidence shows that the states were flexible in disbursing the VRF during COVID-19 and significantly relaxed their criteria for fund allocation. Furthermore, the section sheds light on the challenges the states and the VOs face in disbursing funds and the strategies adopted by the central government. It states that the maximum number of beneficiaries should be reached. It also explores variations in state-specific criteria for the VRF fund allocation, disbursement, and utilisation. Furthermore, this section explores whether the VRF helped mitigate challenges for the funds' beneficiaries. Lastly, the study outlines states' strategies and processes to monitor the funds.

5.1 Allocation of Funds

The section highlights that the allocation of the VRF addresses the special needs of vulnerable people and vulnerabilities like food insecurity, health risk, sudden sickness/hospitalisation, natural calamity, etc., faced by the household(s) or community. Across all states, we find that there are inter-state variations in the way the VRF loans are allocated. The study finds that most district and block-level program managers understand the VRF similarly across all states. However, there are still inter-state variations in how the VRF is allocated in all four states.

Most states maintain their protocols for the VRF allocation. However, all the states prioritise catering to the most immediate needs of the vulnerable group during COVID-19. The study reports that while some states utilise the VRF only for production and consumption needs, others have specific criteria for VRF fund disbursement limited to only non-livelihood generation purposes. Tripura's district official stated, 'We don't give VRF for livelihood purposes; we give it for non-livelihood generation purposes. We count financial and non-financial factors in VRF. Another district official from Tripura explains, 'VRF is not for livelihood purposes. For example, if your house burns, you can't do business with that money; you need that money for the materials to do repair work. Or suddenly, your cow dies; in that case, you can buy a new cow; it is like recovery. Recovery from any danger is the difference'. A block-level official also shared that VRF was introduced during the second wave of COVID-19, and the loan was given for immediate sustenance needs. The block-level official from Tripura states, 'At the start of the first COVID-19 wave, VRF was not introduced by the government. During the second wave of COVID-19, the government introduced the VRF program. The VRF loan was given to people during COVID-19 to help them overcome their financial situation. People used the money from the VRF loan to buy rice, dal, soya beans, and cooking oil during the COVID-19 period.

The VRF was allocated based on the needs of the vulnerable people. During the FGD, the VOs from Jharkhand recall instances where they have given the VRF to support poor women. They remember, 'There was also a lady whose daughter was already dead, her husband was physically disabled, and her son had also died in an accident. So, we helped her with the VRF fund. There was a woman in our group whose son had died in Bangalore, so we helped her through the VRF fund. It is difficult to help people experiencing poverty without VRF funds. So when the VRF Fund came, we were delighted that we could help the poor because we could not collect so much money by ourselves. The main aim of the VRF fund is that we should help every poor woman'. The COVID-19 brought multiple life-altering tragedies for people and left many extremely

vulnerable due to loss of life and the need for sustenance. In such instances, the VRF greatly relieved the vulnerable people and the community. The allocation of the VRF is need-based, and the states adopt it with the changing understanding of vulnerability in the wake of the pandemic.

While in Tamil Nadu, the VRF is allocated for livelihood purposes. The study reports that in Tamil Nadu, the result for the VRF allocation is for livelihood generation; whether directly or indirectly, it is considered progress. A block official from Tamil Nadu pointed out, 'We are telling them they can be used for an occupation. They want to set up a tender coconut sales stall or breed rabbits. They have to mention the occupation they are planning when they submit the letter for the loan. We verify that and give them a check. We recently surveyed and made a list to understand how the scheme grows. We watched them join the group, take out loans, and take up occupations. If a boy takes up education and starts going to work, we consider it growth. When a boy from a family without income starts going to work, it is considered as "growth".'

On the other hand, Odisha allocates funds based on need, whether for consumption or production needs. The evidence from the study suggests that during the COVID-19 pandemic, the states witnessed an influx of migration, and to manage urgent needs, the state distributed funds to whoever needed it at the time. A block-level official reported, 'Funds were given to those doing business and incurred losses so that they could develop the business and repay the loan. The fund was also distributed according to the people's requirements, such as medical expenses, emergencies, etc.'

Each state has context-specific criteria for allocating funds, adopted as per the local needs of the states. A national-level manager adds, 'It varies mostly from state to state. Sometimes states devise different ways to disburse VRF, for example, in the case of Bihar (Food security fund and health risk fund) and Odisha (investing money in nutri gardens to improve women's health)'.

Hence, variations in the protocol for the disbursement of loans in VRF may look different across all states. In this sense, the protocol is dynamic and responsive to local needs.

5.2 Disbursement of Funds

5.2.1 National-Level

This section sheds light on the national strategies and processes adopted to disburse and allocate funds from the VRF during the COVID-19 emergency.

During the COVID-19 pandemic, the DAY-NRLM issued guidelines to the SRLMs to mitigate the challenges faced by the communities. According to a press release by the Press Information Bureau (PIB, 2023), the national government issued COVID-19 packages for SHGs. One of the packages issued by the DAY-NRLM allowed for an additional VRF of ₹. 1.5 lakh to be extended to the VOs in COVID-19 hotspot areas and for vulnerable groups. A national-level manager reiterated, 'Since the most significant issue was the cash availability, guidelines were revised to increase the funds. Also, specific guidelines helped because there was an apparent demand, and many people utilised these funds mainly for food. Not only grants were given, but additional VRF was also given in some cases. For more effectiveness, the moratorium period for funds was increased'. The DAY-NRLM issued guidelines for an increase in the disbursement of funds in COVID-19 hotspot areas. Evidence from a study conducted by Siwach et al. (2021) suggests that the disbursement of RFs, CIFs, and VRFs may have partially mitigated some of the challenges caused by reductions in collective savings. However, the study also finds that there is only limited evidence for an increase in the disbursement of funds despite government guidelines to increase disbursements). The study by Siwach et al. (2021) examined the impact of the lockdown on consumption, economic activity,

and food security for both SHG and non-SHG households. The study was conducted in six Indian states (Andhra Pradesh, Bihar, Jharkhand, Madhya Pradesh, Rajasthan, and Uttar Pradesh).

The DAY-NRLM issued a letter (J-11060/47/2019-RL) to SRLM on the subject of 'Role of Self-Help Groups in response to the COVID-19 outbreak on 4th April 2020'. The letter mentions the 'SHG/VO/CLF has also initiated work related to providing ration or cooked food to poor and vulnerable families using the Vulnerability Reduction Fund or with support from state and district administration. We encourage such activities to ensure no family is hungry during these difficult times. SRLMs may like to universalise such interventions through convergence with relevant departments, like food and civil supplies, to provide rations to needy families through women's institutions'. The DAY-NRLM advised on convergence to give food and ration to vulnerable families, whereas some states purposely used the VRF to provide ration or cooked food to poor families. Additionally, the DAY-NRLM also advised states to use the VRF for immediate emergency needs. The letter stated, 'SRLM needs to identify the needy VOs, disburse the Vulnerability Reduction Fund to VOs and issue an advisory to allow VRF loans for COVID-19 medical emergencies, food security and health security, etc. This may include provision for necessities like food, soap, access to treatment, etc., as per VO's discretion. The VRF was advised to be used for COVID-19-related emergencies at the national level, with additional relief funds available in pandemic hotspot areas. The data also suggests that states opted for context-specific strategies, which we discuss in the next section.

