



JEEVIKA

Rural Development Department, Government of Bihar

Bihar Rural Livelihoods Promotion Society State Rural Livelihoods Mission, Bihar



बिहार सरकार

3rd Floor, Vidyut Bhawan-II, Bailey Road, Patna - 800 021; Ph.: +91-612-250 4980; Fax: +91-612-250 4960, Website : www.brllps.in

Ref. No: BRLPS/Proj-CF/1818/20/4865

Date: 06.03.2024

OFFICE ORDER

100 additional new Model CLFs under NRETP have been adopted as model CLFs. Release of Viability Gap Fund (VGF) to each Model CLF under NRLM & NRETP has been mandated through MoRD, GoI vide its letter no. J-1 160/108/2017-RL Part 1 (369316) dated 16th August 2023 with the objective of strengthening of higher level of SHG federation. VGF has to be computed on the basis of financial projections taking base years 2021-22 and 2022-23. The eligibility criteria and appraisal for the release of VGF have been prescribed in guidelines issued by MoRD, GoI. Complying with the guidelines, demand for VGF has been raised by CLFs through their respective BPIUs to DPCUs.

Accordingly, office order numbered BRLPS/Proj-CF/1818/20/94413 dated 07.12.2023 has been issued for disbursement of the VGF to all the 100 additional NRETP Model CLFs as well as 92 NRLM Model CLFs with priority for Investment of VGF in 100 additional Model CLF under NRETP. Further, **Office order no. BRLPS/Proj-CF/1818/20/4277 dated 05.01.2024** has been issued for the release of the 1st Tranche of VGF in **74 Model CLF under NRETP** and the **remaining 26 CLFs** were being withheld due to requiring certain compliances, as recommended by the committee at the SPMU level previously.

Subsequently, the proposal for 25 Model CLFs out of the remaining 26 Model CLFs under NRETP has been received from different districts.

After appraisal through the committee at the DPCU level, the recommendation for 1st tranche of VGF has been submitted to the SPMU level committee. Based on the approval of the competent authority, all related districts are required to act on the following: -

- a) Approval has been accorded for the release of the 1st Tranche of the Viability Gap Fund recommended by the District Level Committee, which is Rs. 4,38,42,000/- (Four Crores Thirty-Eight Lakhs Forty-Two Thousand only). 50% rounded off amount of 1st Tranche is Rs. 2,19,20,500 (Rupees Two Crore Nineteen Lakhs Twenty Thousands & Five Only) is

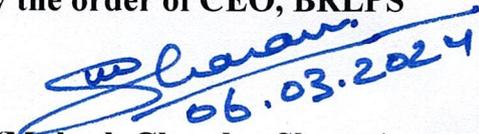
required to be provided to 25 CLFs as Viability Gap Fund (VGF) under NRETP. Rest amount shall be provided after fulfilling of the required parameters.

- b) This Fund has to be routed through the Fund Disbursement Module only.
- c) Districts are required to ensure the booking of expenditure under budget head Viability Gap Fund only.

Annexure I: - List of 25 CLF with CLF wise 1st tranche approved amount.

Annexure II:- Mentioned NRLM Guidelines (vide its letter no. J-1 160/108/2017-RL Part 1 (369316) dated 16th Aug 2023).

By the order of CEO, BRLPS

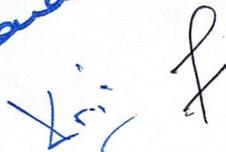

06.03.2024
(Mukesh Chandra Sharan)
PC-FI

Copy: • All NRETP District team and SPMU team for needful compliance.

