



IGA & LIVELIHOOD SECURITY MANUAL

Nagaland Forest Management Project (NFMP)



Published by

**Project Management Unit (PMU)
Nagaland Forest Management Project**



**CHIEF MINISTER
NAGALAND
KOHIMA
MESSAGE**

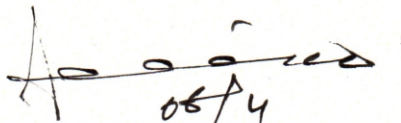
6th April, 2021

I am happy to know that the Nagaland Forest Management Project (NFMP), a Japan International Cooperation Agency (JICA) assisted program under Department of Environment, Forest and Climate Change, Government of Nagaland, is bringing out manuals which will ensure dissemination of knowledge and effective implementation of the project.

I am confident that these Manuals will facilitate proper execution of the project activities in a transparent and participatory manner and help guide all stake-holders, ranging from officials to village communities as well as the field NGOs and SHGs.

The Nagaland Forest Management Project (NFMP) is a process driven and result oriented approach through the use of modern scientific technologies including GIS and MIS for planning, implementation and monitoring of various activities and it is being implemented by the Communities in Villages. The concept of implementation is laudable, and I am sure that this will go a long way in improving forest ecosystems, support income generation through rehabilitation of Jhum areas and enhance the livelihood opportunities.

I wish the Nagaland Forest Management Project a grand success.


(NEIPHIU RIO)

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1. INTRODUCTION

1.1. INCOME GENERATING ACTIVITIES UNDER NFMP

Nagaland Forest Management Project (NFMP) envisages to enable the communities from the project villages to meet their economic needs and to improve the livelihoods condition under its Livelihood Improvement and Community Development component. Nagaland is a forest rich state where the community's lifestyle is in sync with the forest and its resources for their income, whether for own



consumption or for sale. While income from forest is an integral part of the Naga economy, the changing paradigm in social, administrative, and economic scenario has brought changes that are affecting Naga livelihood pattern. The communities are in tremendous pressure from various factors that are having impact on their traditional practices around shifting cultivation for sustainable livelihood. The increasing demand for the timber and non-timber products influence Naga communities for commercialization of forest resources which may affect their survival and livelihood. While government driven initiatives enable better marketing policies, facilities and infrastructure to sell forest resources, community & environment friendly approach is also needed for conservation and sustainability of local traditional ecological knowledge and awareness to balance this dichotomy. It is essential that the communities need to preserve forest, its resources and use it sustainably to maintain their income and livelihood. NFMP design is focused on conservation and regeneration of forest resources and enhancing sustainable livelihood options for the communities. Forest resource interventions under NFMP are prioritised based on the extent of forest degradation and its impact on both communities and environment. The project is intervening in restoring abandoned jhum patches and recent jhum fallows to create livelihood assets for the communities. In addition, the project is also promoting farm-forestry in the current jhum patches to ensure both income and forest regeneration along with protection of the community conservation areas through various soil & moisture conservation interventions. In addition to intense engagement with the communities, the project also considers the following while designing additional sustainable livelihood options for the forest dwelling communities in Nagaland.

- a. Gradual depletion of forest resources
- b. Declining trend of traditional knowledge ecosystem
- c. Lack of market linkage
- d. Inadequate market facilities and infrastructure
- e. Lack of proper planning and community engagement

IGA & Livelihood Security Manual

Economic potential of forest is immense. Inadequate and lack of appropriate support from external environment in the form of markets, institutions, policies and technology, had negative impact on forest- ecosystem that intertwines with the village systems and often disproportionately affects the most vulnerable sections like women, landless and other marginalised section of the society etc. There has been considerable focus on promoting NTFP-enterprises by government, donors, public-private partnership models or supported by non-profits, private sector and entrepreneurs, through forestry and livelihood projects. These are mostly as women collectives viz. SHG at primary level and as SHG cluster/ federations, Cooperatives and FPOs at secondary level, they are supported around value-chain-development viz. aggregation, storage, grading, processing etc. Most enterprises are around few high-ticket NTFP, while a few works around wild medicinal plant products.

As per a study conducted in Mokokchung District of Nagaland, the NTFPs contribute 30% of annual income of a rural household. The NTFPs identified were wild fruits, wild vegetables, medicinal plants, fuel wood etc. which supports the household in terms of cash and non-cash incomes. Similarly, collection of NTFPs provides 29% of employment i.e., 117 days per year per household in a year including both men and women. Majority of the households went for NTFPs collection because of their traditional norms, followed by good source of income. The study also reported that the dependency ratio and employment from NTFPs affected positively and significantly towards NTFP income. This indicates the importance of NTFP in rural livelihood particularly for the forest dependent communities in Nagaland.

For sustainable livelihood promotion of the beneficiary households in the project villages it is essential to balance between both economic and ecological elements and provide capacity building support to the local communities for taking up income generating activities. Potential opportunity to converge with Pradhan Mantri Van Dhan Yojna (PMVDY) will be beneficial to extend the scope of livelihood improvement interventions under NFMP and will strengthen the forest-based enterprises and provide a wider platform for the communities to access services from mainstream government schemes.

1.2. PURPOSE AND USE OF THIS MANUAL

This manual is prepared under Nagaland Forest Management Project Society for facilitation of the implementation of the Income Generation Activities (IGA) with women SHGs under the NFMP Project villages. This manual mentions the processes and steps to be followed under NFMP for the selection, approval, sanction, release, repayment and accounting of Revolving Fund and Challenge Fund for promotion of IGA under livelihood improvements component. It will serve as a reference guide to the DMU, FMU, FNGO and JFMC involved in the process of promotion IGAs in NFMP villages. It also includes the requisite formats to be used for planning and approval of financial support for IGA under NFMP. The examples referred in this manual are illustrative in nature and may not be exactly commensurate with the field situation. In case of any omission or misunderstanding of facts, processes etc. the decision of the PMU shall be final and binding to all the implementation units.

¹ N Longkumer, S Das, AK Sahu, NK Patra, Nchumthung Murry, 2020, Contribution of non-timber forest products towards rural income and employment in Mokokchung district of Nagaland

1.3. WHAT IS INCOME GENERATING ACTIVITIES (IGA)?

Income Generating Activities (IGA) are smaller form of economic activities taken up by SHGs that generate additional or supplementary income for the SHG members. Under NFMP, IGAs are to be taken up as an allied activity in addition to the main occupation of the household and are preferably to be adopted by the women SHG members based on their skills, capacity, available spare time and most importantly willingness to take up enterprise activities.

IGAs need to be planned in a manner that, they essentially source the produces (raw materials etc.) from the nearby forest and to meet the existing market needs (or demand) with minimum level of risk. While designing IGAs for the women SHG members, financial feasibility of the IGAs shall be measured against financial support (in form of credit) available under NFMP. IGA promotion approach under NFMP shall be evolving, flexible and adoptive in nature. IGAs can be taken up at the individual level or at the group level or at subgroup level. However, during initial stage, individual IGA shall be encouraged and later with improved skills and credit absorption capacity, group based IGA will be encouraged. For example, if poultry farming is chosen by the SHG members as an IGA, the members should first start backyard poultry farming individually in their house and once they complete two to three cycles of backyard poultry farming, they may opt for group-based activity by taking up collective poultry farming by setting up bigger farm.

Similarly, identical IGAs taken up by multiple groups/ subgroups (SHG) in a cluster of villages, can be promoted as cluster IGAs. Taking the above example forward, if there are 15 SHGs in four to five JFMCs involved in group-based poultry farming, all these SHGs can be formed as a cluster to collectivize their input supply such as chicks, feeds, vaccines etc. and the marketing of the birds can be done collectively. Such collective approach will reduce the cost of operation for the SHGs and ease the marketing effort by the SHGs. Such clusters can later be promoted as producer's company as per the state/ national guideline. However, the cluster promotion approach will be discussed in detail in the livelihood promotion manual. An illustrative vision of the IGA promotion strategy under NFMP is presented below.