5.2.2 State-Level

This section sheds light on the state and VO-level strategies and processes adopted during COVID-19. Furthermore, this section lays out the challenges faced by the states and the VO in disbursing funds and the strategies adopted by states to reach the most beneficiaries.

While the VRP protocol outlines the disbursement process in detail, we understand that states have specific protocols to disburse the funds to the VO during COVID-19 based on the funds that are available/allotted to them. A national-level manager states, *'Disbursement of funds mainly differs from state to state. Sometimes, states come up with the utilisation of VRF, for example, in the case of Bihar (Food security fund and health risk fund) and Odisha (investing money in Nutri gardens to improve women's health). The state mainly contextualises the policy based on the needs of the people. Some states may not be clear about the type of vulnerability; in that case, they must restructure it again so the VO can process it.*

The States adopted to rationalise the available funds to reach as many beneficiaries as possible. While the advisory issued by the DAY-NRLM to disburse the funds was clear, some states adopted rationalising the funds as per the need of the VO. One state-level functionary in Jharkhand noted, *'VRF is such that each VO will get ₹ one lakh and maximum up to ₹ 1.5 lakhs. At times, we have given lesser amounts also to cover more VOs, like Saraikella had got ₹ 25,000 and one SHG who got ₹ 1.5lakhs as well. As per demand, the money was given. Generally, they get ₹ 1,00,000 per VO'*. The states disburse the funds to the VOs as per the availability of the funds; however, the prime focus was to reach as many beneficiaries as possible, so Jharkhand's strategy was to rationalise the funds as per the immediate needs.

Tripura disbursed the funds as per the DAY-NRLM guidelines during COVID-19. However, they opted not to give VRF to those households who had met their immediate consumption needs. A state-level official shared, *'During COVID-19, we didn't provide the VRF with money to those who received all the grocery items and household essentials. At that time, we gave the VRF amount of ₹ 1,50,000 lakhs to every VO as per the guidelines set by the DAY- NRLM. We were told that we could give up to ₹ 3,00,000 to*

those VOs where we think the number of vulnerable people or tribal people is very high. The state disbursed ₹ 3,00,000 to the VO where there are more vulnerable people and ₹ 1,50,000 lakhs each to the remaining VOs.

The COVID-19 crisis was sudden, so the VRF was readily utilised. VOs disburse money to vulnerable people and families as grants. A state-level official from Tripura noted, 'Earlier, the VRF money was given to people in the form of loans to help them improve their livelihood. However, during COVID-19, the VRF money was utilised to provide people with food items and other household essentials. This was a one-time incident, as we didn't expect to get that money back. So, it was a loss for the VRF program because we had to spend money to support people during COVID-19 without expecting them to repay it. We spent the VRF money on people who are members of the SHG and those who were not members of any SHG. So, the VRF amount that the VO members spent to help people during the COVID-19 period had to be returned by them only. The VRF amount that we received was mainly utilised during the COVID-19 period. So, it will take the SHG around three to four years to recover that money, which is a challenging task for them, in my opinion.'

The states that disbursed VRF as a loan could not recover, so augmentation of funds became a question mark for the VO and an additional burden. In places where the states disbursed VRF as loans, recovery was either delayed or was not possible in case of the beneficiary's death. A district-level official from Tamil Nadu states, 'We couldn't get back the repayment of loan given to vulnerable and differently-abled people in time. In the case of those who died after taking the loan, loan repayment becomes a question mark'. Across all states, evidence suggests that the funds disbursed as VRF during COVID-19 made it difficult for the VOs to recover. Therefore, VOs and SHG members will have to augment the funds themselves. A state-level official from Tripura stated, 'The SHG and VO members will have to augment the money by themselves; there is no other way for them to pay back the money. They will pay back the money only by making contributions among themselves.'

It is to be noted that not all VOs have received VRF. However, it is not clear from the data whether the VOs requested the funds and did not receive the funds or whether they did not apply. The evidence suggests that the states opted for different strategies for fund disbursement with a common motive to reach the maximum number of beneficiaries and help them with their immediate consumption needs in times of crisis. Through our interactions with state/district/block-level officials, we understand that since the VRF is available at the VO level and operates on an efficient disbursement system with a quick turnaround time, the funds are released within seven days of VO approval. 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 the loss of jobs, return of migrant labourers, food insecurities, and health emergencies. However, the funds were broadly disbursed in all the states to fulfil immediate needs, manage crises, and address emergency conditions, both consumption and production.

The report indicates that strategic flexibility backed by prudent management systems has the potential to optimise the VRF's role in mitigating crises while furthering the mission of poverty alleviation through self-help. Rigorous process learning from COVID-19 experiences can aid such course corrections. The application and disbursement processes were reported to be efficient across all four states, with the low interest rate providing significant relief to beneficiaries. The favourable repayment terms, including a low-interest rate and a reasonable repayment timeline, make the VRF loans a preferred and stress-free option for beneficiaries. However, many beneficiaries reported that the loan amount is insufficient and should be increased. It was also observed that beneficiaries often reapply for the VRF loans after repaying their initial loan due to the ease of access. Overall, participants across all states expressed appreciation for the support provided by VRF during times of need and crisis.

5.3 Monitoring of Funds

Monitoring of the VRF currently needs to be captured in the more extensive digitised the Management Information System (MIS) of the DAY-NRLM. Currently, multiple types of information are being collected by various states in different formats. This includes training, verification of documents, ratings of CIF amounts disbursed, amounts returned, number of loans made, and so on. However, the data available is not in a standardised format and is sometimes available as a narrative. Most of the information is manually captured and handwritten. The vulnerability mapping exercise, the foundation for making the loans, is partially captured.

As a senior national-level official mentions, 'Vulnerability mapping is not captured in MIS. However, some attributes are added, such as family or member data in the database and profile entry. Apart from SC and ST, PVTGs, Transgenders, and PwDs are also included. In the VPRP exercise, 15 sets of vulnerabilities are included. MIS is also capturing non-members' data. These two databases are linked. However, they also mention that an MIS is in the pipeline. 'A conventional MIS is in place, which is in the pipeline to roll out to track various data like- when the fund was given, whether the beneficiary SHG or non-SHG, when recovery is taking place, etc. Its preparation was started during the time of COVID-19 only, and MIS will roll out this year. The agency was hired, and now it is in the pilot stage. MIS will include all the funds. One of the state officials in Jharkhand stated that due to a lack of funds monitoring, it is difficult to determine whether the target population is receiving the funds or not, 'We need to see that VRF has been sent to the VO but also if the money is reaching the beneficiaries from the VO or if it is stuck in transit'.