VGF 1st tranche for MCLF (NRETP)

S.no	District	Block	CLF	Total VGF calculated as per 6% YOP	Districts recommendation	1st tranche @50% of VGF
1	Gopalganj	Baikhantpur	Sheravali	1,455,258	1,455,500	727,500
2		Mazha	Tiranga	1,634,065	1,634,000	817,000
3		Barauli	Azad	1,672,843	1,672,500	836,500
4		Barauli	Tejas	1,792,925	1,793,000	896,000
5		Kuchaikot	Manglam	1,837,642	1,837,500	918,500
6	Nalanda	Rahui	Manokamna	1,577,344	1,577,000	788,500
7		Nursarai	Tajmahal	1,779,215	1,779,000	889,500
8	West Champaran	Majhauliya	Adhikar	1,809,532	1,810,000	905,000
9	Rohtash	Sasaram	Samriddhi	1,791,181	1,791,000	895,500
10	East Champaran	Motihari sadar	Pragati	1,934,904	1,935,000	967,500
11		Patahai	Jagriti	1,459,129	1,459,000	729,500
12	Patna	Dhanarua	Uddan	1,790,183	1,790,000	895,000
13		Dhanarua	Adarsh	1,961,247	1,961,000	980,500
14		Masaurhi	Adhikar	1,956,011	1,956,000	978,000
15		Masaurhi	Sahayta	1,967,491	1,967,000	983,500
16		Paliganj	Parivartan	1,834,942	1,835,000	917,500
17		Belachi	Safta	962,486	962,000	481,000
18		sampatchak	sarovar	1,867,181	1,867,000	933,500
19	Saharsha	Kahara	Annapurna	1,856,143	1,856,000	928,000
20	Bhagalpur	Kahlgaoon	Savera	1,637,769	1,638,000	819,000
21		Khalgaon	Vikramsheela	1,639,522	1,640,000	820,000
22	Purnia	Dhamdaha	Ahilya	1,951,424	1,951,000	975,500
23	Madhuabni	Jaynagar	Akash	1,823,866	1,823,000	911,500
24		Benipatti	Tiruth	1,898,484	1,898,000	949,000
25	Khagaria	Alauli	Sagar	1,954,742	1,954,500	977,500
TOTAL				43,845,525	43,842,000	21,920,500





Meeting Minutes For Viability Gap Fund to 100 New MCLFs under NRETP

A meeting of the state-level committee was held on 27th Feb 2024 at the Conference hall, Vidhyut Bhawan for the appraisal and recommendation of the Viability Gap Fund proposal for New NRETP MCLFs.

Members of the Committee

S.NO	Name of Member	Designation
1.	Sri Mukesh Chandra Sharan	PC-FI
2.	Sri Ranjit Kumar	CFO
3.	Sri Prashant Krishna	SPM-IBCB
4.	Sri Sanjay Kumar Mishra	SPM-CF
5.	Sri Prem Prakash	SPM-MNE

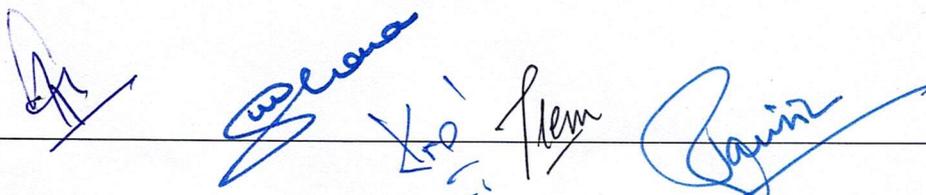
Committee Members present in the meeting

S.NO	Name of Member	Designation
1.	Sri Mukesh Chandra Sharan	PC-FI
2.	Sri Ranjit Kumar	CFO
3.	Sri Prashant Krishna	SPM-IBCB
4.	Sri Sanjay Kumar Mishra	SPM-CF
5.	Sri Prem Prakash	SPM- MNE

Additional New 100 CLFs under NRETP have been adopted as model CLFs. Investment in Viability Gap Fund (VGF) at each of the model CLFs has been mandated through MORD vide its letter no. J-11060/108/2017-RL-Part (1) (369316) and BRLPS/Proj- CF/1818/20/94413, dated 7th December 2023.

As per office order no- BRLPS/Proj- CF/1818/20/4277 dated 5th Jan 2024, out of 100 CLFs 74 CLFs have been provided VGF and now we are proposing VGF for another 25 CLFs.

