

National Urban Livelihoods Mission

With the rapid urbanization in India, there is a high rate of un-skilled and semi-skilled labor migrating from rural areas. The migration of this demography has led to a boom in low paid jobs and creation of a huge unorganized sector. The National Urban livelihood Mission (NULM) was launched to reduce issues around livelihood for the urban poor.

Extent of the Problem

- Labor force participation rate in India is 84% amongst males, and 29% amongst females.
- Long term unemployment in India is 1.4% of total unemployment which is comparable with international standards
- The service sector work force participation in India for women is 20% for females as against 92% for US, indicating large gender gap in high-skill jobs in India

Objectives

- Build strong grassroots level institutions for the urban poor to enable them access to gainful and sustainable employment opportunities to achieve the broader goals of poverty and vulnerability reduction.
- NULM would place a very high emphasis on convergence with schemes/programs of the relevant line Ministries/Departments and programs of state governments dealing with skills, livelihoods, entrepreneurship development, health, education, social assistance, etc.
- Forge relevant support and ensure adequate participation of private sector and civil societies. As per the Constitution (74th Amendment) Act, 1992, urban poverty alleviation is a legitimate function of the Urban Local Bodies (ULB). Therefore, **ULBs would need to undertake a lead role** for all issues and programs concerning the urban poor in cities/towns, including skill sand livelihoods.
- Universal coverage of the urban poor for skill development for market based jobs and self-employment
- Facilitate easy access to credit

NULM Mission Cities and Target Population

NULM will be implemented in all District Headquarter towns and cities with a population of 100,000 or more as per 2011 Census. However, other towns may be allowed in exceptional cases on request of the States.

The primary target of NULM is the urban poor, including the urban homeless. The Socioeconomic and Caste Census (SECC), 2011 for identification of urban poor is currently under progress. Accordingly, as an interim measure, the target of NULM will be the urban population identified presently as below poverty line population in urban areas by the States/UTs. The coverage may be broadened to include families of disadvantaged groups like SCs, STs, women, minorities, disabled etc. subject to a maximum of 25 percent of the above urban poor population.

Framework for Implementation

NULM relies on 6 pillars for institutional development that would render holistic success to the program. The six pillars are:



1. Formation of SHGs: For catalyzing the formation of SHGs and their federations and to promote the financial inclusion of SHG members under NULM, Resource Organizations (ROs) will be engaged to facilitate the formation of SHGs, their development and bank-linkages, formation of their federations at the area and city levels, training and capacity building, and establishing links to ULBs.

a. Eligibility for being selected as an RO:

- i. Autonomous registered agencies set up by State or Central Government or well established long-standing federations of SHGs having significant experience in managing and implementing large-scale community driven programs
- ii. NGOs meeting strict criteria of registration status, turnover, years of experience, sound procurement and financial management set-up, domain expertise in social mobilization, training and capacity building and bank linkage

b. Mechanism:

- i. A maximum of Rs. 10,000/- can be spent per SHG for its formation, training of all the members, bank linkage, formation of federation and other ROs and payment will be made on the basis of milestones (SHG formation, training of members, bank linkage, formation of federation at the area and city levels and access to benefits under NULM etc.)
- ii. The RO will handhold the SHG for a period up to two years.

c. Revolving Fund Support to SHGs and their Federations:

- i. Revolving Fund support to the tune of Rs.10,000 per SHG will be provided to SHGs with more than 70 percent urban poor members and those, which have not availed such support earlier. This Revolving fund is to be given only to those SHGs who have been doing thrift and credit activities for at least six months
- ii. Revolving Fund support of Rs.50,000/- would be available to a registered Area Level Federation (ALF) to sustain their activities.

d. **Training and Capacity Building of SHGs and their Federations:**

- i. The ceiling amount that can be used for capacity building and training at the Central/State/City level will be Rs.7, 500 per trainee on an average. Part of the amount may also be used for community-to-community learning/exposure and immersion visits of members of SHGs and their federations and program-related personnel.

e. **Ancillary Support:**

- i. The services of ASHA / Aanganwadi workers and other community level functionaries under various schemes / programs of the Central and State Governments may also be utilized at the field level to facilitate the formation of SHGs

2. Universal Financial Inclusion: NULM aims to achieve universal financial inclusion, through opening of basic savings accounts, facilitating access to financial literacy, credit, affordable insurance, and remittance facilities to the urban poor and their institutions.

a. **Mechanism:**

- i. Identify financial correspondents -*Bank Mitras* and Community Facilitators – *BimaMitras* to enhance financial inclusion of the urban poor. The *Mitras* will help with opening of savings accounts, facilitate access to financial literacy, credit, affordable insurance, and remittance services. In particular, NULM will facilitate coverage of urban poor households under schemes such as RashtriyaSwasthyaBima Yojana (RSBY), Jan Shree Bima Yojana (JSBY) and similar programs.