Information was also collected from the registers maintained by the select VOs. Each state and its respective VO maintain a register to keep a record of the funds received and the amount disbursed to the beneficiary. Information such as the reason for lending money, caste or class of beneficiary, whether the beneficiary is an SHG or non-SHG member, the rate of interest at which the loan is given, and the name and address of the beneficiary are captured in the register. The major limitation while analysing the data was the lack of a standardised format when each state collected different types of information. While Odisha and Jharkhand have information recorded for each beneficiary, Tripura has information on total fund disbursement by each VO. We also found that Odisha has the VRF disbursement information at the CLF level, while Tripura and Jharkhand have information at the VO level.

Due to the lack of standardised data across all states, the data collected from the register was not used in the report. Over half of the VO did not maintain the VRF register properly, or the information collected was not readable. So, the team was not able to digitalise the information for analysis. Also, no information on the VRF disbursement mechanism was available for Tamil Nadu.

To understand the needs of each VO/CLF/beneficiary and for better annual planning, a standardised and digitised format is required to understand the need and utilisation of VRF further and prepare an effective VRP. Also, it is recommended that a proper recording and monitoring mechanism be maintained to ensure the amount received and disbursed as the VRF is digitally recorded for better utilisation, tracking, and repayment.

In conclusion, addressing the challenges related to data collection, monitoring, and utilisation of the VRF funds is crucial for the National Rural Livelihood Mission to effectively achieve its poverty and vulnerability reduction objectives. By implementing standardised and digitised data collection methods, strengthening monitoring mechanisms, and promoting collaboration and knowledge sharing, the mission can enhance its impact and ensure the efficient utilisation of the VRF funds for the benefit of the target population.

5.4 Inter-Departmental Convergence

This section reflects on convergence within VRF. A social inclusion strategy focussed specifically on vulnerability alleviation may benefit immensely from horizontal convergence across various departments and avoid the multiplicity of guidelines for different schemes from every department at the local governance level. The study found that the VRF has been able to mobilise local departments in various ways. Convergence involves various line departments such as animal husbandry, agriculture, and horticulture.

According to the VRF and the VRP protocol issued by the DAY-NRLM, convergence is suggested at two levels - a) During the VRP process and b) During the augmentation of the VRF funds.

During the VRP process, the VOs are expected to consolidate and finalise all the plans of SHGs, non-SHG members, village-level collective action on gender, health, insurance, food security, elderly, destitute, PwDs, tribal, PVTG communities, and convergence into a consolidated VRP at the VO level. Meanwhile, VOs are encouraged to source funds from other resources through convergence to augment funds for VRF.

The convergence process involves receiving applications from individuals or families in need and connecting them with the appropriate line department for assistance. For example, orphan children are linked to the education department for school admission, while elderly women are connected with the block administration for a pension. The convergence activities are carried out at different levels, including the block, district, and state.

During the COVID-19 pandemic, particular strategies were implemented to support vulnerable households. The convergence activities involved collaboration with departments such as Agriculture, Veterinary, Horticulture, and Panchayat Raj. Assistance was provided for activities such as kitchen gardening, farming, fisheries, and cattle rearing. Loans from the VRF were utilised to construct latrines and other infrastructure projects. Overall, the convergence efforts helped address the community's food security, nutrition, livelihood, and infrastructure needs. A block-level official from Jharkhand states, "The executive committee of the VRF gets the application from vulnerable people like the widowed female or an orphan child or elderly person. So, we are giving them benefits once, but there is a concern about connecting them to the line department. For example, if we learn about an orphan child, then with the help of block administration, his admission would be done in a school. If she is a girl, she will be admitted to the Kasturba Gandhi Balika Vidyalaya (KGBV). If it is an elderly lady who is above 60, then we apply for the pension after talking to the block administration; we follow the same procedure for widow pension as well. For those who are vulnerable and in need, we connect them to the concerned department". However, it is unclear whether these efforts were a part of crisis mitigation during the pandemic or existed as routine efforts for convergence at the VO level.

The DAY-NRLM handbook on convergence mentions facilitating SHGs and federations working with PRIs. Convergence is a separate agenda in their regular meetings to discuss, review and monitor participation, planning, implementation, and benefits by/to members. The agenda items may include - Gram Sabha, Gram Panchayat Development Plan (GPDP), Poverty-free GP, MGNREGS-Integrated Participatory Planning Exercise (IPPE), Swachh Bharat Mission, functional committees of GPs, Village Health Plan and ICDS. As a national-level mission manager mentioned, 'The states where Gram Panchayat is more active with line departments, convergence is higher as Gram Panchayat is the focal point for getting benefits from other agencies- like Tripura. But this is not the same for all states. In some states, line departments identify beneficiaries, which differs from state to state. Also, much depends on how CBOs and VOs have been strengthened

and approach line departments for the convergence'. The Gram Panchayat plays a vital role in bringing the line departments together. States like Tripura have demonstrated convergence with line departments as GP is the focal point for providing benefits from other agencies. However, as reported, convergence is initiated in context-specific ways for states.

In our study, cross-departmental convergence only happened in one instance to arrange information/training for different livelihood activities. A block-level official from Odisha states, 'If a person wants to keep cattle, then we talk with that person about what benefit he will get and how he can repay. Or if someone wants to start a fish business, we discuss the process with them. Another person wanted to keep hen, so we talked with them about the process, what subsidy they are having, and what benefit they will derive, so we considered all that. We converged with line departments like veterinary, in this case, for people who keep cattle. The veterinarians checked on the animals and provided vaccines accordingly. Apart from that, we have agriculture, fisheries and so on. However, this has not been conveyed through any other participants in our study in the same manner, which may indicate a differential understanding of convergence on their part compared to the conceptualisation of convergence in the DAY- NRLM design.

In this context, coordination refers to the collaboration between various line departments to provide comprehensive support to vulnerable individuals and families. The VRF has effectively mobilised local departments, including Animal Husbandry, Agriculture, and Horticulture, to address the needs of vulnerable populations. This process involves receiving applications from those in need and connecting them with the appropriate department for assistance, ensuring that vulnerable individuals receive support from relevant departments.

It is important to note that the degree of coordination varies across states and is influenced by factors such as the activity level of Gram Panchayats (GPs) and the strength of Community-Based Organisations (CBOs) and VOs. For instance, states like Tripura have demonstrated higher coordination due to the active involvement of GPs as the focal point for accessing benefits from other agencies. Conversely, some states rely on line departments to identify beneficiaries, resulting in variations in coordination practices.



CHAPTER 6

**Reflections on the Future of
Vulnerability Reduction Fund
(VRF)**

The DAY-NRLM acknowledges that the livelihoods of different segments of the poor population, namely the 'less poor', 'middle poor', and 'poorest/vulnerable poor', are different. To effectively address their needs, it is essential to accurately assess their vulnerabilities and social conditions and develop tailored approaches to address these specific vulnerabilities. Moreover, economic empowerment through livelihoods generated by SHG linkages has been the primary pathway for poverty reduction within the DAY-NRLM. However, emerging literature (Deshpande & Khanna, 2020) points to the fact that some impacts of microfinance via SHGs are studied more often than others; impact evaluations "do not adequately address why, how and for whom impacts occur or not." This means that participation in SHGs might have other impacts beyond the direct effect on livelihoods, such as enhancing collective action, agency, decision-making, and social networks.