With the objective- "Strengthening of a higher level of SHGs federation." The CLFs are envisaged to be the custodian of CIF and earn income to meet their operational expenditure.



With the objective- "Strengthening of a higher level of SHGs federation." The CLFs are envisaged to be the custodian of CIF and earn income to meet their operational expenditure. There are circumstances where CLFs still need financial support to become financially viable. To address this gap (If any), NRETP proposes a Viability Fund Gap to CLFs. The purpose of the viability gap fund is to fill the gap between operational income and operational expenditure to make the CLF financially viable. Support in the form of VGF is to be given for 3 years maximum ceiling of which being Rs. 20 lakhs for each CLF.

The computation of VGF has been made based on financial projections for the next three years. The financial year 2021-2022 and 2022-2023 have been taken as the base year.

The guideline issued by MoRD prescribes eleven parameters as eligibility criteria for the first tranche of VGF which are as follows:

1. At least 60% of eligible HHs (Automatically included households and households with at least one deprivation as per SECC data) mobilized into SHGs.
2. At least 80% of SHGs are federated in VOs and at least 90% of VOs are federated into CLF.
3. CLFs are having Updated BOR.
4. At least 90% of member attendance in BOD in the last three months.
5. Baseline data of model CLF are updated at the web portal of NRLM.
6. CLF should have received the start-up cost and have set up the office either in a rented or in its building.
7. CLF should have received CIF and established loan disbursement and repayment mechanisms.
8. CLF should have one staff member in place.
9. CLF should have completed internal or external audit.
10. CLF has vision documents, an Annual Action Plan, and Business Development plan documents available.
11. CLF has at least 3 functional sub-committees as per CLF SOP



Appraisal on the above criteria has been made by the committee at district level. It appears from the minutes of the districts that CLFs have complied with all of the above criteria

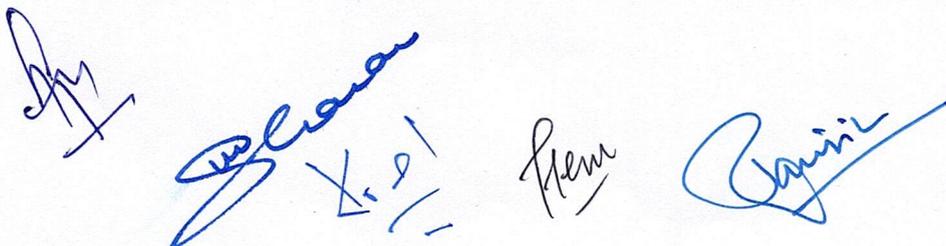
Out Of 100 CLFs, 74 CLFs were provided the VGF on 3rd Jan 2024. Of the remaining 26 CLFs, 1 CLF from Purnea (Kushi CLF) does not fulfill the eligibility criteria to get VGF hence a total of **25 CLFs** will be provided the VGF following the prescribed guidelines.

Assumptions of financial projection:

1. Viability Gap Fund is the deficit of operational income over operational expenditure.
2. Operating income has been computed based on the "Yield Rate of Portfolio" (YOP) at 6% respectively.
3. A yearly increase of 10% has been taken for operational expenditure.
4. Provision for bad and doubtful debts @ 5%, 4%, and 3% for the first, second, and third year respectively has been considered.
5. The maximum period of loaning has been 120 months

Taking into consideration unforeseen expenditure /exigencies and lower provision for bad and doubtful debts in the second and third year respectively, the committee recommends the release of a Viability Gap Fund (VGF) computed at a YOP of 6%. Based on 6% YOP total VGF for **25 CLFs** will be **Rs 4,38,42,000**. 50% of the total VGF being the first tranche to be released rupees **2,19,20,500** after rounding off the nearest to a thousand rupees. Hence, the committee recommends the release of rupees **2,19,20,500 (Two Crore Nineteen Lakh Twenty Thousand Five Hundred only)** among 25 CLFs as the first tranche of VGF. List of CLFs with the recommended amount of VGF.

