



OPELIP

ODISHA PVTG EMPOWERMENT & LIVELIHOODS IMPROVEMENT PROGRAMME
ST & SC Development Department
Govt. of Odisha



Programme Management Unit

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82

Letter No. 257 Date. 03-02-2020
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To

**The Collector-cum-District Mission Directors,
Angul, Deogarh, Gajapati, Ganjam, Kalahandi, Kandhamal, Keonjhar, Malkangiri, Mayurbhanj,
Nuapada, Rayagada, Sundargarh.**

Sub: Operational guideline for livelihoods enhancement of PVTGs under Community Investment Fund (CIF) in OPELIP areas.

Sir,

Inviting a reference to the subject cited above, it is to inform that OLM and OPELIP are taking joint livelihoods promotion initiatives for poverty alleviation of PVTGs Communities. A strategy note has already been circulated jointly by OPELIP & OLM in the month of January 2019 and progress have been made in line with the note. Further, a MOU has already been signed between OLM & OPELIP on 30th December, 2019. The basic objectives of the MOU are Social Inclusion, Financial Inclusion, Maintenance of Books of Record (BoR), Livelihoods Convergence and Monitoring Mechanism of PVTGs SHG members.

As part of Financial Inclusion (FI) of OPELIP, it has been decided to provide grant in aid @ Rs. 5.00 Lakh each to Gram Panchayat Level Federation (GPLF) as Community Investment Fund (CIF). This fund will be a grant to GPLFs coming under the operational areas of OPELIP and will be utilized as revolving fund exclusively for PVTG SHGs members. The detail guideline is enclosed for reference.

Therefore, a suitable instruction may be communicated to District Project Manager, OLM for opening of a separate bank account at GPLF level and placement of fund to each GPLF for necessary fund transfer from MPA to each GPLF by Special Officer of concerned MPA. Both programmes i.e. OLM & OPELIP should ensure proper & effective utilisation of the same by adhering the guidelines with immediate effect. The process of A/C opening & fund transfer may be completed by 14th February, 2020.

Enclosure: As above

Yours faithfully

**Programme Director, OPELIP
ST & SC Development Department**

Yours faithfully,

**State Mission Director-cum-CEO, OLM
Panchayati Raj & DW Department**

Copy to:

1. Project Director, DRDA-cum-District Mission Coordinators, Angul, Deogarh, Gajapati, Ganjam, Kalahandi, Kandhamal, Keonjhar, Malkangiri, Mayurbhanj, Nuapada, Rayagada, Sundargarh for information and necessary action.

2. DPMs, OLM/ Dy. CEO (ORMAS), Angul, Deogarh, Gajapati, Ganjam, Kalahandi, Kandhamal, Keonjhar, Malkangiri, Mayurbhanj, Nuapada, Rayagada, Sundargarh for information and necessary action.
3. SO, MPAs, OPELIP of Jamardihi, Rugudakudar, Chandragiri, Seranga, Tumba, Lanjigarh, Belghar, Gonasika, K.Gumma, Mudulipada, Jashipur, Morada, Chatikana, Putasing, Parshali, Sunabeda & khuntgaon for information and necessary action.
4. All Additional CEOs, JD-MIS, SPM-FI, all Dy. CEOs, all SMMU staff for information.
5. All PMU officials of OPELIP for information and necessary action.

OPERATIONAL GUIDELINES FOR "PVTG EMPOWERMENT FUND" UNDER CIF IN OPELIP AREAS.

Background

Odisha PVTGs Empowerment & Livelihoods Improvement Programme is in operation in 17 MPAs of 12 districts covering 22 blocks with the objectives of enhancing living conditions and reduction of poverty of PVTG and poor Tribal, SC and other Households in PVTG areas of Odisha under the aegis of ST & SC Development Department. The programme is being implemented by various community level institutions promoted/nurtured through OPELIP.

In OPELIP, there are four types of components. One of the components is Community Empowerment under which SHG and their federations are included. As part of social inclusion and community strengthening process, programme gives more emphasis upon the SHG led people's institutions.

Odisha Livelihoods Mission (OLM) is an autonomous society under the aegis of Panchayati Raj and Drinking Water Department, Government of Odisha, presently implementing National Rural Livelihoods Mission. OLM aims at alleviating poverty through rural livelihoods promotion by mobilizing the poor and vulnerable households into different community level institutions like SHGs, federations and producers' groups/organizations. For operational and financial sustainability of these federations, OLM provides different types of financial assistance for various purposes like office establishment, capacity building of member organizations, meeting credit needs of households through their SHGs, livelihoods promotion, vulnerability reduction etc.

Among different fund provisions created to meet the above needs of the community, Community Investment Fund (CIF) is designed specifically to provide loans to the women members through their SHGs, to support & initiate innovative community enterprise and also to provide small grant or loan to extremely vulnerable or destitute individuals in order to cover the risks and graduate beyond the existing sub optimal existence.