These are important to consider, even in the case of the VRF, to effectively fulfil its mandate to accelerate the most vulnerable graduation from poverty and document more strongly if and how the fund is fulfilling its inclusion mandate and reaching those unreached by the SHG infrastructure. From the data in this study, we observe that the VRF was utilised for various reasons and could assist several economically weaker individuals and families, especially in the context of COVID-19. The fund was also utilised to initiate a range of sustainable livelihood activities. However, the study also notes that many states failed to provide the VRF to structurally marginalised groups like transgender people, extremely vulnerable women such as commercial sex workers, and those targeted by "witch hunters". They may have excluded the poorest of the poor households in need of assistance, owing to their lack of representation in the SHGs, VO executive bodies, and spatial marginalisation within villages that renders them essentially invisible. The states have adopted context-specific strategies to allocate and disburse funds. However, the states recognise the challenges and the failure to reach the structurally marginalised people due to stringent local politics and a lack of awareness among people. A concentrated effort is needed on the ground to get the most vulnerable.

The stakeholders interviewed in the study echo the necessity and importance of VRF and its placement at the VO level. The VRF has helped and benefited people during the uncertain crisis of COVID-19. Due to its easy access and low interest rates, it mitigates challenges for vulnerable groups. The utilisation of the VRF ranges from livelihood/production needs (to buy cattle or start a business or additional help in existing livelihood activity), immediate consumption needs to buy ration, education of children, illness, and supporting people in their grief. Due to its access and low interest rates, the VRF is the first choice for the beneficiaries to access loans, which also help them escape high interest rates from banks, private lenders and relatives.

The VRF has been utilised for many reasons, from improving livelihood opportunities to health emergencies. A state official from Tripura shared, 'People thank us for giving them VRF loans. If the VRF program had not been there, these people wouldn't have received help and support elsewhere. So, I would say that people benefit from becoming members of the SHG through the VRF program. Through the VRF program, we could create a network in this village and villages outside Tripura.

Particular attention should be given to vulnerable groups that are structurally marginalised and may not be represented in SHG. The VRF aims to reach the last mile and ensure the representation of vulnerable groups in SHGs and VO-EC, along with an MIS to track the funds and the beneficiaries. Since there is no standardised monitoring or follow-up of VRF, it isn't easy to track whether the VRF is utilised for its intended purpose. Therefore, clear monitoring protocols for the utilisation of funds should be ensured.

Creative and simple pedagogical tools are needed to impart training and carry out capacity building on a community level for a clear understanding of vulnerability and vulnerable families in their respective villages. Hence, variations in the protocol for the disbursement of loans through the VRF may look different across all states. In this sense, the protocol is dynamic and responsive to local needs.



CHAPTER 7

Conclusion

The VRF is an ambitious social inclusion strategy for the DAY-NRLM. The VRF is formed to keep risk and uncertainty at a central place when considering poverty and destitution. The purpose of the VRF is to address vulnerabilities, including consumption and production needs, and the special needs of vulnerable households, including SHG members and non-members in the concerned VOs' geographical area. The DAY-NRLM prioritises and undertakes initiatives to include the poorest of the poor and other vulnerable community sections through a social inclusion plan. The VRF is a policy that aims to comprehensively include the poorest and most vulnerable communities in its architecture, including non-SHG members.

The aim of the research was to understand the system and process-level strategies implemented by states to disburse and allocate the VRF during COVID-19 and the challenges and mitigation strategies adopted by states. Furthermore, the study intended to understand whether VRF was effective in helping its intended beneficiaries in times of crisis. The study indicates that the VRF has benefited its beneficiaries, enabling them to address both immediate needs, such as production and consumption, and long-term goals, such as livelihood development and children's education. The application and disbursement process is reportedly efficient across all four states, with the low-interest rate providing significant relief to beneficiaries. The favourable repayment terms, including a low-interest rate and a reasonable repayment timeline, make the VRF loans a preferred and stress-free option for beneficiaries. However, many beneficiaries report that the loan amount is insufficient and should be increased. It is also observed that beneficiaries often reapply for VRF loans after repaying their initial loan due to the ease of access. Overall, participants across all states express appreciation for the support provided by the VRF during times of need and crisis.

The study finds that states have adopted context and culture-specific beneficiary identification processes and understanding of vulnerability. The state-specific approaches reflect the intricate interplay between context, culture, and the vision of vulnerability reduction championed by the DAY-NRLM. The adaptable beneficiary identification processes and nuanced definitions of vulnerability illustrate the program's responsiveness to the diverse needs and circumstances present across the nation. Compared with Tripura and Tamil Nadu, the fund's description at district levels in Odisha and Jharkhand is more straightforward and operational in describing their understanding of the VRF than the nuances observed in the conceptual understanding of functionaries in the former.

The study reports that states like Jharkhand and Tamil Nadu are open to including non-SHG members in the VRF disbursements. This highlights their recognition of the unique vulnerabilities that extend beyond SHG affiliation. In contrast, Odisha maintains a different approach, emphasising the importance of SHG membership as a prerequisite for loan disbursement. Nonetheless, the study observes that, regardless of the approach, the states acknowledge the significance of bringing non-SHG members into the SHG ecosystem. Their commitment to sensitising and educating these individuals about the benefits of SHG participation demonstrates a proactive effort to foster financial literacy and empowerment. The study has shed light on the dynamic nature of the VRF implementation, with states crafting strategies reflective of their unique circumstances. It emphasises the need for continued dialogue and evaluation to ensure that the VRF remains a versatile tool for vulnerability reduction, offering opportunities for all, especially those outside the SHG framework.

The COVID-19 pandemic posed challenges for the VRF implementation, including funding issues and mobility restrictions. The study finds that states responded creatively by pooling funds from various sources and extending support to returning migrant workers. The study reports that to understand the needs of each of the VO/CLF/beneficiary and for better annual planning, a standardised and digitised format is required to understand the need and utilisation of the VRF further and prepare an effective the VRP. Also, it is recommended that a proper recording and monitoring mechanism be maintained to ensure the amount received and disbursed as the VRF is digitally recorded for better utilisation, tracking, and repayment.

The process of selecting beneficiaries for the VRF loans is influenced by many factors contributing to subjectivity. The absence of a standard framework for prioritising vulnerable individuals makes the issue more complex, allowing executive committee members to decide based on their views and the context. Choosing who will receive the VRF loans from a group of applicants involves much discretion. Although this may be done with good intentions, it can unintentionally increase inequalities, especially when considering the extremely poor. Particular attention should be given to vulnerable groups that are structurally marginalised and may not be represented in the SHG framework. The VRF aims to reach the last mile and ensure that representation of vulnerable groups is ensured in SHGs and VO-EC.