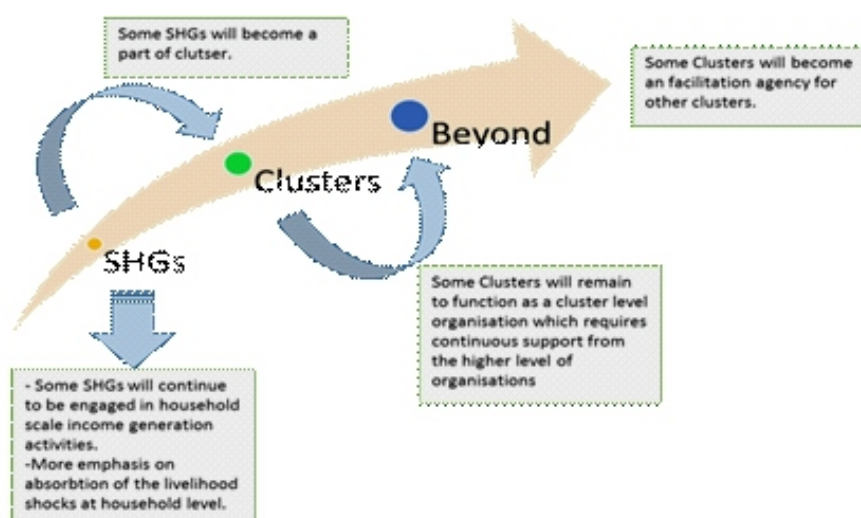


Figure 1 IGA Promotion Strategy under NFMP

1.4. PRINCIPLES OF PROMOTING SUCCESSFUL IGA

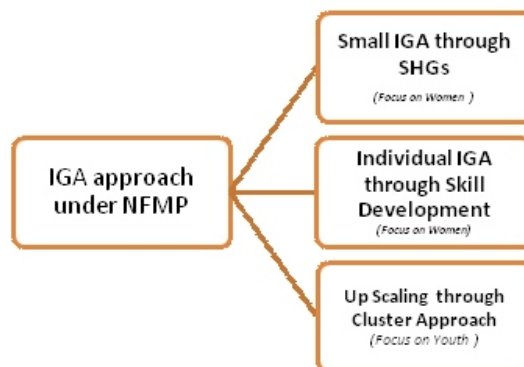
It is important to demonstrate successful IGAs for the community members during their initial attempts. This will build their confidence to take up higher order enterprise activities and motivate them to continue with the selected IGA ensuring sustainability of the interventions and efforts. Thus, the facilitation support to be provided by the project team (viz. DMU, FMU, FNGO Staff) for the promotion of IGA shall consider following principles:

- a. Has low labour requirements and should be combined with their domestic tasks/ chores.
- b. Should use their existing skills or know-how i.e., incremental rather than new skills for the women, value addition.
- c. Has low start-up costs i.e., no major requirements for capital expenditure.
- d. Produces a rapid cash recovery cycle i.e., the women members do not have to wait longer duration to generate cash. Ideally the cycle should be between 6 to 12 months.
- e. Has ease of marketing i.e., is suitable for year-round markets with easy physical access to market.
- f. Allows women to control it and its resulting income i.e., husbands will not claim the business, or the income generated from it.
- g. Women have a sense of ownership rather than it being imposed upon.

List of potential IGA which could be taken up in various Forest Divisions based on availability of the products is given in Appendix A. This list is prepared based on various IGA promoted under Land Resources Department, Govt. of Nagaland, NSRLM, NERLP, seeking input from the FNGOs, JFMCs etc

2. IGA PROMOTION APPROACH UNDER NFMP

The IGA promotion approach under NFMP will cover a range of community members from skilled to members and the family occupation will be considered as criteria for prioritisation. The selection of IGAs will be made based on product assessment (inventory) in terms of its availability in local level (village or cluster of villages), production volume (availability of marketable surplus after own consumption) and potential market demand at macro level (Division or above). Three categories of IGA interventions will be Supported under NFMP. The first category of IGA will be with individual members of the SHG where the Preference will be given to the SHG



members who are skilled or semiskilled and willing to take up IGA individually. The second category of IGA will be taken up at the subgroup or group level where two or more members of the SHG or all the members of the SHGs will take up IGA collectively. The third category of the IGA will be promoted at the cluster level covering multiple SHGs taking up similar kind of IGA. The following diagram illustrates the three different categories of IGAs to be taken up under NFMP.

NFMP will support women SHGs to take up IGA for achieving the following objectives:

- a. Supplementing income of the poor forest dependent households.
- b. Promoting alternative sources of income based on both forest and non-forest resources.
- c. Promoting cluster level enterprises to support rural forest-based products.

Moreover, the IGA support will enhance the participation of women and socially weaker group into the JFMC decision making and its activities.

3. INSTITUTIONAL ARRANGEMENT FOR PROMOTING IGA

Women SHG will be the primary institution at the village level for taking up IGA. SHGs promoted under NSRLM or any other support organisations including government departments will be included under NFMP to access IGA support. Women members who are currently not a member in any SHG in the project village will also be supported to get organised into new SHGs and will be considered for IGA support when they successfully complete six months of their operation. For strategies and approaches for promotion and strengthening of SHGs, the SHG promotion manual of NFMP may be referred.

3.1. CRITERIA FOR SELECTION OF SHG FOR IGA SUPPORT

SHGs adopting requisite group management practices and systems over a period of six months duration, exposure to internal lending and experience of taking up small scale income generating activities shall be given priority. Following criteria shall be adopted for the selection of SHGs under NFMP for IGA support.

- a. The SHGs shall have only women members from poor and vulnerable households (with atleast 50% of the members from BPL category).
- b. No men or mixed member SHGs shall be selected for IGA support.
- c. The SHGs shall have to be in operation for at least 6 months or more. In case of new SHGs organised under NFMP, the FMU team will observe the functioning of the SHG for six months and after successful completion of six months the SHG can be eligible to take up IGA.
- d. The SHGs shall have adopted group practices (*Pancha Sutra: regular meeting, savings, internal lending, timely repayment and record keeping*).
- e. The SHG shall not have defaulted any loan from any bank or financial institution or NSRLM or any other development agency of Government or NGO.
- f. The SHG shall not have any existing loan that the SHG is currently repaying. However, if the SHG have repaid their previous loan without any default, they may be selected for IGA support.

² Regular Meeting, Regular Savings, Practicing Internal Lending, Timely Repayment and Appropriate Record Keeping.

- g. The SHG members are motivated to improve their income and willing to participate in IGA interventions.
- h. The choice of IGA by the SHG shall have potential opportunity for cluster formation to promote higher order micro enterprises.

Specific guidelines for formation of new SHGs

- a. Formation new SHG under NFMP project villages shall be done only in case of existing SHGs are not qualifying as per the above criteria.
- b. The formation of new SHGs shall be done adhering to the steps prescribed under Handbook of SHG formulation and strengthening under NFMP.
- c. While forming new SHGs it should be ensured by the FNGO that the members inducted to new SHG are not members of any other existing SHGs in the village or nearby village.
- d. The final decision for formation of new SHG shall be approved by the DMU Head considering the sufficient reasons from the FMU and FNGO with due consent of JFMC.
- e. The local SNRLM office shall be informed about the newly formed SHGs and facilitated to provide one set of books and records to the newly formed SHG.

3.2. ROLE OF JFMC AND FNGO IN SELECTION OF SHGS FOR IGA SUPPORT

To ensure the poor and vulnerable households benefit from IGA interventions, both JFMC and FNGO need to put efforts to include poor households, i.e., household who are socially vulnerable like BPL households, landless households, households having people with disabilities as heads, women headed households, widows etc. and include them in SHG fold by either forming new SHG or enrolling them in the existing SHGs.



Both the JFMC and FNGO shall jointly assess the status of the existing SHGs in the project village and identify the households who are not member of any SHG during the micro planning process. As the existing SHGs in the village would have been promoted by different government department such as

³The format for the assessment of the status of the SHG are given in the SHG Promotion Manual. The assessment tools and methods include the format for collecting data on members details, their socio-economic status, SHG membership details, savings, internal lending, previous & existing loan, loan outstanding, bank linkage status, IGA taken up etc. This assessment tool provides the current operational & financial status of the SHG.

⁴Refer Micro Planning Manual

NSRLM or NERLP or LRD or by NGOs, the JFMC and FNGO need to liaison with the officials of these promoting agencies to get the status of these SHGs. Besides, the FNGO shall visit all the existing SHGs to collect information in the SHG Profiling format (refer SHG Promotion Manual). The data collected as part of the existing SHG assessment should be analysed by the FNGO and accordingly, the selection of the SHG shall be made to seek IGA support under NFMP.