3. City Livelihood Centers (CLCs): The objective of setting up CLCs is to provide a platform where the urban poor can market their services and access information and other benefits (like information on market demand, skills training programs offered and placement opportunities).

a. **Mechanism:**

- i. Establishment of CLCs will be permissible as per the following norms:

Population of city	Ceiling on Number of CLCs to be established
Between 1-3 lakh	1
More than 3 lakh and upto 5 lakh	2
More than 5 lakh and upto 10 lakh	3
Above 10 lakh	8
District Headquarter Towns with population below 1 lakh	1

- ii. A grant of Rs. 10 lakh per CLC will be provided as 'untied funds' in instalments linked to achievement of milestones. This amount can be used for a corpus fund, basic training facilities and equipment like computers, product demonstration outlets, furniture, rent (where building is not available), telephone and other operational expenses, staffing support on contract basis, etc. They may operate on a revenue-generating and self-sustaining model. States/Urban Local Bodies may consider additional support to these centers from their own resources.
- iii. CLCs shall be established by any Facilitating Agency viz., CLFs/ SHGs/ NGOs/CBOs/ Private sector Organizations etc., through Public Private Community Partnership (PPCP) model.

- 4. Capacity Building and Training:** A key objective of the Capacity Building and Training component is to transform the role of the Ministry of Housing & Urban Poverty Alleviation and State Agencies in charge of urban poverty alleviation into providers of high quality technical assistance in the fields of urban livelihoods promotion and urban poverty alleviation.

Mission Management Unit	No. of technical staff per unit
NMMU	10
SMMU – Big States	6
SMMU – Small States	4
CMMU – DHQ towns (below 1 lakh population) and small towns (between 1 and 3 lakh population)	2
CMMU – Medium Towns (between 3 and 5 lakh population)	3
CMMU – Large Towns (greater than 5 lakh population)	4
Community Organizers	1 CO per 3000 urban poor families

a. Mechanism:

- i. A National Mission Management Unit (NMMU) will be established at the Centre. Additionally, support to States and Cities would be provided for setting-up of State Mission Management Unit (SMMU) and City Mission Management Unit (CMMU) with good quality livelihood and program management professionals and developing efficient institutional systems like HR, MIS, financial management, procurement, and social management.
- ii. The funding support for SMMU and CMMU will be available only for five years.

- 5. Self-Employment Program (SEP):** This component will focus on financial assistance to individuals/groups of urban poor for setting up gainful self-employment ventures/ micro-enterprises, suited to their skills, training, aptitude and local conditions. Local skills and local crafts will be particularly encouraged.

a. Mechanism:

- i. Each City/Town would develop a compendium of local activities/projects keeping in view skills available, marketability of products, costs, economic viability etc. No minimum or maximum educational qualification is prescribed for the selection of beneficiaries under SEP.
- ii. The percentage of women beneficiaries under SEP shall not be less than 30 percent. SCs and STs must be benefited at least to the extent of the proportion of their strength in the city/town population of poor. A special provision of 3 percent reservation should be made for the differently-abled under this program.
- iii. The project cost ceiling will be Rs. 2.00 lakh for individual enterprises and Rs. 10Lakh for group enterprises. Individual and groups may be provided loan from the banks and the application for such loans be preferably recommended by the SHGs. Interest subsidy over and above 7 percent rate of interest will be available on a bank loan for setting up of an individual or group enterprise. No collateral is envisaged other than the microenterprise itself.
- iv. Interest Subsidy over and above 7 percent rate of interest will be applicable to all SHGs accessing bank loan. An additional 3 percent interest subvention will be provided to all women SHGs who repay their loan in time in all the cities. The interest subvention will be subject to timely repayment by the beneficiaries. Suitable certification from banks will be obtained in this regard. The difference between 7 percent and 4 percent as the case may be and the prevailing rate of interest will be provided to banks under NULM.
- v. Efforts will be made to cover beneficiaries with credit cards for working capital and other purposes.

- vi. Technology, marketing, consultancy (advice) and other support may also be provided by States/cities to beneficiaries in setting up micro-enterprises, in relation to input procurement, production, packaging, branding, marketing, etc.