Overall, the VRF is a versatile and adaptable program within the DAY- NRLM, embodying resilience, compassion, and inclusivity. It empowers communities, raises awareness, and responds to evolving challenges. The lessons learned during the pandemic emphasise the need for flexibility and innovation to support the most vulnerable members of society.



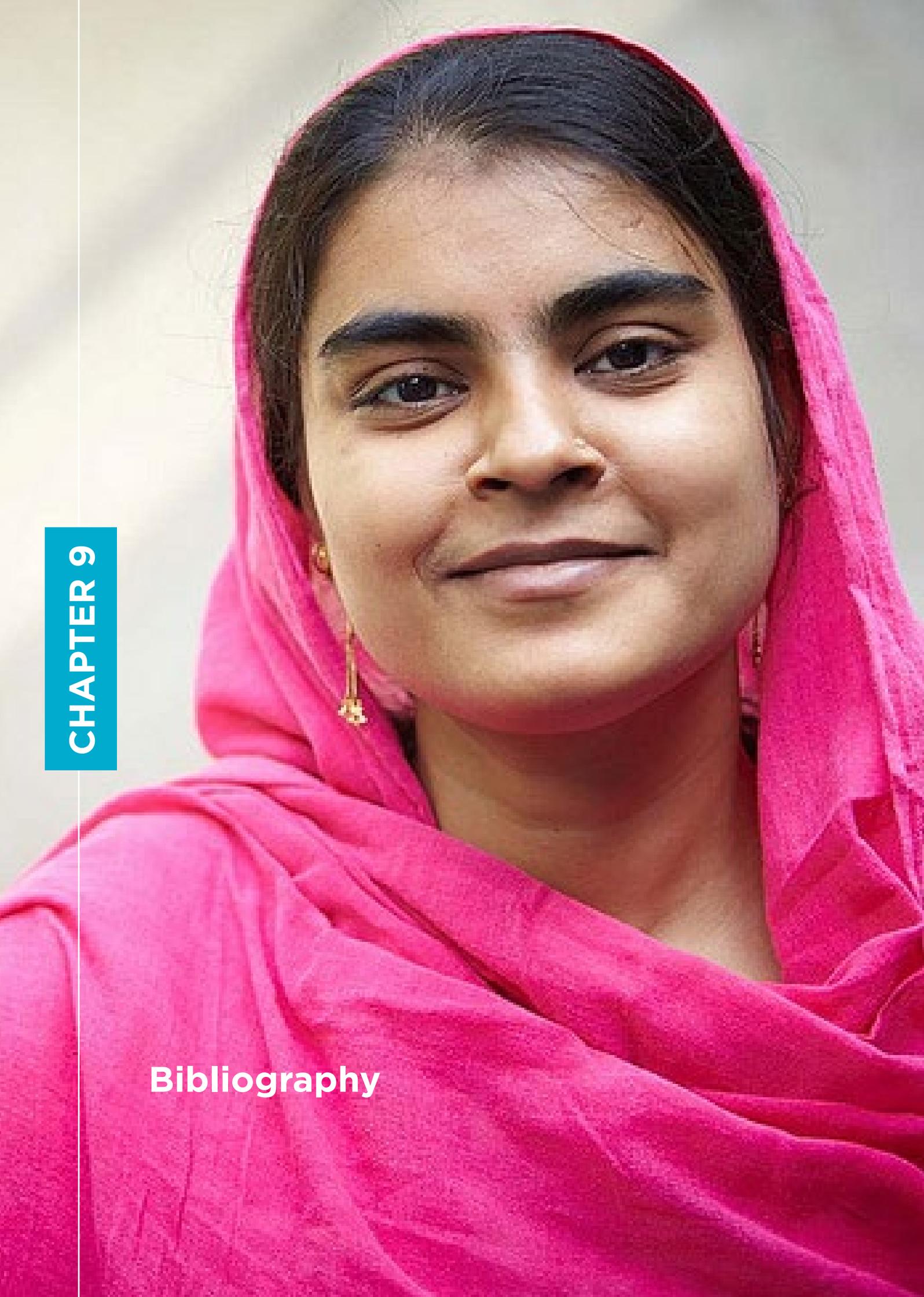


CHAPTER 8

Recommendations

Based on the findings of the study, the following recommendations are being put forward:

- Standardise and digitise monitoring and analysis of the VRF to benefit the end users by connecting with other governments' schemes and programs.
- Promote collaboration and knowledge sharing among states with regard to implementation of the VRF.
- Define state and context-specific vulnerabilities by State, PRI and Community for identifying the priority households and individuals.
- Linkages with PRI to provide oversight in finalising the vulnerable groups identified through VRP.
 - Social/vulnerability mapping through a democratic process in Gram Sabhas
- Creative and simple pedagogical tools are required to impart training
- Representation of vulnerable groups in SHGs and VO executive bodies in the decision-making process.
- A compendium of all inter-departmental Government schemes in the local language for further dissemination to increase awareness and enhance the capacity of VO-EC for responsive implementation.
- Specific guidance for inclusion of the following in the VRF and VRP protocols and guidelines:
 - A lowest and highest cap on the rate of interest on the VRF loans.
 - VRP to include Vulnerabilities to the impacts of climate change like - agriculture low productivity, crop failure
 - Protocol to also include guidance on delay in no payment in case of PWD and death.



CHAPTER 9

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ANNEXURE 1

VRF and VRP protocol

1. Protocols of Vulnerability Reduction Fund (VRF)

Vulnerability Reduction Fund is a fund (corpus fund) given to Village organisation (Primary level federation at Village level) to address vulnerabilities like food insecurity, health risk, sudden sickness/hospitalization, natural calamity, etc., faced by the household(s) or community. The purpose of VRF is to address the special need of vulnerable people, SHG members with vulnerabilities and also the needs of any destitute/nonmembers in the village. It can be used for an individual need or for collective action.

2. VRF amount

VRF is part of Community Investment Fund (CIF). The amount of VRF to each VO is determined by the number of members in the SHGs (@ Rs. 1500/-per members; for SC, ST, and other vulnerable members, this is @ Rs. 2250/-per member; for PVTGs, this can go upto @ Rs. 3000/-per member). Mission provides VRF to VO/Primary Level Federation in two instalments:

1. Instalment I – upto 60% of the amount.
2. Instalment II – rest of the amount.

3. Eligibility criteria

Mission to VO for VRF-1st instalment:

- a) Functional VO must have been in existence for 3 months and actively functioning (Bank A/c, regular meetings, Executive Committee in place, updated books of records etc.). Separate bank account may also be opened for managing VRF, if required.
- b) Trained VRF subcommittee should have been constituted and undergone VRF management training.

Mission to VO for VRF-2nd instalment:

VO should have-

- a) Successfully disbursed at least 60% of the amount of 1st instalment to SHGs members, or other vulnerable people.
- b) Introduced 1-2 activities to address vulnerability like members' contribution towards VRF amount, ek mushti chawal by each SHG member of the village, providing assistance to people (orphans, elderly, destitute, etc.) who can't be supported by SHGs, etc.