Based on the above fact, the Committee at the SPMU level recommends the release of the First tranche of VGF to the rest **25 CLFs** as per the attached list. The committee concluded with suggestions and expectations for the effective use of the Viability Gap Fund.



Enclosure:

- (i) List of 25 CLFs with CLF-wise recommended amount
- (ii) List of CLFs with eligibility criteria and their status



Mukesh Chandra Sharan
PC-FI



Ranjit Kumar
CFO



Prashant Krishna
SPM- IBCB



Prem Prakash
SPM- MNE



Sanjay Kumar Mishra
SPM- CF

J-11060/108/2017-RL- Part (1) (369316)
Government of India
Ministry of Rural Development
Department of Rural Development
(RL Division)

7th Floor, NDCC-II Building
Jai Singh Road New Delhi - 1.
Date: 16th August 2023

To,
The State Mission Directors/Chief executive Officers,
All States / UTs

Subject: Revised Guidelines on Viability Gap Fund for Model Cluster Level Federation under DAY-NRLM & NRETP Blocks.

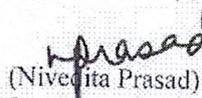
Madam/Sir,

As you are aware that DAY-NRLM aims to develop all Cluster Level Federations (CLFs) as member owned, member controlled, member managed and financially sustainable institutions. To support the CLFs for becoming financially sustainable, Ministry of Rural Development has created budget provision both under DAY-NRLM and NRETP for providing "Viability Gap Fund (VGF)" to Model CLFs. The advisory on Viability Gap Fund (VGF) for NRETP & NRLM MCLFs were issued vide this office letter no. J-11060/58/2020-RL(370499) dt. 17th June 2020 and J-11060/108/2017-RL-Part(1)(369316) dt. 11th May 2022.

Based on field observations, both the above mentioned advisories are combined and revised into a single advisory which is attached here for your information and necessary action.

You are requested to ensure that all the Mission Staff and CLF Executive Committee members are capacitated on the revised guidelines. Further, you are requested to take necessary action to complete the triggers for making Model CLFs eligible for getting VGF. The VGF fund should be disbursed by using "Fund disbursement module of DAY-NRLM" and it has to be booked under VGF head only.

Yours faithfully,


(Nivedita Prasad)

Deputy Secretary to the Govt. of India

Annexures:

1. Revised Guidelines on VGF for MCLF under NRETP & DAY-NRLM Blocks

Copy to:-

All States/ UTs- SPMs/PMs - IBCB, Community Funds / Finance

Guidelines on Viability Gap Fund (VGF) for Model CLFs under DAY-NRLM & NRETP Blocks

1. Introduction

The Ministry of Rural Development (MoRD), Government of India (GOI) has been implementing Deendayal Antyodaya Yojana- National Rural Livelihoods Mission (DAY-NRLM) since June 2011. The main objective of the DAY-NRLM is to eliminate rural poverty through Social mobilization, Building organizations of the rural poor, enabling the institutions of rural poor to access financial services, promotion of livelihoods, Social Inclusion, Social development as well as convergence with other line departments.

2. Model CLF initiatives under DAY-NRLM:

All States have completed more than 75% of Social mobilisation, promoted SHGs and their federations. The States have developed systems for building the capacities of SHGs and developing them as sustainable entities. As part of achieving its aim, DAY-NRLM is currently focusing on strengthening of higher level SHG federations.

Currently, there are two models of SHG federations prominently existing in the country- (1). All three tiers viz., SHG, Primary level federation (Village Organisation) and secondary level federation (Cluster Level Federation) are involved in lending operations, (2). Only two tiers viz., SHG and Secondary level federation (Gram Panchayat level federation) are doing the lending operations. DAY-NRLM considers Gram Panchayat level federations as equivalent to CLFs.

SRLMs have to provide necessary support to the VOs and SHGs in all the DAY-NRLM blocks in terms of formation of CLFs, preparation of vision, strategic and business development plans, customization and adoption of standard operational procedures, leadership development, strengthening of VO and CLF sub-committees, institutionalization of ICT systems for effective financial management and accounting, provision of human resources and gap financing etc. The VOs and CLFs are to be capacitated to undertake the review of their member organisations based on certain performance indicators.