With this background, a **strategy note has already been circulated** jointly by OPELIP & OLM in the month of January 2019 and it is in progress in line with the note. Further, a **MoU has already been signed between OLM & OPELIP on 30th December, 2019.**

The detail activities, role & responsibilities of each is clearly defined in the MoU. Basically, the MoU speaks about Social Inclusion, Financial Inclusion, maintenance of Books of Record (BoR), Livelihoods Convergence and Monitoring Mechanism.

Under Financial Inclusion component of OPELIP, it has been decided to provide grant in aid of Rs. 5.00 Lakh to each Gram Panchayat Level Federation (GPLF) as "PVTG Empowerment Fund" (PEF) under Community Investment Fund (CIF). This fund shall be a grant to GPLFs coming under the operational area of OPELIP. PEF will be treated as subcomponent of CIF and will be utilized for the same purposes of CIF. However, this fund will be provided exclusively to PVTG SHG members through their respective SHGs. Further, based upon their credit requirement and absorption capacity funds would be provided from OPELIP in subsequent tranches.

Objective

The objective of providing this fund is to provide access to formal financial credit to PVTG SHG members at door step at affordable cost. The members of the SHG can avail this loan from GPLF through their SHGs, for all purposes as per existing guidelines of Community Investment Fund (CIF) under OLM. However, some relaxation of norms shall be followed for utilizing the "PVTG Empowerment Fund" under CIF placed at GPLF level in adhering to their own system and procedures meant for CIF utilization guidelines of OLM. The detailed modalities of utilization of this fund by GPLF are given below;

Fund flow Mechanism from MPA to GPLF

Opening of Bank Account

- A. Bank account may be opened at GPLF level in the name of GPLF for receiving grant in aids from OPELIP which will be utilized for PVTG SHGs only with facilitation of BMMU, OLM. Preferably the accounts name would be **OPELIP PVTG Empowerment Fund**.
- B. This accounts preferably be opened in the same bank branch where GPLF has already opened its account for receiving funds from OLM or nearby banks whichever is good and accessible to GPLF and SHGs for transaction.
- C. The president & Secretary of GPLF will operate the bank account.
- D. Once account is opened, the GPLF should submit a xerox copy of bank passbook and a resolution copy to MPA, OPELIP for placing of funds facilitated by BMMU, OLM.
- E. Micro Project Agency (MPA), OPELIP will release the funds as a grant in aid to GPLF through A/C payee cheque/ Transfer in name of the GPLF. A sanction order will be communicated to

that GPLF with an intimation to BMMU, DMMU and SMMU of OLM and PMU of OPELIP for information

- F. If opening of new account for GPLF is getting delayed or seems to be delayed, the funds can be transferred by MPA, OPELIP to the existing GPLF CIF account through A/C payee cheque/ Transfer in name of the GPLF. A sanction order will be communicated to that GPLF with an intimation to BMMU, DMMU and SMMU of OLM and PMU of OPELIP for information. However, efforts are to be taken up for opening of separate accounts and after which the funds can be transferred from the existing GPLF account to the new one for better record keeping.

Designing Loan Product for SHG

The GPLF can design and provide two types of loan product from PEF such as;

II. Regular loan

- a. Consumption Loan (Festivals, social gathering, marriage, education, housing, debt redemption etc.)
- b. Production Loan (Business, agriculture, livestock dev. Etc.)

I. Emergency loan (Medical, fire accident, Natural calamities, death etc.)

Criteria for availing Regular loan from GPLF by PVTG SHGs.

Eligibility triggers for PVTG SHGs to avail PEF under CIF from GPLF

- SHG should be member of the GPLF through CLF
- SHG must have enrolled in NRLM MIS.
- OPELIP fund is applicable only for PVTG SHGs.
- SHG should have at least one member belonging to PVTG.
- All PVTGs SHGs are eligible to avail loan. However, a bank loan defaulter SHG will not be allowed to avail CIF loan till repayment of existing loan.
- SHG should have received financial literacy and Micro Investment Plan module training (optional).
- MIP of SHG has to be prepared, appraised & recommended by CLF to GPLF. In case CLF is not functioning well or not promoted, directly the concerned SHG can avail loan from GPLF.
- CRP-CM, OLM and CRP of OPELIP should facilitate in preparing MIP.

Loan disbursement modalities

- Loan from PEF under CIF can be availed by PVTG members only through their SHGs.
- A PVTG SHG satisfying the eligibility triggers can avail loan from GPLF as per their requirements reflected in MIP. The due diligence i.e. appraisal process is to be followed.

- 78
- An individual PVTG member can avail loan up to Rs. 10000/- only. However, the proposal should come through SHG.
 - The PEF at GPLF level to meet the loan requirement of PVTs SHG. If any additional funds requirement is there over and above of Rs. 5.00 lakhs, the additional requirement can be made from CIF, OLM. In this case the rate of interest will be as applicable for PEF. However, this can be reported to OPELIP for further placing of funds to that GPLF within no time.