Process of releasing VRF

1. Releasing 1st instalment of VRF from SRLM to VO:

- a) Eligible VO to make a demand for release
- b) Amount should be released to VO within 7 days since the receipt of demand.

4. Protocols of Vulnerability Reduction Fund (VRF)

Eligible VO submits an appraised Vulnerability Reduction Plan (VRP) for their village, to CLF (to BMMU directly in the absence of CLF) and in turn CLF forwards to BMMU/DMMU

- VRP includes plan addressing special/particular needs of vulnerable people
 - Specific plans for Tribals, PVTG, PwD, Elderly and other vulnerable people in SHGs
 - Gender Action Plan
 - Food, Nutrition, Health and WASH (Water, Sanitation and Hygiene) (FNHW) Action Plans
 - Specific plan for Vulnerable destitute outside SHGs
- VRP is prepared in a participatory manner (VRP process and template is attached as attachment 1).
- VRP is appraised by CLF representatives at the VO itself (if CLF is not in place, leaders of other VOs or representative of loose CLF may appraise)

a) VRF is released to VO within 7 days of receiving the demand, along with appraised VRP.

5. Releasing VRF to SHG/SHG members/non-members:

The release under VRF are in addition to CIF provided on priority for vulnerable people and to meet vulnerabilities.

VRF committee carries sufficient imprest amount as agreed by VO to meet emergency needs.

For members:

(In case of emergency (accident, sudden sickness/hospitalization, death etc.)

Member(s) put up a demand to concern SHG as per need.

ii. SHG recommends and immediately approaches to the VO Secretary and VRF Sub-Committee.

iii. VRF Subcommittee (desirable all member of subcommittee) and Secretary VO analyse the extent of urgency and based on it, they may release an immediate relief upto Rs. 5000/- (Indicative, as fixed by VO).

iv. In upcoming VO-EC meeting, concern SHG should present the case and VRF Sub-Committee seeks post facto approval.

v. Based on assessment, VO-EC takes appropriate decision.

Other cases

Member(s) put up a demand to SHG as per need.

vii. SHG appraises the individual request, consolidates the request at group level and submit the request to VO.

viii. VRF subcommittee appraises the request and seeks VO's approval and release of the amount.

ix. Once the funds are received at SHG level, SHG releases the amount to member(s) within 3 days.

For non-members

- i. Any non-SHG member of village who need support submits the request to VO with details of her/his family background, vulnerabilities (purpose) and amount required.
- ii. VRF subcommittee appraises the request within a day and seeks VO's approval.
- iii. Based on the appraisal, VO-EC may take appropriate decision, and release the amount with suitable terms.

For SHGs

In case of Collective action or group activities

- i. SHG puts up a demand to VO.
- ii. VRF subcommittee appraises the request and recommends to VO within 1-2 days.
- iii. Based on the recommendations, VO-EC may take appropriate decision, and release the amount with suitable terms.

For VOs

Direct spend by VO in case of a collective action or group activities, at the village level as per the VRP.

Norms for Fund disbursement

- i. The amount of VRF could be given as a grant to member or loan without interest or with low interest at the discretion of VO. Funds accessed from other departments (as Vulnerability Reduction Fund) could be given as grant at the per discretion of VO.
- ii. As decided by VO, VRF can be released in multiple instalments and the interest rate can be less than what is charged for the CIF loans. In deserving cases, terms of repayment including moratorium may be suitably tailored at the discretion of VO.

Augmentation of VRF

- i. SHG members could contribute towards Vulnerability Reduction Fund or specific fund for Gender Forum, FNHW etc. The amount of contribution from each SHG/ SHG member may be decided by the VO/SHG.
- ii. VO may contribute some part of its surplus amount towards augmenting VRF at the discretion of VO.
- iii. As per the VRP, VO can seek support from Panchayat, other departments and other sources.

Attachment 1: Vulnerability Reduction Plan

Vulnerability Reduction Plan (VRP) is a participatory bottom-up plan of the Village Organization to capture and prioritize individual/collective needs of the vulnerable people and vulnerabilities of the SHG members in the village. These plans can also be aggregated at GP/Cluster/Block level for taking up/facilitating convergence with other departments.

1. Eligibility and pre-requisites for conducting VRP

- VO should be at least 6 months old.
- VO should have received 1st instalment of VRF.
- Mobilized atleast 80% of the vulnerable families.
- VO EC, Social Action Committee, Health Sub Committee along with VO-Activist, Gender Focal
- Person and Health Activist must be oriented on VRP preparation.
- **Updated VO profile** - updated by the VO Activist or Bookkeeper.
- **Updated list of vulnerable members** – updated by the VO Activist or Bookkeeper.
- **Member - wise Income and Expenditure statement** - For understanding the situation of vulnerable
 - people, VO needs to prepare member-wise statement of Income and Expenditure. It helps the members to analyze their own patterns of income and expenditure so that the members can plan their investments and reduce their expenditures etc. During the first 3-5 months itself, this analysis can be done for each member of the SHG in the regular meetings of SHG, to appreciate each other's socio-economic situation. Active Women/Book Keeper could take up this facilitation process.
- The above 3 steps should be completed prior to VRP preparation. These processes should be facilitated by the VO Activist/ VO Bookkeeper and may be completed during the VO meetings itself within the first 6 months of the VO formation.
- Apart from the above 3 steps, a vulnerabilities analysis of the village should be completed by the members of the VO in the village and important stakeholders of the village. It should include the analysis of health, gender action, food security, issues of elderly, PwD and tribal, livelihoods of the vulnerable and special needs of the vulnerable.

2. VRP Process

- Facilitate the VRP process -by trained SHG Book-keepers, VO Activist, Health Activist (HA), Gender
- Focal Person (GFA), Active women, Community Trainer and/or Mission staff.
- Identify the vulnerable members based on the SECC data and other sources in their village.
- Complete the entire process in 10-15 days.

At SHG level (3-4 days)

- Facilitate the identified vulnerable members of each SHG in developing their individual plans based on the village analysis and the income-expenditure analysis conducted earlier.
- Consolidate and finalise the individual member's plans at SHG level and add SHG group collective action plans in discussion with SHG members at the SHG level.
- Facilitate appraisal of SHG plans by VOs representatives from VO on the last day of the meeting with each SHG.

At VO level (6-8 days)

- Facilitate plans for non-SHG members (assistance or care to those who can't be supported through SHG) prepared by VO Activist, HA, GFA and bookkeeper with the help of Active women and Community Trainers.
- Prepare action plans of Gender, Health, insurance, food security, elderly, destitute, PwDs, tribal and PVTG communities.
- Consolidate and finalise all the plans of SHGs, non-SHG members, village level collective action on Gender, Health, Insurance, Food Security, Elderly, Destitute, PwDs, Tribal, PVTG communities and Convergence into a consolidated VRP at the VO level. Include plans for augmenting VRF funds.
- Facilitate representatives from CLF/loose CLF attending the VO meeting and appraising the consolidated VRP (see Attachment 2). If CLF/Loose CLF is not there, the leaders of other VOs appraise the VRP.
- Revise and finalise the VRP based on the appraisal. The final appraised and approved VRP would be signed by the office bearers of VO, the appraising leaders and the facilitators.
- Record the VRP process in the minutes' books of SHGs and VO.