The specific role of JFMC in facilitating the implementation of IGAs are given below:

- To involve in SHG assessment and targeting process to ensure right SHGs are selected.
- Scrutiny and assess the IGA Business Plans submitted by the SHGs.
- Finalise the lending terms and conditions during sanctioning releasing Revolving Fund/ Challenge Fund
- Release of Revolving Fund/ Challenge Fund to selected SHG's bank account.
- To ensure Revolving Fund/ Challenge Fund is used for the purpose it was sanctioned (as per submitted IGA Business Plan).
- Follow up with SHGs for timely repayment of Revolving Fund/ Challenge Fund.
- Follow up with the SHGs in case of default and overdue and take necessary action for mid-course correction.

Role FNGOs in promotion of IGA are given below:

- Assist the JFMC in profiling and selection of the SHG for IGA support.
- Assist the selected SHG to update their records, account books etc.
- Assist the SHG members to prepare business plan.
- Assist the SHG in proper documentation for submission of the business plan to the JFMC.
- Assist the JFMC in assessing the business plan and sanctioning of the Revolving Fund/ Challenge Fund.
- Compile the IGA proposals approved by the JFMC and submit it to the FMU/ DMU for approval.
- Provide/ Facilitate training programmes for the SHG members on IGA.
- Assist the SHG members in implementing IGA particularly in input supply, technology, market information, aggregation, marketing etc.
- Assist the JFMC to ensure timely repayment of the Revolving Fund/ Challenge Fund.
- Ensure credit linkage of SHGs with banks/ financial institutions.
- Facilitate SHGs to seek additional funding from NSRLM, LRD, PMVDY and any other schemes.

4. SUPPORT FOR THE SHG FOR IGA PROMOTION

There are three types of support provided to the SHGs to strengthen the SHG members for initiating and establishing successful IGA. These supports are as follows:

- a. Capacity Building
- b. Credit Linkage
- c. Backward and Forward linkage

4.1. CAPACITY BUILDING

Women members from the SHGs have limited exposure to enterprise activities and they lack mobility. This often restricts them to take up IGA without external facilitation and support in terms of training and exposure. The FNGOs shall provide following trainings to the SHG members for promotion of IGA. These trainings are identified through a Training Need Assessment conducted for the SHG Members.

- Institution Building
- Record Keeping
- Leadership training
- Micro Finance (internal lending and repayment)
- Micro Enterprise skill, trade and/ or management
- Legal, health and other social issues

Training for the SHG members shall be imparted by the FNGO Team preferably by the Supervisors and Community Mobilisers working at FMU level. In addition, the FNGOs shall access the services of the local staff and trainers of NSRLM to conduct training programme for the SHGs. These training shall be conducted preferably in local dialect using the suggested training kit from NFMP.

4.2. CREDIT LINKAGE SUPPORT

The SHG members shall be supported with small loans (credit) which they will use along with their own savings/ contribution to take up income generation activities. Under NFMP two funds have been provisioned for providing loan/ credit to the SHGs to implement IGA. These funds are:

- a. Revolving Fund (RF): Each JFMC is to be provided a grant of Rs.1.50 lakh as Revolving Fund. The JFMC can sanction loan of upto Rs.50,000 per SHG at a time under Revolving Fund for taking up IGA. In case of special cases where the amount of investment in IGA is more than Rs.50,000/- the JFMC shall take approval from the FMU. The revolving fund sanctioned and released to the SHGs are to be refunded with interest as per time schedule agreed between the SHG and JFMC.
- b. Challenge Fund (CF): This fund is to be used as a gap-financing support to the SHG while seeking credit linkage from Bank or financial institutions to take up higher order IGA. The allocation of CF is upto Rs.72000/- per JFMC and loans under CF can be sanctioned to successful SHGs qualifying following two conditions.
 - i. SHGs successfully implemented IGA utilising the revolving fund and refunded it in time.
 - ii. SHGs with sanctioned loan from bank or financial institutions for taking up higher order IGA.

The selected SHG will use the CF as a gap filling fund in case of shortfall in their working capital requirement. For example, one SHG got approval of Rs.2.00 lakh of loan from a bank to take up an IGA against their business plan of Rs.3.00 lakh. Out of the remaining Rs.1.00 lakh, the SHG will contribute Rs.50,000/- from their own funds and for the remaining Rs.50,000/ the SHG can seek CF support from

the JFMC. The loan is to be refunded along with interest as per time schedule agreed between the concerned SHG and JFMC.

While the IGAs are to be implemented by the SHGs, the JFMC shall take the overall responsibilities of management of both revolving fund and challenge fund. The management procedure of the Revolving Fund and Challenge Fund has been narrated in paragraph 5 below.

4.3. BACKWARD AND FORWARD LINKAGE SUPPORT

Backward and forward linkage of SHG with various agencies involved in the value chain is one of the essential elements of IGA promotion. It is often seen that due to lack of appropriate backward and forward linkage rural farm or forest-based enterprises do not sustain. The JFMC and the FNGO shall provide facilitation and linkage support to the SHGs particularly in assisting in input requirement, supply, processing/ value addition technology, transport, storage, marketing etc. For market facilitation and linkage, the FNGO shall assist the SHGs to aggregate their product and to sell in a larger market beyond their village or nearby markets.

For successful IGA promotion and sale of SHG produces, the FNGOs shall identify appropriate products, scope of value addition, facilitation for proper packaging and branding etc. and ensure that the selected SHGs are adopting the suggested practices. Based on the product selected or IGA taken up by the SHGs Common Interest Groups (CIG) may be promoted by the FNGOs to explore marketing possibilities and organizing higher level micro enterprises at cluster level. For cluster level micro enterprises, support of specialized agencies may be sought to ensure better production, technology, and market integration. The purpose of market linkage support is to ensure an incremental profit to SHG members as individual and SHG as an institution.

5. OPERATIONALISATION & MANAGEMENT OF REVOLVING FUND

Under NFMP Rs.1,50,000 has been provisioned as revolving fund for each JFMC to promote IGA through at least 3 SHGs. The allocated amount under RF is to be managed by the JFMC and sanctioned to women SHGs based on approved business plan. The Revolving Fund are to be sanctioned by the JFMC to the women SHGs either for taking up Group based and individual IGA. In either case the RF shall be routed through the SHGs only. Based on the sanction and release of the RF, the SHG will take up Group based or Individual IGA as per their approved business plan. The amount of RF to be sanctioned for individual IGA and Group based IGA, will be based on the business plan proposed by the SHG to the JFMC and approval by the JFMC. The JFMC should also facilitate additional financing, if required by the SHGs through institutional linkages with Bank, Micro Finance Institutions and NSRLM.

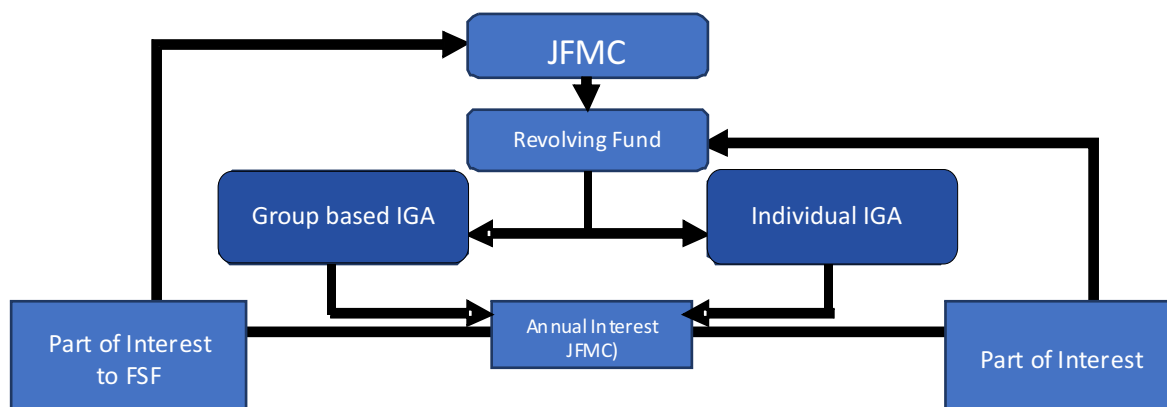


Figure 3 Revolving Fund Management Approach under NFMP

The JFMC shall fix the interest rate not exceeding 8% to be charged over RF from the SHGs. The income from the interest shall be utilized to meet the operational expenses of JFMC for managing RF and making it sustainable. The interest earned from the RF shall be utilised for the benefit of both JFMC and SHGs. It is the discretion of the JFMC to merge part of the interest with the RF to sustain RF growth at the JFMC level. Part of the interest may be contributed to Forest Sustainability Fund (FSF) managed by JFMC and to meet the operational and management cost of the JFMC towards management of the RF. The above illustration depicts the RF allocation and operationalisation strategy at the JFMC level.