3. Rational for revised guidelines:

The advisory of Viability Gap Fund (VGF) for NRETP & DAY-NRLM MCLFs were issued vide this office letter no. J-11060/58/2020-RL(370499) dt. 17th June 2020 and J-11060/108/2017-RL-Part(1)(369316) dt. 11th May 2022. During the course of implementation of the VGF guidelines, it is observed that there is a need to elaborate some of the sections of the guidelines to enable Model CLFs to easily understand and implement. Thus, few sections of the guidelines are being revised and the comprehensive guidelines are being issued.

This latest guidelines shall supersede the earlier issued guidelines viz., letter no. J-11060/58/2020-RL(370499) dt. 17th June 2020 and J-11060/108/2017-RL-Part(1)(369316) dt. 11th May 2022).

4. Need for Viability Gap Fund:

The DAY-NRLM provides Community Investment Support Funds (start-up fund and community investment fund) to CLFs. The CLFs are envisaged to be the custodian of CIF

and earn income to meet their *operational expenditures*. There are circumstances where CLFs still need financial support to become financially viable. Some CLFs have not been able to generate surplus income to cover their operational expenditures. Thus, some of the operational cost of the CLFs is still being subsidised by SRLMs. However, in order to be financially sustainable, it has been envisaged that all such operational cost needs to be borne by the CLFs. Thus, there is a need to support the CLFs with a gap funding to continue their operations unaffected till they reach 100% Operational Self Sufficiency (OSS). To address this gap (if any), DAY-NRLM proposes to provide Viability Gap Fund to Model CLFs under both DAY-NRLM & NRETP.

The main purpose of "Viability Gap Fund" is to fill the gap between operational income and expenditure of the federations for a period of 3 years.

Operational income refers to the income from the business of the CLFs. The Operational income includes:

- Interest income from loan
- Service fees, Resource fees, Penalties etc.
- Income from economic activities.

Operational costs refer to the costs incurred to maintain the day-to-day operations of the CLF to provide services to its member organisations effectively.

-
- *The proposed operational expenditures to be covered under VGF are as follows - Honorarium* towards the appointment of CLFs own staff (Manager-1, CLF Accountant-1, CLF - MIS Assistant, CLF Coordinator (s) - 2 to 3, as per CBO-HR policy)
- Local conveyance and travel expenditure of staff and CLF EC, Office bearers and Sub-committees
- Remuneration to any temporary staff or guard or cleaner designated for the CLF office.
- All expenditure towards Office and Maintenance viz., office Rent, water, electricity, communication, stationary, EC, Sub committee and other meeting costs (EC/Subcommittees etc.), repair & maintenance of the office equipment, local travel charges and any other out of pocket expenditure for traveling of EC members etc.

5. Amount of Viability Gap Fund (VGF):

It is mandated to provide a maximum of Rs. 20 lakh / per Model CLF (in case 3 tier structure) and Rs. 3 lakh/- per Model CLF (in case of 2 tier structure where CLF is at the Village/Gram panchayat level).

Therefore, considering the need for providing VGF to bridge the gap in meeting the operational cost of CLFs, DAY-NRLM has decided to provide Rs. 3/lakh per model CLF (Where CLF is at the Village/Gram panchayat level) and Rs. 20 lakh/- per model CLF (where CLF is comprising of cluster of GPs).

The Viability Gap Fund will be released based on the performance of CLFs in three tranches (which has been defined in section 9 and 10 of this guideline) in the ratio of 50:30:20

6. Utilization of Viability Gap Fund (VGF):

- i. CLF can initiate economic activities (as per the Act of the State in which CLF has been registered) for enhancing its income to achieve operational self-sufficiency. VGF may be used **only as working capital** while initiating economic activities. Before initiating such economic activities, CLF should prepare detailed business plan along with breakeven and Return on Investment (ROI) and submit to SMMU. A tool for monitoring the progress of economic activity to be used by the EC members of the CLF during the monthly EC meeting.
- ii. In case of CLF having more than 80% loan repayment rate for the last 3 months and surplus funds after meeting its operational expenditures in a year, it can use the unspent VGF funds for on-lending of loans @ 6% interest rate per annum. However care should be taken to ensure on-time loan repayment by VOs.
- iii. Purchase of physical assets, infrastructure development and capacity building expenses **are not allowed** from this fund.