3. Post VRP planning

- Submit the final VRP, along with the utilization of the VRP Funds already with VO, to the CLF/Mission (BMMU) for availing second instalment of VRF.
- On receiving the appraised and VO approved VRP, the CLF/SRLM should release funds within a week.

Thereafter, every year Vulnerability Reduction Plan needs to be reviewed and a new VRP to be developed.

4. Augmentation of VRF Funds

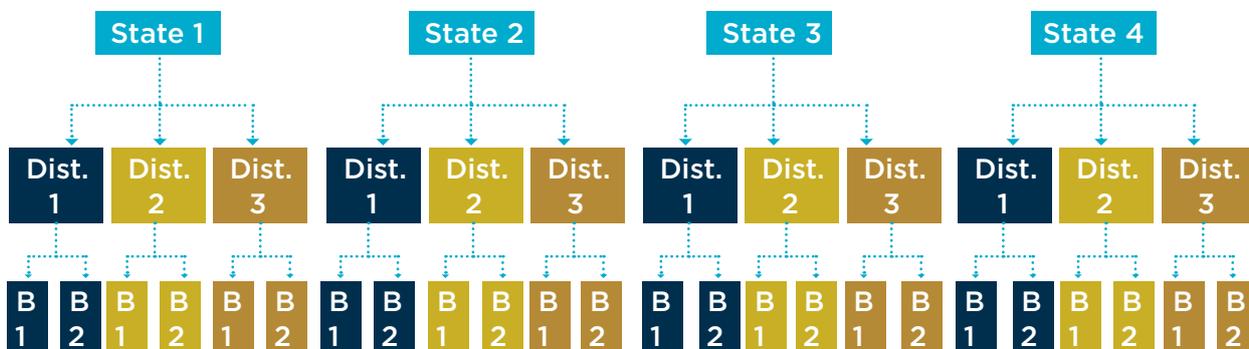
- Mobilize contributions from SHG and SHG members towards Gender fund, health fund,
- vulnerability reduction fund etc.
- Facilitate VO to contribute some part of its surplus amount towards VRF
- Encourage VO to source funds from other resources through convergence.

Note: The above VRP process is indicative and SRLMs may revise it according to the suitability of the specific requirements of the state.

A woman with a red bindi on her forehead, wearing a red short-sleeved shirt and an orange sari with a floral pattern, is crouching in a field. She is using a small tool to sample soil. She has several bangles on her wrists and a watch on her left wrist. The background is a soft, out-of-focus landscape under warm, golden light.

ANNEXURE 2

Sampling strategy



Details of states and districts covered in the study

State	District	Blocks
Odisha	Puri	Nimapara Gop
	Kendrapada	Pattamundai Mahakalapada
	Dhenkanal	Kamakhyanagar Bhuban
Jharkhand	Ranchi	Angara Ormanjhi
	Gumla	Basia Guma (Sadar)
	Saraikela-Kharsawan	Chandil Nimdih
Tripura	Khowai	
	Dhalai	Salema Ambassa
	West Tripura	Padmabil Old Agartala
Tamil Nadu	Kanchipuram	Walajabad Sriperumbathore
	Tiruvannamalai	Cheyyar Anakkavur
	Villupuram	Kolliyanur Maliam



ANNEXURE 3

Key Findings

1. Perception of Utility: Reflections from Beneficiaries

- **Understanding VRF's Purpose and Mechanism:** A substantial number of respondents clearly understood the VRF. The consensus among beneficiaries underscores that the VRF's fundamental purpose is to extend immediate support to those grappling with financial constraints by offering low-interest loans or grants.
- **Empowering Vulnerable Populations** - The beneficiaries' perspective sheds light on the impact of VRF within their lives. Beneficiaries highlight the availability of loans through VRF at a remarkably low interest rate, creating an avenue that alleviates immediate financial stress. The ability to repay these loans within a year provides a sense of manageable commitment, and the diverse utility of the loans during events like medical emergencies, education expenses, livelihood projects, and nutritional requirements resonates deeply.
- **Pathways of awareness:** The dissemination of information regarding the VRF program is facilitated through many channels. Conversations within the Self-Help Group (SHG) serve as a primary conduit for propagating knowledge about the program.
- **Livelihood Opportunities:** Beneficiaries also shared several instances where the VRF loans helped them create and/or develop existing livelihood opportunities and supplement their income.

2. Vulnerability Reduction Plan and Beneficiary Identification

- **Diverse Interpretations of Vulnerability:** The concept of vulnerability is complex and can be interpreted differently depending on the context. While the basic idea of vulnerability is widely understood, there is no standard way to prioritise different levels of vulnerability or to decide how to address it. This means that personal judgment plays a big role in decision-making within the executive committees of Village Organizations (VOs) that manage the VRF. These highlight the complex interactions involved in deciding how to help vulnerable people.
- **Inclusion Issues:** Extreme Poverty and Involvement in VO Executive Committees- The marginalised/vulnerable face additional challenges in accessing VRF assistance due to their inability to join SHGs and executive committees. This inability to pay membership fees is often due to financial constraints. As a result, those who need assistance the most are kept away from decision-making positions, which may perpetuate their vulnerability.
- **Examining Representation Inequalities:** The evidence suggests that the economic constraints that exclude vulnerable groups from SHG membership also affect their representation in VO executive committees. This raises concerns about decision-making effectiveness when the voices of those most in need are not adequately represented.

2.1 Reflections from the State

- **Customised Understanding of Vulnerability:** Examining state practices showcases the nuanced comprehension of vulnerability among different regions. For instance, Jharkhand's focus on VRF allocation to counter witch-hunting underlines its contextual relevance. Tripura's approach encompasses a deeper understanding of vulnerability, considering economic challenges, health issues, and daily life uncertainties that amplify susceptibility to adversities. Additionally, the respondents in Tripura reflected upon the climate vulnerability of the regions, leading to occasional floods.

- **Tailored Beneficiary Identification Processes:** The study reveals that states have embraced beneficiary identification processes adapted to their unique contexts and cultural nuances. This approach acknowledges the diversity within the nation and the importance of addressing vulnerability within local frameworks.
- Most States include **non-SHG** members within the ambit of VRF, except Odisha. However, all the states mentioned that their first action was to include the non-members in the SHG fold.