6. Support to Urban Street Vendors: This component aims at skilling of street vendors, support micro-enterprise development, credit enablement and pro-vending urban planning along with supporting social security options for vulnerable groups such as women, SCs/STs and minorities. Up to 5 percent of the total NULM budget will be spent on this component.

a. Mechanism:

- i. Under NULM states and cities will conduct a periodic socio-economic survey of street vendors, register them and will issue Identity cards. A database of street vendors will be developed and maintained at each city. This will enable States/ULBs to prepare pro-vending urban planning and provide space for street vending.
- ii. Urban street vendors who are poor and/or from marginalized sections can access skill training and micro enterprise development support under NULM
- iii. Urban street vendors will be encouraged for financial inclusion and for availing support from other social security benefits

NULM encourages special and innovative projects.

For this component, 5 percent of the total Central funds will be used. This component will be centrally administered and no state share provision will be needed. Special projects covering proposals under any of the components will be implemented directly by the National Mission Directorate.

These initiatives may be in the nature of pioneering efforts, aimed at catalyzing sustainable approaches to urban livelihoods through Public, Private, Community Partnership (P-P-C-P), demonstrating a promising methodology or making a distinct impact on the urban poverty situation through scalable initiatives.

Such projects may be undertaken on a partnership mode involving CBOs, NGOs, semi-government Organizations, private sector, industry associations, government departments/agencies, urban local bodies, national/state/city resource centers or international organizations.

Funding Mechanism

The financing of the Mission shall be shared between the Centre and the States/UTs on the following basis:

Sl. No	States/UTs	Central Share (percent)	State Share (percent)
1	North Eastern and Special Category States (Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim; Uttarakhand, Himachal Pradesh, Jammu and Kashmir)	90	10
2	All other States and Union Territories	75	25

The Central share to be released to States under NULM will be tentatively allocated between the States / UTs in relation to the incidence of urban poor population. However, additional parameters like absorption capacity (based on the past

trend of funds utilization in poverty alleviation schemes) and special requirement will also be taken into consideration during the course of the year, depending on physical and financial progress of NULM reported by States.

State / UT annual physical targets under the Mission will be tentatively fixed on the basis of the all-India targets decided by the Mission Directorate. State / UT progress will be monitored against these targets.

The release of Central share to States / UTs will be done in two instalments – (1) directly to the account of the State Mission Management Unit. Central share will be released to States / UTs only after they fulfil the prescribed criteria regarding submission of Utilization Certificates (UCs) in accordance with the relevant General Financial Rules as well as release of matching State share for the past releases. (2) After retaining the State component, the remaining amount shall be released by SMMU to CMMU in accordance with targets set/projects received.

Under NULM, there will be periodic monitoring of release of funds. However, in order to promote better utilization of funds under NULM, the idle funds at the central level, which could not be released to the States / UTs, not fulfilling the prescribed criteria, may be diverted to better performing States / UTs (or to centrally administered components) in the 4th quarter of a given financial year, keeping in view their performance and demand for additional funds.

Scheme of Shelter for Urban Homeless (SUH)

The shelters should be permanent all-weather 24 x 7 shelters for the urban homeless. For every one lakh urban population, provisions should be made for permanent community shelters for a minimum of one hundred persons.

Fund sharing between center and state would be 75:25 (and 90:10 for special category states). Nominal charges as rent could be collected depending on the income levels of the urban homeless at rates ranging from 1/10 to 1/20 of their income, so as to bring in commitment of the beneficiaries.

Priority would be given to cities with population above one million in census of 2011, and other cities and towns identified to be of special social, historical or tourist importance.

For shelter planning purposes, a space of 50 sq. feet or 5 square meters per person may be taken as the minimum provision. The basic common amenities such as water, sanitation, electricity, cooking space, common recreation space may be provided. Also linkage with Aanganwadi, PHC, childcare facilities and other social assistance program may be ensured.

Shelters may be located close to the areas where the poorest congregate like railway stations, bus depots, terminals etc. Where existing infrastructure / public buildings are being used, suitable refurbishment and augmentation to meet requisite services / space requirement should be done. The state governments will be encouraged to adopt innovative designs for low cost and energy efficiency.

Each shelter will be managed by a full time staff / team comprising a field officer (coordinator and government interface), a home manager (kitchen management, record maintenance, dispute resolution etc.), a resident shelter caretaker, and a watchperson. These may also be resourced through agencies/ institutions responsible for operating the shelters.

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