7. Appraisal Committee:

The CEO/SMD may constitute an Appraisal Committee at SMMU level comprising of the concerned SPMs, SPM-Finance or any other person who is experienced on accounting and development & appraisal of similar nature of documents or senior staff members. It is also suggested that a National Resource Person for model CLFs may be included in the Committee. The committee may visit the CLFs, assess the CLFs performance, study its financial status, identify the viability gap through CLFs financial projections and recommend for the release of funds. The appraisal process has to be taken up mandatorily before release of each tranche, though the committee may not necessarily physically visit the CLF for the second and third tranches.

8. Appraisal Process:

To receive the Viability Gap Fund, the CLF has to prepare and submit the proposal to SRLM through BMMU and DMMU for each tranche. Preparing Vision document, Business Development Plan, Annual Action plan and Financial projections based on the Annual Action plan by CLF is mandatory for accessing Viability Gap Fund. The CLF has to submit the proposal along with financial projections document and Internal Audit report for accessing the VGF funds. The financial projections (as a part of Business Development Plan) are to be revisited every year (and verify the last year's performance vis a vis the projection in order to review the estimate) after Annual Plan is prepared at CLF level. *As per the "Guidance Note for SRLMs for promoting & nurturing of Cluster Level Federations, Annexure-5, Sl. No. 34" issued vide letter no. J-11060/108/2017-RL-Part (1) (369316), Business Development Plan at CLF is to be prepared within 90 days of CLF formation (copy attached).* The Appraisal committee has to check the below mentioned aspects in financial projections document for finalizing the Viability Gap Fund requirement:

- i. Whether CLF has **requested for or has been disbursed the required CIF** as has been mentioned in the financial projection (Business Projection Tool) of the CLF
- ii. Assumptions made in the financial projections (increase in the unit cost should not more than 10% per year)

- iii. Last two financial years expenditure pattern to understand CLFs expenditure capability
- iv. Justification for increase in the operational costs
- v. Rationalization of CLF staff and community cadres
- vi. Positive trend in achieving operational self-sufficiency of CLF
- vii. Positive trend in profit earning and increased "General Reserve"
- viii. *Presence of CLF HR (CLF manager, accountant, MIS and coordinators) as per the Guidelines*
- ix. Capital adequacy

9. Readiness Indicators for Model CLF to receive the Viability Fund

9.1 Eligibility criteria for Tranche-1:

- i. At least 60% eligible Households (automatically included households and households with at least one deprivation as per SECC Data) have been mobilized into SHGs
- ii. 80% SHGs federated into VOs and 90% VOs federated into CLF
- iii. CLF should have at least one staff member in place
- iv. CLF should have updated Standard books of Accounts
- v. Minimum 90% attendance in EC meetings of CLF in the last 3 months
- vi. CLF should have uploaded Baseline data on CLF web-based application (available on NRLM MIS).
- vii. CLF should have received start-up cost and have set-up the office either in rented or in own building
- viii. CLF should have received CIF and established loan disbursement and repayment mechanism. (CLF should have the details of total CIF released from the Mission in that CLF (either to SHGs or VOs or CLF) and this is to be accounted in CLF books of Accounts. CIF amount recorded in CLF books of Accounts is to be matched with the data of DMMU/BMMU)
- ix. CLF should have completed Internal or external Audit.
- x. CLF has Vision document, Annual action plan and Business Development plan documents available
- xi. CLF has at least 3 functional sub-committees as per CLF SOP

Fulfilling all the indicators given above are mandatory for release of Viability Gap funding Tranche-I.