3. Challenges and Insights on VRF Implementation during Covid-19

- **Inadequate VRF Allocation:** Beneficiaries and VOs observed that the amount allocated to VOs as VRF was insufficient, given the large number of beneficiaries.
- **COVID-19's Disruption:** The states faced a critical challenge during the COVID-19 pandemic, as the sudden crisis confined people to their homes with loss of lives and livelihoods. This hindered the Vulnerability Reduction Plan (VRP) and social mapping by VOs due to mobility restrictions and fear of the virus.
- **Shifting Definitions of Vulnerability and Comprehensive Vulnerability Mapping:** The study underscored that vulnerability underwent a drastic transformation during the pandemic. For instance, economically stable households before COVID-19 found themselves vulnerable after the sole earning member's demise.
- **Challenges in Funds Disbursement:** States encountered difficulties disbursing funds during the COVID-19 crisis, often relying on VO members' familiarity with their villages for efficient distribution.
- **Modified Protocols During Crisis:** Due to COVID-19, protocols were relaxed to distribute funds effectively. VO members received VRF even without completing their mandatory three-month training.
- **Complexity in Developing Vulnerability Reduction Plans:** Developing vulnerability reduction plans and obtaining approvals became challenging during the pandemic, given the challenging circumstances.
- **Demands for Increased VRF:** There was a consistent demand for increased VRF funds across states. However, experts noted that an increase should not be universalised, and a contextual understanding of each village's situation should inform fund modification.
- **Training and Capacity Building Needs:** VOs expressed the need for training in effectively managing VRF funds. VO-EC stated they need training on facilitating communication regarding VRF and beneficiary identification more effectively. This is important as the varied socio-cultural barriers in the community restrict VRF from reaching the most marginalised.
- **Competing Needs and Conflicts:** Conflicts sometimes emerge in different ways (no interest, low interest and grant) in which VRF has been disbursed to the different categories of the beneficiaries.

4. Key Mitigating Strategies:

- **Resource Pooling for Adequate Support:** Despite challenges stemming from the pandemic, state officials showcased creativity by pooling resources from various other funds, including SHG, VRF, and CLF funds, to address the inadequate funding relative to the number of vulnerable individuals and families.

- **Holistic Assistance to Severely Affected:** Testimonies from Tamil Nadu highlighted a multifaceted approach, where families significantly impacted by the pandemic received comprehensive support. In cases of bereavement leading to loss of income, VRF, SHG, and Panchayat Level Federation (PLF) funds were combined to alleviate financial distress.
- **Empowering Reverse Migrants:** States responded to the influx of reverse migration by extending support to returning migrant workers. These individuals, facing a sudden loss of income, were provided with funds to establish livelihoods and generate revenue, often through schemes like the Community Investment Fund (CIF), daily ration, and food through community-run kitchens.
- **Distribution of Protective Equipment:** To curb the spread of the virus, states distributed masks, demonstrating a proactive approach to safeguarding public health.
- **Diverse Strategies for Livelihood:** Beyond financial aid, states formulated strategies for income generation and livelihood enhancement—these efforts aimed at fostering self-sufficiency and economic stability.

5. Strategies and Process

- The study sheds light on the strategies and processes employed at the National, State, and VO levels to allocate, disburse, utilise, and monitor funds from VRF during the COVID-19 emergency.

The study sheds light on the strategies and processes employed at the National, State, and VO levels to allocate, disburse, utilise, and monitor funds from VRF during the COVID-19 emergency.

- **i. Allocation of Funds**

- The allocation criteria of the VRF is to address the special needs of vulnerable people like food insecurity, health risk, sudden sickness/hospitalisation, natural calamity, etc., faced by the household(s) or community. Across all states, we find inter-state variations in how VRF loans are allocated.
- The states prioritised catering to the most immediate needs of the vulnerable population during COVID-19. The study reports that Odisha, Jharkhand, and Tamil Nadu allocated VRF for production and consumption needs. Tripura, on the other hand, allocated VRF as ‘recovery from any danger’.
- The study found that VRF’s allocation was need-based, and the States adopted it with the changing understanding of vulnerability during the pandemic. The evidence from the study suggests that during the COVID-19 pandemic, the states witnessed an influx of migration, and to manage urgent needs, the state distributed funds to whoever needed it at the time.
- The study concludes that each state has context-specific criteria for allocating funds that are adopted as per the local needs of the states. States can determine their needs and restructure their understanding of vulnerability as per their local culture and politics.

- **ii. Disbursement of Funds**

National Level strategies are presented below:

- The DAY NRLM issued guidelines to the State Rural Livelihood Missions (SRLMs) to mitigate the challenges faced by communities during the COVID-19 pandemic. The national government issued COVID-19 packages for SHGs, including an additional VRF of Rs. 1.5 lakh for VOs in Covid hotspot areas and for vulnerable groups. NRLM also issued a letter advising on convergence to provide food and ration to vulnerable families, and VRF was used by some states for this purpose. Additionally, NRLM advised states to use VRF for immediate emergency needs, including COVID-19 medical emergencies, food insecurity, and health challenges.

State-level strategies are presented below:

- **Addressing the Crisis through Contextual Flexibility:** The section states that prudent flexibility within NRLM guidelines was exercised to channel VRF effectively during the COVID crisis. Rationalising allocations and prioritising the most deprived ensured last-mile outreach to vulnerable families. Such contextual adaptations were need-based to utilise scarce resources for greater relief impact optimally.
- **Building Long-term Resilience Amid Short-Term Assistance:** While fulfilling immediate consumption needs was justified, efforts must continue towards fostering sustainable livelihoods. Prioritising income-generation verticals under VRF, along with consumption support, can enhance resilience for households in the long term.
- **Learning System Lessons to Streamline Processes:** Challenges around fund recovery demand systematic evaluation of disbursement strategies. Documenting 'best-fit' state practices around maximising recovery rates and minimising delays through flexible loan structures holds valuable lessons. Streamlining processes grounded in grassroots feedback can strengthen NRLM's systems approach for the future.

6. Monitoring of Funds

- **Lack of Standardized Data Collection:** The monitoring of fund flows, utilisation, purpose and intended beneficiaries for the VRF within the larger digitised DAY-NRLM Management Information System (MIS) is not captured effectively. The absence of a comprehensive monitoring mechanism for VRF funds poses challenges in tracking the flow of funds from the VO to the intended beneficiaries. This lack of monitoring makes it difficult to determine whether the funds reach the target population or are stuck at any stage of the disbursement process. Different states collect various types of information in different formats, resulting in a lack of standardised data. This hinders the effective analysis and utilisation of the VRF.
- **Manual and Inconsistent Data Collection:** The available data on VRF is often manually captured and handwritten, leading to inconsistencies and difficulties in data analysis. The vulnerability mapping exercise, which forms the basis for providing loans, is only partially captured. The data collected is not in a standardised format and is sometimes available in the form of narratives, making it challenging to extract meaningful insights.
- **Inadequate Utilization Tracking:** The absence of a standardised and digitised format for recording VRF disbursements hampers understanding the needs and utilisation of funds at the VO, Cluster Level Federation (CLF), and beneficiary levels. This limitation prevents effective annual planning and hinders the preparation of an efficient VRP.





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