5.1. SANCTION OF REVOLVING FUND BY JFMC

The JFMC shall adopt the following principles for sanction and operationalisation of the RF:

- The sanction of loan from RF to the SHG shall be as per the requirement from the SHG subject to maximum limit of Rs.50,000/- per loan.
- The SHG shall invest at least 15% of the total IGA cost proposed in their business plan from their own savings/ contribution and seek loan from RF for balance 85% of funds requirement. For example, if the SHG has proposed a business plan of Rs.40000/-, the JFMC shall sanction RF of Rs. 34,000/- and balance Rs.6,000/- shall be contributed by the SHG from their own savings or contribution. In case of new SHGs the JFMC may consider discounting the contribution by the SHG. In such cases, a minimum amount of contribution by the SHG will be decided by the DMU on case-to-case basis.
- In case of requirement of funds by SHG exceeding an amount of Rs.50,000/- shall be met from the SHG's own savings or contribution. For example, if the SHG has proposed a business plan of Rs. 75,000/- the JFMC shall sanction Rs.50,000/- from RF and balance Rs.25,000/- shall be contributed by the SHG or SHG members from their own savings or contribution. However, in special cases where the SHG requires RF support of more than Rs.50,000/- the proposal shall be approved by the DMU.
- To avail loan from RF, the SHG shall prepare a Business Plan indicating the details of the IGA. The FNGO team shall assist the SHGs to prepare the business plan. No additional funds shall be given to the FNGO for assisting the SHG in preparation of the business plan.

- e) The loan sanctioned from RF to the SHG shall be repaid by the SHG to the JFMC within a period of twelve months or less depending upon the seasonality of the IGA selected by the SHG. However, the JFMC has the discretion to extend the loan duration beyond twelve months on case-to-case basis.
- f) The repayment of the loan along with the interest shall be made by the SHG in single/ multiple instalments as per the Business Plan and/ or as agreed between the JFMC and SHG.
- g) The annual rate of interest on RF shall be mutually agreed between SHG and JFMC.
- h) The JFMC shall conduct proper scrutiny and review of the RF loan application submitted by the SHGs before sanctioning and disbursing RF. The processes of loan application scrutiny and review is prescribed in sections 5.3 of this guideline.

The JFMC shall sanction and disburse RF as per the timeline proposed in the Business Plan of submitted by the SHGs. In case of delay in sanction and disbursement of funds by JFMC, the SHG should be informed of the reasons for such delay and expected time required for sanctioning and releasing RF. The Executive Committee of the JFMC shall sanction and disburse loans from RF adhering to the following process.

- a. The EC of the JFMC shall sanction and disburse loans under RF during the JFMC's monthly meeting. However, the Member Secretary may call for special meeting of the EC in case of exigencies for approval of RF.
- b. All the loan application received from the SHGs to seek loan under RF, shall be presented in the EC meeting for discussion.
- c. The office bearers of the SHG who submitted the loan application to seek support under RF shall be invited to the EC meeting as special invitees.
- d. Apart from reviewing and approving loan, the EC shall also discuss the monitoring of ongoing IGA out of RF loan as well as follow up repayment of RF.

5.2. ACCOUNTING OF REVOLVING FUND

The JFMC will receive the revolving fund in the JFMC's Forest Sustainable Fund (SFS) bank account. For the purpose of accounting, JFMC shall maintain separate cashbook to record the transactions RF. The operationalisation of the Revolving Fund the JFMC shall adopt the following guidelines prescribed under NFMP.

- a) NFMP shall disburse the allocated amount under RF to the SFS bank account of the JFMC.
- b) The RF transactions shall be maintained at the JFMC level in a separate cashbook.
- c) RF shall not be withdrawn in form of cash and all the disbursement and payment shall be made digitally/ electronically/ by cheque.
- d) The receipt and utilization of the RF shall be audited once in six months through an internal audit mechanism guided by NFMP operational manual.
- E) In case there are idle funds laying in RF head in the JFMC SFS bank account, the same shall be converted to short-term deposits

- f) At no circumstances funds available under RF shall be utilized for any other purpose or activities by the JFMC.

Transparency shall be maintained by JFMC in operation and management of RF and treasurer of the JFMC shall ensure that the updated information like total RF received, total RF disbursed and RF amount in balance are discussed during the monthly JFMC meeting and recorded in the JFMC meeting proceedings.

5.3. LOAN APPLICATION PROCESS BY SHG AND SANCTION BY JFMC EXECUTIVE COMMITTEE

For sanction and disbursement of loan under RF to the SHGs the JFMC shall follow a transparent and diligent processes. Following procedure shall be followed by the SHGs while seeking loan from RF.

- The SHG shall submit the loan application form (Annexure I) to JFMC for obtaining loan under RF along with the Business Plan in the standard prescribed format given in Annexure II. The SHGs shall mention the reasons for seeking loan under RF clearly in the application form.
- The Business Plan by the SHGs shall be prepared with the assistance of the FNGOs.
- The SHGs shall enclose the copy of the resolution passed in their meeting with the loan application form duly attested by the SHG President and Secretary.
- The SHGs shall submit a NO LOAN DUE/ OUTSTANDING CERTIFICATE from their bank where the SHG is holding their bank account. This is applicable for the existing SHGs selected under NFMP. For new SHGs this certificate is not required. The FNGO shall facilitate the SHGs to obtain this certificate from the concerned bank.



The EC of the JFMC shall apprise and evaluate each loan application form submitted by SHGs for seeking loan under RF. The process of due diligence to be followed by the EC are as follows:

- **Verification of the Loan Application:** The EC shall verify the loan application and all the enclosed documents to ensure the completeness of the application. No important data/ information/ documents should be missing in the loan application form. Based on this, EC may accept or reject or request for revision of the loan application form by the SHG
- **Financial Feasibility of the Business Plan:** The EC shall evaluate the IGA business plan submitted by the SHGs. The EC shall review the financial strength of the SHG in terms of their savings trend, inter loaning practice, previous credit record, cost components of the proposed IGA, cash flow, repayment schedule and confidence level of SHG members in managing finance. If required, assistance of the FNGO team may be sought by the EC.
- **Verifying Social Inclusiveness of the Business Plan:** If required, EC may decide to visit and meet the SHG members applied for loan under RF and seek additional information from their neighbours or attend the SHG meeting to understand their social mobility and cohesion with others. The EC must ensure that the poor and vulnerable members within the SHG get priority in taking loan under RF and avoid elite capture of the RF.
- **Technical Feasibility of the Business Plan:** With the support of the FNGO team, the EC shall evaluate the business plan submitted by the SHGs. The technical assessment shall include the feasibility of the proposed IGA in the perspective of the local market context, previous experience of SHG members, skill of SHG members, demand for the product, market competition etc.

The EC should identify potential risk which may affect the repayment of the loan and clearly indicate in the loan appraisal format. On completion of review and scrutiny of the loan application, the EC either sanction or reject the loan application. In case of sanctioned loan proposals, the EC shall disburse the sanctioned loan amount to the SHG's bank account.