10. Eligibility criteria for Tranche- II & III:

- i. CLF has to ensure the completion of trainings of all sub-committees (minimum 5 functional sub-committees).
- ii. The CLF has to secure a minimum of 50 marks for release of Tranche - II and 75 marks for release Tranche - III based on the below given grading tool.

- iii. If any CLF is securing 75 marks and above after receiving Tranche-I, both Tranche-II and III funds can be together.

S. No.	Bench Mark	Marks	Weightage
1	% of Saturation of HHs	10	Below 70% - 0 marks 70% to 80% - 5 marks Above 80% - 10 marks
2	% of SHGs taken membership in VOs	5	Below 80% - 0 marks 80% to 85% - 2.5 marks Above 85% - 5 marks
3	% of VOs taken membership in CLF	5	Below 90% - 0 marks 90% to 95% - 2.5 marks Above 95% - 5 marks
4	Percentage of attendance in EC meeting in last 6 month	5	Below 90% - 0 marks Above 90% - 5 marks
5	On Time Repayment (OTR)	15	Below 70% - 0 marks 70% to 80% - 5 marks 81% to 90% -10 marks Above 90% - 15 marks
6	Idle funds (in last 3 months)	10	Above 30% - 0 marks 16% to 30% - 5 marks Equal to and Less than 15% - 10 marks
7	Velocity of Funds	10	Below 1:1 - 0 marks 1:1 - 5 marks 1:1.1 to 1.25 - 7.5 marks 1: 1.26 and above - 10 marks
8	Registration of CLF	5	No - 0 Yes - 5
9	CBO Staff appointed and paid by CLF in place i.e. 3 staff-Manager/Coordinator-1, Accountant - 1 and MIS Coordinator -1	15	1 staff member - 5 marks Any 02 staff members - 10 marks All 3 staff members i.e. Accountant, Manager & MIS Coordinator- 15 Marks
10	Leadership rotation (at least two officer bearer change in last 3 years)	10	No- 0 Yes- 10
11	Audit Completed	10	Either Internal or External Audit - 5 marks Both Internal & External Audit - 10 marks
	Total Marks	100	

11. Release of Funds:

11.1 From NMMU to SRLM:

All the Model CLFs in the States under DAY-NRLM & NRETP may be considered as target for release of VGF. The SRLMs shall plan required budget under viability gap fund head by clearly indicating the physical targets in their Annual Action Plan for DAY-NRLM.

11.2 From SRLM to CLFs:

Based on the recommendation of the appraisal committee, CEO/ SMD shall approve and release funds through Fund Disbursement Module. The fund will be released in maximum of 3 tranches in the ratio of 50:30:20, based on fulfilling eligibility criteria by CLF. The second and third tranches may be combined based on good performance of the CLF, as mentioned in para 10.2 above. VGF Fund to CLF should be disbursed by using DAY-NRLM Fund Disbursement Module and expenditure should be booked under VGF budget line id.

12. Timeline for the release of funds:

Tranche	Provision for % of fund	Timeline
I	50% of viability gap of the CLF/GPLF or Rs. 10 lakhs in case of CLF and Rs. 1.5 lakhs in case of GPLF whichever is less	Completion of visioning exercise, Annual Action Plan, Financial Projection & Business Development Plan of the Model CLF.
II	30% of viability gap of the CLF/GPLF or Rs. 6 lakhs in case of CLF and Rs. 0.9 lakhs in case of GPLF whichever is less	After 3 months of the release of Tranche-I and fulfilment of Tranche-2 criteria
III	20% of viability gap of the CLF/GPLF or Rs. 4 lakhs in case of CLF and Rs. 0.6 lakhs in case of GPLF whichever is less	Within 6 months of the release of Tranche-II and fulfilment of Tranche-3 criteria*

* If the SRLM proposes to release Tranche II and Tranche III simultaneously, it may be done after six months and within 9 months of release of Tranche I and fulfilment of criteria for release of Tranche III.