Interest rate

- 3% Per annum on reducing balance method for SHGs from GPLF
- 6% Per annum on reducing balance method for members from SHGs
- However, in case of old, destitute, single women headed households and persons with disabilities, the interest rate will be charged at 3 % Per annum. Besides, there could be flexible repayment schedule as fixed by the SHG/CLG/GPLF.
- Moratorium period may be fixed as per requirement with a maximum of 3 months period for each loan. It is compulsory to pay interest during the moratorium period. After moratorium period, SHG have to repay the loan along with interest in each month on regular basis as per the loan installment fixed at the time of loan agreement.

Emergency Loan

Each loan will follow appraisal process and certain relaxation will be given for emergency loan cases.

- In case of emergency, appraisal process may be suspended but the SHG need to request for financial assistance on behalf of the victim because ultimately SHG will be held responsible for repayment.
- The interest rate @ members as well as SHG may be relaxed up to zero.
- Repayment schedule may be relaxed for that SHGs.

Fund flow Mechanism from GPLF to PVTG SHG

- GPLF should also release the fund to PVTG SHG as a loan through A/c payee cheque/ transfer in name of the SHG.
- At the time of repayment of installment by SHG to GPLF, the concerned SHG must deposit the cash in CIF Bank account of GPLF and submit the bank deposit slip/ counter foil at CLF/GPLF level. No cash transaction should be allowed for repayment of loan.

Monitoring mechanism of Maintenance of records and repayment of Loan

- GPLF Participatory Monitoring sub-committee and Utilization & Verification sub-committee will review the repayment of loans given from CIF. In case of defaulter, sub-committee will

take necessary action such as understanding the reasons, creating peer pressure, bringing the matter into the EC meeting, informing to BMMU Staff of OLM and PMU of OPELIP.

- The financial transactions should be updated on Financial Web based application of NRLM online fund disbursement module and OPELIP.
- To ensure transparency and accountability in financial transactions, all transactions at SHG level should be captured at Transaction Based SHG Digital Accounting System (TBSDAS) of OLM.
- Separate Cash Book, Ledger and Demand Collection & Balance (DCB) register for this "PVTG Empowerment Fund" under OPELIP should be maintained at GPLF level. It should be maintained on regular basis.
- MPA official should prepare a Monthly Progress Report (MPR) of fund utilization along with BMMU staff of OLM. They need to focus on dimensions like CIF utilization, repayment performance, idle cash etc. Further, he/she shall also furnish the monthly financial statement in the prescribed format (Receipt & Payment, Income & Expenditure and Balance Sheet) to BMMU.
- Block Project Manager (BPM), OLM and SM, Livelihoods & Rural Finance Officer of OPELIP should visit jointly in at least 5% SHGs (who have availed loan) in OPELIP operational areas within the concerned block.

Before placing any additional funds by OPELIP at GPLF level, an assessment of utilization of fund and absorption capacity of SHGs will be done jointly by both OLM and OPELIP. Then further fund will be allocated to that GPLF based on requirements and assessment report.

N.B. The above terms and conditions for utilization of "PVTG Empowerment Fund" under CIF are applicable to the GPLFs coming under the operational area of OPELIP only, in addition to the existing CIF guidelines of OLM. In other GPs, CIF will be released following the approved CIF Guidelines of OLM only.

Annexure-I**APPLICATION FORM FOR "PVTG EMPOWERMENT FUND" UNDER COMMUNITY INVESTMENT FUND (CIF)**

- Name of the GPLF.....
- GP.....Block.....District.....
- GPLF CIF Bank SB A/c No.....Bank Name.....
- Branch Name.....IFSC Code.....
- Total no. of BPL/ Poor/ EPVG/ SC/ ST/ PwD/ PVTGs Household worked 100 days under MGNREGS/ FRA Beneficiary/ Manual Scavenger/ Widow/ Destitute/ /RSBY Beneficiary/ AABY Beneficiary/ Transgender/ Migrant households (all persons normally living together but staying away from the household on seasonal migration) of the GP are members in SHG:..... %.....
- Total No. of HHs in the GP:..... Total no. of HHs are members in SHG
- Total no. of PVTGs HHs in GP..... Total no. of PVTGs HHs are members in SHG
- Total no of SHGs:..... Total no. of "A/B" graded SHGs:.....%.....
- Total No. of PVTGS SHG:.....
- Total no. of SHGs availed loan from CIF based on MIP..... %.....
- Total members availed CIF loan based on MIP....., out of that P&E/ tribal obtained CIF loan% of Poor & EPVG availed loan and.....% of PVTG availed loan
- No. of SHGs repaid loan on time..... %
- Proposed "PVTG Empowerment Fund" amount Rs.....

Date:.....

To
The Micro Project Agency (MPA)

(Sub: Application for "PVTG Empowerment Fund" through BMMU)

Respected Madam/Sir,

We the duly authorized representatives of the above GPLF hereby apply for "PVTG Empowerment Fund" under Community Investment Fund (CIF) of Rs..... (Rupees..... only) for on lending to PVTG SHGs. We request you to sanction the above amount.

Yours faithfully

Seal and Signature of GPLF President

Seal and Signature of GPLF Secretary

(N.B.: (i) attached a photo copy of GPLF (CIF) SB A/C Bank Pass Book,
(ii) Resolution copy of GPLF-EC meeting and
(iii) all forms under CIF