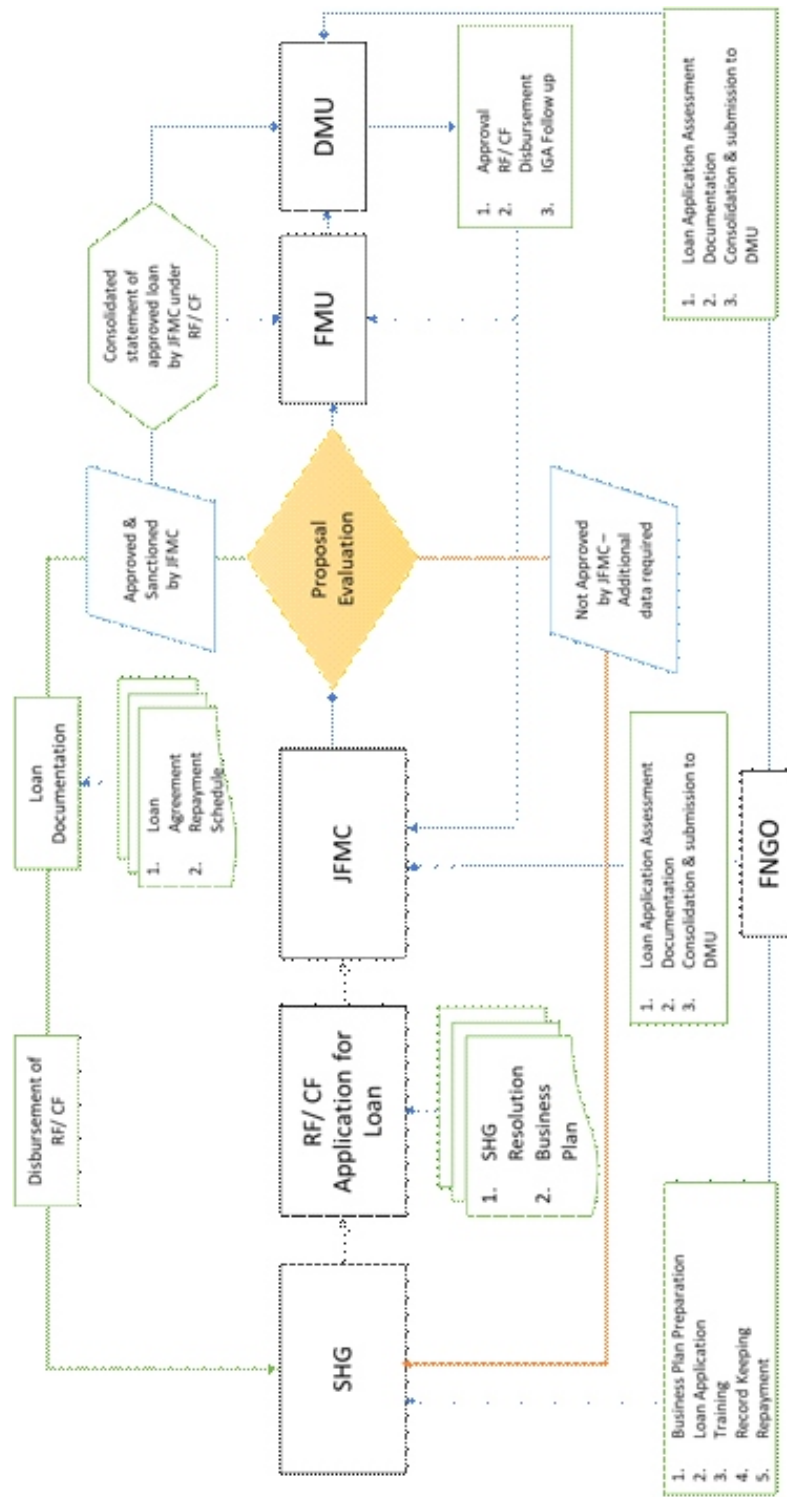


Figure 4 Flow Chart showing RF/ CF sanction and disbursement procedure

5.4.DISBURSEMENT OF LOAN UNDER RF

On sanction of the loan application, the Chairperson and Member Secretary of the JFMC shall facilitate to disburse the loan amount to the concerned SHG in their bank account. Before, disbursement of the loan, following documentation and processes shall be followed with the concerned SHGs.

- a) A loan agreement (Annexure III) with key terms and conditions of sanction of RF shall be signed with the concerned SHGs.
- b) The loan agreement shall clearly indicate the interest rate, repayment schedule and penalty clause of delayed repayment of loan by the SHG.
- c) The copy of IGA documents such as business plan, proposal assessment sheet and repayment schedule of the loan shall be enclosed with the loan agreement.
- d) The loan amount shall be transferred to the bank account of the SHG electronically or to be given in form of bank cheque, only when e-transfer facility is not available. At no circumstances, the loan amount under RF shall be given in form of cash.
- e) Prior to the release of the RF to the SHG bank account, the JFMC shall obtain a NO LOAN DUE/ OUTSTANDING CERTIFICATE from the concerned bank where the SHG is holding the bank account. The FNGO shall facilitate to obtain the certificate from the bank while facilitating the IGA Business Plan preparation.
- f) A money receipt shall be obtained from the SHG after the disbursement of the loan under RF.

5.5. REPAYMENT OF LOAN UNDER RF BY SHG

The SHGs taking loan under RF shall be responsible for the repayment of loan in due time as agreed with the JFMC. The loan repayment shall be done as per the loan repayment schedule approved by the JFMC and mentioned in the loan agreement. The FNGO Team shall facilitate the SHGs to ensure that the loan is repaid in due time as per the agreed terms and conditions. The SHGs in their monthly/ weekly meeting shall discuss on the loan outstanding, repayment made and record the same in their resolution book. JFMC EC shall monitor the status regularly and if required meet SHG to put peer pressure for timely loan repayment.

The JFMC may also consider giving interest waiver (partly or fully) to the SHG to encourage timely loan repayment as an incentive. However, the interest waiver can only be applicable in case the SHG have repaid the loan amount with interest in agreed duration and submitted the business plan for second cycle loan. The interest amount paid by the SHG to JFMC may be released as incentive during the release of second cycle loan to the SHG.

The duration of the loan will depend upon the nature of the IGA. In case the IGA is seasonal in nature, then the loan repayment schedule should be made after the crop/ product harvest (example: vegetable cultivation, NTFP collection and sale etc.). In case the IGA has a regular cash flow viz. small business such as grocery store, trading, tailoring etc. the loan repayment schedule should be monthly. However, it is the discretion of the JFMC to decide the loan repayment schedule and number of instalments in consultation with the SHG during sanction of RF.

5.6. PENALTY CLAUSES FOR NON-PAYMENT OR DELAYED PAYMENT OF LOAN UNDER RF BY SHG

The SHG members that have availed loan under RF shall be liable to pay penalty for non-payment or delayed payment of loan instalments. The amount of penalty shall be decided by the EC of the JFMC and mentioned in the loan agreement. However, the EC shall be considerate in imposing or relaxing penalty keeping the unavoidable situations such as natural or economic disasters or any specific challenges or issues faced by the SHG or its members.

6. OPERATIONALIZATION AND MANAGEMENT OF CHALLENGE FUND

In addition to Revolving Fund (RF), NFMP provisions for Challenge Fund (CF) upto an amount of Rs.72,000/- to support successful IGAs taken up by better performing SHGs. While three SHGs would be supported under RF in each JFMC, one SHG out of these three SHGs will be supported with CF to take up higher order micro enterprise activity with credit support from nationalized or commercial bank or other financial institutions.

The JFMC shall decide the extent of loan support to be provided to the SHG under CF based on their business plan, working capital requirement and amount of bank finance sought. Ideally the CF shall be used as a gap filling funding to the SHGs to access loan from any scheduled nationalized or private commercial bank. Loan under CF to the SHGs shall only be sanctioned by the JFMC in following conditions:

- a. The SHG has successfully utilized RF loan in taking up IGA and repaid the RF with interest within the given duration.
- b. The SHG never failed or delayed in repayment of loan taken under RF.
- c. The SHG managed to earn profit from the IGA taken up with the support of RF. In case SHG incurred loss in the IGA taken up under RF support shall not be encouraged to seek funding under CF. In such cases, second cycle RF support may be considered.
- d. The SHG shall have approved bankable IGA plan from any scheduled nationalized or private commercial bank. The FNGO shall assist the SHG to prepare the bankable IGA plan and facilitate with the bank for financing.

In addition to the above condition, for sanction and disbursement of the CF by the JFMC, the guidelines for sanction and disbursement of RF shall be followed as prescribed under section 5 above.

7. ADDITIONAL FUND MOBILIZATION FOR IGA THROUGH CONVERGENCE

The allocated funds under RF and CF may not always meet the credit requirements of SHGs to take up IGA. Therefore, external collaboration with credit support agencies viz. government, banks, financial institutions such as Micro Finance Institutions (MFI) etc. should be facilitated to meet the demands of funds for micro enterprises.

Convergence with various schemes and programmes is necessary for sustenance RF & CF in a continued basis. These loans, when availed, should be reflected in the Business Plan and loan application of SHG as additional funding. However, this additional funding shall not be reflected in the books of JFMC and the follow up for repayment by the SHGs may not be the responsibility of the JFMC. The following are few potential institutions/schemes/programmes JFMC may collaborate or converge to meet their mutual interest.

7.1. SHG-BANK LINKAGE

Efforts shall be made to ensure SHG Bank Linkage to augment higher level of investments on IGA taken up by SHGs. These are mainstream programmes being operated by banks with the support of government. Such support would enable the SHGs to scale up their enterprise and will have a direct access to mainstream finance instead of depending upon RF or CF. With the assistance and facilitation by FMU & FNGO team, JFMC should engage with the local banks and financial institutes to facilitate financial support to the SHGs through Bank Linkage. Accordingly, the SHGs needs to be groomed and made capable to mobilise credit support from banks.