13. Nature of expenditure:

- i. The Fund will be released only through online fund disbursement module and manual process is not allowed.
- ii. Disbursement of VGF to the CLF will be treated as expenditure. However, the CLF needs to maintain a record of the timeline of achieving the set triggers/physical targets, funds received under VGF component from the mission and the minutes of the meeting of Executive Committee of the CLF, in which the related discussions and decisions were taken. This needs to be followed for the release of each tranche.
- iii. SMMU to keep track of utilization of VGF by CLF (This is a onetime activity till disbursement & utilization of 3rd tranche of VGF).

14. Maintaining records of VGF at CLF level:

- i. After assessment, release of VGF of each tranche should be made to the CLF. For the first tranche it is mandatory for CLF to prepare a 3 years financial projection as a part of the Business Development Plan of CLF referring to the Annual Action Plan of the CLF. The CLF has to revise the financial projection on yearly basis. The CLF will revise the present financial viability status and further revisit the financial projection on yearly basis.
- ii. CLF needs to maintain a record of the timeline of achieving the set triggers/physical targets, funds received under VGF component from the mission, create a separate ledger for the VGF inflow & outflow and the minutes of the meeting of the Executive Committee of the CLF, in which the related discussions and decisions were taken.

15. Monitoring of Model CLFs performance:

- i. NMMU shall monitor SRLMs regularly based on progress made against the physical targets as per approved Annual Action Plan (AAP).
- ii. SRLMs are responsible for monitoring the performance of model CLFs on a regular basis through the concerned DMMUs and BMMUs staff and submit the physical progress report to NMMU for its review. The SPM-IBCB/State Level Model CLF anchor person shall take up various capacity building activities for addressing any gaps and ensure effective functioning of the model CLFs.
- iii. The State appraisal committee formed for assessment and disbursement of VGF to do the initial assessment for disbursement of 1st tranche. 3 months after disbursement of 1st tranche, the same committee to conduct assessment of the CLF again to verify utilization status of the VGF and 2nd round of assessment for disbursement of 2nd tranche. ***In case, CLF is not eligible to receive the next tranche, i.e. it doesn't fulfil the criteria, the committee to submit the report to the CEO mentioning the gaps and suggestive action points by all concerned mentioning the timeline for completion of the tasks.*** In any case, there should not be a delay of more than 6-9 months in disbursement of the next tranche, i.e. 2nd (and / or 3rd tranche) of VGF to CLF.
- iv. The MCLF core committee at State/District/Block units should analyse at least once in a quarter, the status of financial sustainability attained. In case CLF is not making much progress in this aspect, then the facilitator from SRLM to provide inputs to the CLF EC in exploring options and opportunities in generating income at CLF (reducing cost at CLF) to attain financial sustainability within the stipulated period of 3 yrs.
- v. Utilization of VGF against the financial projection is to be reviewed by CLF OB on a monthly basis as a part of reviewing overall financial management and program management at CLF meetings. The accountant to prepare different reports such as Monthly Progress Report, Cash flow Statement etc. before the meeting for supporting CLF EC in reviewing the same. The EC members to be oriented on understanding various reports which will help them to take appropriate decisions during the meeting.

16. Expected Outcomes:

- i. Model CLFs will become self-managed, able to meet their operational costs.

- ii. Model CLFs shall demonstrate standard systems planning, execution, service-delivery, finance and administration
- iii. Model CLFs will be inclusive and equitable in nature. The CLFs shall include all eligible members especially most vulnerable into SHG fold and give priority to them in provision of all benefits and services
- iv. Model CLFs will have Portfolio At Risk (PAR) < 5% (>30 days)
- v. Model CLFs will have legal identity and fulfil statutory requirements regularly
- vi. Model CLFs will have their own staff and cadres to support CLF in delivering the services effectively
- vii. Higher order social capital will be developed @ 10 members per Model CLF
- viii. As per the demand, in addition to livelihoods and financial services, all CLFs will be implementing one or more higher order development interventions like Food, Nutrition, Health and WASH (FNHW), Gender, Social Inclusion, Convergence etc.
- ix. Model CLFs will act as demonstration sites/training centres for replication of model in the remaining blocks with necessary processes, protocols, resources in place