7.2. NSRLM INTERFACE

Nagaland State Rural Livelihood Mission (NSRLM) the State Mission of National Rural Livelihood Mission (NRLM) has been supporting the SHG movement and livelihood promotion in the State. This national mission adopts 10 rule-based principle (Dasa Sutra) to promote and capacitate women SHG. The mission supports in terms of capacity building, training, seed money, credit at a lower rate of interest and facilitates bank linkage. It is an enabling platform for creating enhanced social mobilization, institution building, empowerment process, facilitating knowledge dissemination, skill building, access to credit, access to marketing and access to other livelihoods services. Thus, FNGO, FMU and DMU will facilitate the JFMCs to ensure that the SHGs supported under NFMP are linked to NSRLM to augment funds, training, exposure, hand holding support and technical knowhow for their IGA activities. At the village level NSRLM have set up Village Organisation (VO) which is the village level federation of the SHGs. Similarly at cluster of village level Cluster Level Federations (CLF) are promoted to support the SHG members in accessing credit and technical services. The FNGO and FMU shall coordinate with the local level staff of NSRLM to augment various supports to the SHGs supported under NFMP. At the state level, the PMU would collaborate with the State Mission Management Unit (SMMU) of the NSRLM to bringing in common guidelines of convergence to avoid duplication of effort and financial support.

7.3. OTHER LIVELIHOODS PROJECT INTERFACE

There are several state sponsored and externally aided projects being implemented in Nagaland for livelihood promotion of women and marginalized groups. Such projects or schemes are externally aided projects and state schemes from Land Resources Department, Horticulture Department etc. NFMP needs to review the options and possibilities of convergence with these projects. At the DMU level such convergence plans should be prepared and discussed during the District Advisory Committee Meeting to get additional financing and support to the SHG members taking up IGA.

7.4. ADDITIONAL LOAN THROUGH PARTNERSHIP WITH MFI

NFMP may also look forward to partner with Micro Financing Institutions (MFI) operating in the state to invest funds with SHGs to take up or scale up their IGA. In addition, such possibilities will also enable the SHG members to seek loans for their consumption needs individually or as group.

8. BUSINESS DEVELOPMENT SERVICES FOR SUCCESSFUL IGA

8.1. PRODUCT PROFILING

Product profiling is an important element for successful promotion of IGA as well as for promotion of cluster based IGAs. It includes understanding and documentation of product, its seasonality, available volume, present form of marketing, possible areas of intervention to develop the product, potential collaborators/ resource agencies who can provide value addition/ marketing/ financial/ infrastructural support. For each potential product division/ district specific product profiling information sheet may be prepared. JFMC wise product profiling sheet may be prepared during the micro planning process. This will help in targeting of 1-2 product at JFMC level and help in future to set up cluster in more logical manner. To prepare the product profiling information at the SHG, JFMC and subsequent consolidation at the cluster/ division level suggested format is attached as Annexure IV(A-C).

8.2. PREPARATION OF BUSINESS PLAN

For potential IGAs common Business Plan format (Annexure II) shall be used by the SHGs. It contains basic information on type of IGA proposed, a fund flow showing activities and unit cost and expected returns, total investment required and return expected, RF/ CF support required from JFMC and other funding sources, period of repayment, rate of interest and declaration not to use the RF support other than agreed IGA work.

8.3. HANDHOLDING SUPPORT

Considering the nature of IGA to be promoted either at the SHG level or at cluster level, support from PMC, resource person, FNGO team, livelihood expert at the DMU level would provide handholding support to targeted SHGs at different level. These handholding support will include conducting training programme for the SHG members on skill and IGA management, supporting them in leveraging input linkage, value addition, market linkage, assisting in record keeping, motivating, and mentoring the SHGs.

8.4. MARKET LINKAGE

SHGs need to be supported to aggregate their products and to sell in a relatively higher-level market outside their village or nearby market. FNGO shall assist the SHGs in aggregating and marketing the products of the SHGs. However, this should not limit the SHGs to explore their own marketing/ business skill or network. Possible scope for expansion of SHG's activity within the project should be prioritized. For cluster level IGA, specialized agencies may be engaged to ensure higher level market linkage with proper value addition and packaging. Such support would be considered by the NFMP based on the IGA implementation experience and learning.

8.5. PROFIT SHARING

Depending upon the financial investment and effort level of individual SHG members/ SHGs on their IGA, proportionate profit sharing shall be encouraged. Overall proposed profit sharing would be around three areas:

- a. The SHG may consider keeping one part of profit in the SHG for their institutional strengthening and capacity building purpose in future.
- b. The remaining part of the profit should be proportionately distributed among individual members of the SHGs.

9. MONITORING & EVALUATION OF IGA

9.1. ROLES AND RESPONSIBILITY OF DIFFERENT STAKE HOLDERS

For monitoring, financial support and coordination of IGA interventions DMU shall follow up with the JFMC through the FNGOs. The Livelihood Expert at the DMU level and Field Coordinator (Livelihoods & IGA) at the FNGO shall update the guidelines and road maps to streamline the IGA process. They will assist FMUs and JFMCs to initiate this process and provide necessary technical support in field. FNGO to take active role particularly around SHG identification, finalization of IGA activities, to coordinate between JFMC and SHG, support to SHG in preparation of Business Plan, handholding support to strengthen SHG's institutional strengthening process. In case of cluster level micro enterprise, role of FNGOs is to be extended for coordination and follow up such activities. Foundation for IGA is effective training and capacity building of the SHG members, which shall be imparted by FNGOs at FMU/ DMU level. For skill trainings, cluster activities, preparation of cluster Business Plan, value addition training, market linkage and cluster institutional strengthening expert agency/ resource persons to be hired based on need.

9.2. M&E, MIS AND GIS

Monitoring of IGA will be integrated with the NFMP MIS & GIS monitoring system for tracking the progress of IGA activities and providing timely feedbacks. While project's integrated M&E system will link and ensure regular monitoring, local institutional mechanism through FNGO should be integrated for data collection and sharing feedback at field. NFMP's web-based MIS system will help monitoring the following IGA output and outcome indicators.

- i. Coverage of targeted SHGs and utilisation of RF & CF.
- ii. Number of times loan amount revolved.
- iii. Increase in loan absorption capacity of SHGs.
- iv. Number of SHGs participating in cluster level IGA.
- v. Incremental income to the SHG and its members.
- vi. Return on investment by SHGs.
- vii. Income (gross profit) per member.

9.3. PARTICIPATORY MONITORING OF IGA ACTIVITIES

While gradation of SHGs will also be used as a tool for participatory monitoring of performance of the SHG, the JFMC shall adopt mechanism to ensure participatory monitoring of the IGA activities. For this purpose, the JFMC will conduct periodic assessment of the IGAs taken up by selected SHGs. Following steps should be followed for conducting the participatory monitoring of the SHGs by the JFMC facilitated by FNGO and FMU.

- The JFMC shall conduct separate meeting with SHG members who have taken up IGA under NFMP preferably before/ after the monthly JFMC meeting.
- During the meeting the JFMC shall discuss the progress of the IGA activities, its functioning, time devoted by the members and any other operational issues experienced by the members.
- The JFMC shall try to address the key issues and seek assistance of FNGO or FMU for that purpose.

10. CHALLENGES IN PROMOTING IGA AND HOW TO OVERCOME IT

It has been experienced from similar projects in India that SHGs faces several challenges in operationalising IGA. Similar challenges may also be experienced under NFMP while supporting SHGs for IGA. Following are some of the challenges the DMU, FMU and FNGO may experience during promoting IGA.

- a. Operational challenges in maintaining bank account of SHGs due to low penetration of bank branches in Nagaland. In such a context, the FMU with the support of FNGO needs to ensure that the bank account of SHGs is opened at the nearest bank branch.
- b. Operational cost of banking transactions for SHGs would be higher due to difficult geography and road connectivity problem. The FMU and FNGO needs to organise support in a manner that the Community Mobiliser assists the SHG leaders in scheduling their banking transactions in a same day, so the Community Mobiliser can help them reaching out the bank and coordinate with the bank for smooth operations. Preferably, the FMU and FNGO shall fix a specific date in each month for SHG banking operation in consultation with the branch manager of the concerned bank.
- c. Facilitating credit linkage with banks to facilitate SHGs to take higher amount of loan. It is often seen that the bank staff perceives high risk in sanctioning loans to SHG women members and have extremely low level of trust and confidence. The DMU and FNGO may take up confidence building measures with bankers at the district level through frequent meetings, orientation and field visits to successful IGA sites. A purposive exposure to bankers will enhance their confidence over SHGs and they would consider sanctioning higher ticket size loans to the poor SHG women members.
- d. Low level of literacy among women SHG members may affect the quality of record keeping. The Community Mobilisers and Supervisors at the FNGO should assist the SHGs during initial days for

- updating their record. Master Bookkeepers are engaged under NSRLM whose support may be sought by the FNGO for assisting the SHGs in their record keeping.
- e. Low level of skill and capacity of women SHG members may affect the IGA taken up by the SHG. The FNGO should take up scheduled trainings for the SHG women members and provide handholding support in implementing the IGA.
 - f. Non availability of adequate storage, transport and processing infrastructure may affect the IGA of SHGs. The DMU and FNGO may collectively explore possibilities of convergence with various departments or organisations to arrange such support and facilitate establishment of storage godowns, processing units etc. at the cluster level for value addition and processing of primary produces.
 - g. Dependency on external facilitator based group processes and gradual withdrawal of such facilitation support affects the group functionality and sustainability. In course of facilitation support provided by FNGO, the FNGO team should guide and encourage the SHG leaders to do the record keeping, accounting, IGA activities etc. by themselves instead of the FNGO staff doing it for the SHGs.

11. SUSTAINABILITY OF IGA INTERVENTIONS UNDER NFMP

The sustainability of the IGA interventions with the under NFMP shall be assessed on a continuous basis without waiting till the end of the project. In quarterly intervals the FNGO along with the JFMC shall track the sustainability aspect of the RF/ CF support provided under NFMP. Some of the critical factor that may affect the sustainability of the IGA interventions and RF/ CF management, and its mitigation process are given below:

- Appropriate selection of the SHG: The initial selection of the SHG is important for the sustainability of IGA interventions. Any SHG holding too much savings or SHGs with multiple loans or bad repayment history, if selected may affect the sustainability of the IGA. Within the selected SHGs the FNGOs shall ensure that the support provided shall not be captured by elite or active members only. Equity in distribution of the support shall be maintained.
- Coverage of targeted SHG and use of RF: One of the basic criteria is all targeted SHG must be covered and desired RF/ CF must be provided to these SHGs in time. Second aspect is to ensure productive use of RF/ CF for which it is requested by SHG and sanctioned by the JFMC. Any alternate use (For example using RF/ CF for consumption needs) or mis-utilisation or underutilisation of RF/CF will affect the sustainability of the intervention.
- Tracking number of times JFMC revolved the RF: Timely repayment of RF and number of times it is revolved at JFMC level is a key indicator of success. Even in a loss situation, if SHGs are repaying the RF it indicates improved sustainability of use of RF.

- Ensuring increase in RF absorption capacity of SHGs: In each loan if SHGs are requesting for more RF support and investing more proportionate amount from their own fund it defines their increasing loan absorption capacity and confirms their enhanced entrepreneurship skill.
- Involving more SHG in cluster activity: Involvement of more SHG in a particular cluster activity not only confirms the coverage of more area and scope of higher volume aggregation but also confirms enhancement of input and market support around this activity and more access to RF.

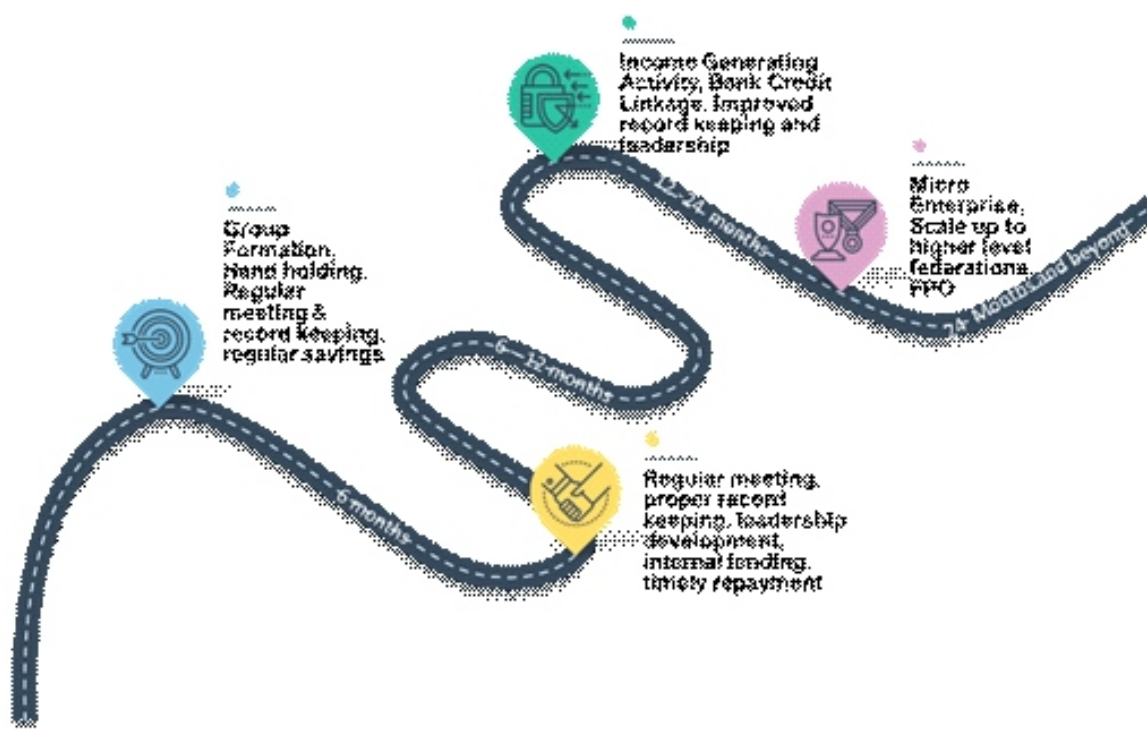


Figure 5 IGA Sustainability and Growth path for SHGs

ANNEXURE I: LOAN APPLICATION & DUE DILIGENCE FORM FOR AVAILING RF/ CF SUPPORT FROM JFMC

To

Date:

The Chairperson/ President

JFMC

Village

District

Sub: Request for sanction of loan from Revolving Fund/ Challenge Fund under NFMP.

Sir/ Madam,

We the following undersigned members of the _____ SHG of _____ Village hereby submit our loan application to seek Revolving Fund/ Challenge Fund support under NFMP.

- a. Types of Loan applied: Individual/ Group.
- b. Purpose of Loan:
- c. Business Development Plan (BDP) attached: Yes/ No.
- d. Resolution Number and Date of SHG meeting: Number _____; Date: __/__/____
- e. Proposed own/ SHG contribution (in Rs.):
- f. Proposed start month/year for repayment of loan.
- g. Estimated duration of loan repayment (in months):

We the members of the _____ SHG, do hereby confirm that we are taking the responsibility of repayment of loan including both principal and interest. The loan will be used for the purpose for which it has been taken.

Yours faithfully,

Signature of the
members of the SHG

Enclosure:

1. Copy of the resolution passed in the SHG.
2. Copy of the Business Development Plan (BDP) prepared for the purpose.

For use of JFMC Executive Committee

Data/ Information to check	Score (1-5)
Completeness of Loan Application, IGA Business Plan, Copy of SHG Resolution etc.	
Group Savings, Internal Lending, Repayment, Previous Credit record, Proposed Repayment Schedule, Proposed Cashflow	
Inclusion of poorest members, Meeting Frequency & Members attendance	
Product Profile, Proposed Value Addition, Market Demand, Market Price, Profitability	
Potential Risk and Assumptions	

The loan application submitted by _____ SHG is discussed in the JFMC meeting Resolution No. _____ held on dated __/__/____ and approved/ rejected. The loan is sanctioned with an interest rate of ____% and for a duration of _____ months starting from __/__/____.

President/ Chairperson

Member Secretary

ANNEXURE II: BUSINESS PLAN FORMAT

Annexure II: Business Plan Format

A. Basic Information

1	Name of the SHG:	
2	Village Name:	
3	JFMC Name:	
4	Total Members of SHG:	
5	Bank Account Number:	
6	Balance amount in the Bank (Rs.):	
7	Current Loan outstanding to Bank/ Financial Institution/ JFMC (Rs.):	
8	Current Loan outstanding from SHG Members (Rs.):	

B. Business Plan

i. Name of the proposed Business:

ii. Number of SHG Members involved in the Business

iii. Input Activities and Cost:

Sl. No.	Input Cost Categories/ Activities that involves expenditure	Category (Fixed/ Variable)	Units of measurement	No. of Units	Rate (Rs.)/ Unit	Amount (Rs.)
a	b	c	d	e	f	g = e x f
1						0
2						0
3						0
4						0
5						0
6						0
7						0
8						0
9						0
10	Sub total					0

iv. Output Products and Sale Price

Sl. No.	Products/ Produces to be generated as output by the SHG	Seasonality (Month when it will be ready to sale)	Units of Measurement	Number of Units	Sale Price (Rs.)/ Unit	Amount (Rs.)
a	b	c	d	e	f	g = e x f
1						0
2						0
3						0
4						0
5						0

v. Investment Analysis (Sources of Funds)

Sl. No.	Source of Fund	Amount (Rs.)	Agreed Annual Rate of Interest	Loan Duration (in months)	Total Interest Payable	Remarks
a	b	c	d	e	f	g
1	Own Fund (from group savings or member's contribution)				0	Excellent
2	Grant/ Support from convergence (e.g. NRSRLM, LRD, PMVDY etc.)				0	
3	Loan from Bank/ Financial Institution (e.g. SBI, Uco Bank etc.)				0	
4	Revolving Fund/ Challenge Fund from NFMP				0	Excellent
5	Any Other				0	
TOTAL INVESTMENT (in Rs.)		0			0	Perfect
6	Number of Installment					
7	First Installment Due Date					

vi. Business Analysis

vii. Investment Analysis

vii. Repayment Analysis

Sl. No.	IGA Components	Amount (Rs.)	Investment Ratio	Percentage	Installment Due	Amount (Rs.)
1	Input Cost	0	Own (SHG's) Fund	#DIV/0!	00-01-1900	#DIV/0!
2	Interest	0	Convergence	#DIV/0!	30-01-1900	#DIV/0!
3	Estimated Revenue	0	Bank	#DIV/0!	29-02-1900	#DIV/0!
4	Profit [3-(2+1)]	0	RF/ CF	#DIV/0!	30-03-1900	
5	Cost Benefit Ratio [3/(1+2)]	#DIV/0!	TOTAL	#DIV/0!	29-04-1900	

Prepared by:

Verified By:

Recommended by:

_____ SHG

_____ FNGO

_____ FMU

ANNEXURE II: BUSINESS PLAN FORMAT

LOAN AGREEMENT FOR RELEASE OF REVOLVING FUND/ CHALLENGE FUND UNDER NFMP

This agreement is signed between _____ JFMC, represented by _____, Chairperson of village _____, _____ District, Nagaland.

And

_____ SHG, represented by _____, President/ Secretary of village _____, _____ District, Nagaland.

Whereas

The JFMC has sanctioned loan amount of Rs. _____ (in words _____) to the SHG under Revolving Fund/ Challenge Fund as per the following terms and conditions.

- i. The SHG shall utilise the loan for the purpose of taking up _____ IGA by its members only. In any circumstances the SHG or its members shall not utilise the loan amount for any other purpose.
- ii. The SHG shall pay an annual interest of ____ % (in words _____ percentage) on the loan amount to the JFMC.
- iii. The duration of the loan is for ____ months starting from ____/____/____ and ending on ____/____/____. The loan repayment scheduled is attached at Appendix 1.
- iv. The SHG agrees to repay the principal and interest amount to the JFMC within the agreed period and as per the repayment schedule. In case of delay in repayment of the loan the JFMC will impose penalty on the SHG. The SHGs repaying the loan amount with interest in time will be eligible to receive incentive in form of interest subvention in their next loan cycle.
- v. The SHG agrees that in case of loss in their business or any unprecedented occasion the loan amount will be repaid by the SHG members either from their savings or by members contribution for the larger interest of the village.
- vi. The JFMC agrees to provide training, and facilitation for bank linkage, value addition and marketing etc. to the SHG.

Signature

Signature

Chairperson/ Member Secretary

President/ Member Secretary

_____ JFMC

_____ SHG

Sl. No.	Date	Principal (Rs.)	Interest (Rs.)	Total (Rs.)	Remark

Annexure IVA: SHG Gradation Compilation Format for RF/ CF linkage (to be collected in each JFMC by FNGO Team)

Name of the JFMC: _____ Name of the FNGO: _____

Name of the FMU: _____ Name of the DMU: _____

Sl. No.	SHG Name (as per Bank Account)	Regularity of Meeting	Regularity of Savings	Frequency of Internal Lending	Regularity in Repayment	Regularity in Record Keeping	Total Score
1	2	3	4	5	6	7	8

Note: The rating under column number 3 to 7 shall be made in a scale of 1 -5 based on the gradation of the SHG. For SHG Gradation Format please refer to the SHG Management Manual.

Prepared by:	Verified By:	Endorsed By:	Approved By:
Supervisor/ Community Mobiliser	Field Coordinator (Livelihoods & IGA)	FMU Head	DMU Head
FNGO	FNGO		

ANNEXURE IVB: LIVELIHOOD ASSESSMENT OF SHG FOR RF/ CF LINKAGE (TO BE COLLECTED IN EACH JFMC BY FNGO TEAM)

Name of the JFMC:

Name of the FNGO:

Name of the FMU:

Name of the DMU:

Sl. No.	SHG Name (as per Bank Account)	Number of Members	Main Occupation (Distribute number of members as per their primary occupation)					Previous Experience of IGA			Name & Types of IGA proposed
			Farming/ Agriculture	Wage Employment	NTFP/ Forest Produce Collection & Sale	Self- Employment/ Small Business/ Livestock	Service (Govt./ Private)	IGA Name & Type	No. of Members involved	Turnover (Rs.)	

ANNEXURE IVC: POTENTIAL PRODUCT PROFILING FOR LIVELIHOOD PROMOTION OF SHG

Name of the JFMC:

Name of the FNGO:

Name of the FMU:

Name of the DMU:

Sl. No.	IGA/ Product Name	Estimated Stock in JFMC Area	Unit of Measurement (Kg, Pieces, bunch,Tina, Litre etc.)	Local Market Price/ Unit (Rs)	Prevailing Marketing Practice (sold at village market, nearby town, district market, Kohima, Outside the state, to traders visiting village etc.)	Does the committee members are currently availing or previously availed following services from any of the institution/ organisation. If Yes; please mention the name and contact details.	Priority for Taking up the product under NFMP Rank it. 1 is the most priority activity)				
					[Multiple responses allowed]	Value addition/ Skill Training	Marketing Support/ Facilitation	Infrastructure/ Transport/ Storage Facility	Institutional Development Support such as training, exposure, registration, record keeping etc.	Any other	

Prepare by:

Supervisor/Community Mobiliser

FNGO

Verified By:

Field Coordinator (Livelihood & IGA)/ Team Leader

FNGO

Endorsed By:

FMU Head

Approved:

DMU Head

APPENDIX A: LIST OF PRODUCTS FOR PREPARATION OF BUSINESS PLAN

Sl. No	Product	Sub-Product
1	Mushroom	Fruit
2	King Chilli	Pickle, Powder, Dried Chilli
3	Piggery	Livestock
4	Poultry	Livestock
5	Bamboo	Pickle, Dry Shoot, Handicrafts, Incense stick, straw
6	Bee Keeping (Wild)	Honey
7	Banana	Fibre, Chips
8	Handicrafts	Miniatures
9	Handlooms	Mufler, Jacket, Minatures
10	Pineapple	Jam, Vinegar, Juice and Wine
11	Areca nut	Plates, Porcessed Nuts
12	Ginger	Dried, Pickle, Paste, Candy
13	Indian Gooseberry (Amla)	Juice, Candy, Dried
14	Wild Apple	Juice, Jam, Wine
15	Kiwi	Juice, Jam, Wine
16	Orange	Juice, Wine
17	Sericulture	Silk
18	Broom Grass	Broom
19	Maize	Poultry Feed, Pig Feed

Disclaimer:

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ABOUT NAGALAND FOREST MANAGEMENT PROJECT

The Project is an Externally Aided Project supported by an International Agency i.e. Japan International Cooperation Agency (JICA) aiming to improve forest ecosystem and support income generation by rehabilitation of Jhum area and provision of livelihood support, thereby contributing to sustainable forest and environmental conservation and livelihood improvement in the target villages in Nagaland State. The project has a target to cover 185 villages involving all Districts of the state and 22 Forest Range & Beats and will be spread over a period of 10 years.

This project has following three components:

- * Forestry interventions and biodiversity conservation
- * Livelihood improvement and community development &
- * Institutional strengthening

