



GOVERNMENT OF ASSAM

অসম ৰাজ্যিক গ্ৰামীণ জীৱিকা অভিযান

ASSAM STATE RURAL LIVELIHOODS MISSION SOCIETY

NABAJYOTI NAGAR, SIVA NATH GOGOI PATH, GUWAHATI, ASSAM-781037



No. ASRLMS/VRF-FI/352/2014-15/97

Date: 27.06.2016

To

The Deputy Commissioner, All Districts  
The Project Director, DRDA-All Districts  
District Project Manager, Intensive Districts, ASRLMS  
Block Development Officer, Intensive Blocks  
Block project Manager, Intensive Blocks, ASRLMS

**Sub.: Revised Guidance Note on Vulnerability Reduction Fund (VRF) to eligible Village Organizations (VOs) in Intensive Blocks under ASRLMS.**

Ref. No.: 1) ASRLMS/VRF-FI/352/2014-15/ 65 dtd.17.10.2014

2) ASRLMS/VRF-FI/352/2014-15/ 78 dtd.31.10.2014

Sir/ Madam,

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

**A. VRF amount:**

VRF is a part of Community Investment Fund (VRF). The amount of VRF to each VO is determined by the number of members in the SHGs enrolled under that particular VO. The amount can be calculated based on the following criterion:

- @ Rs. 1500/- per member, if member belongs to general category;
- @Rs. 2250/- per member, if member belongs to SC, ST and other vulnerable household as per SECC deprivation criteria (Such as; Female headed households with no adult male member between age of 16 to 59)
- upto @ Rs. 3000/- per member, if member belongs to PVTG (Particularly Vulnerable Tribal Group) & PWD (Person with Disabilities).

**The Mission provides VRF to VO in two instalments:**

1. **Instalment I** – Upto 60% of the total amount after determining the amount on the basis of the above criterion.
2. **Instalment II** – Rest of the amount.

**B. Eligibility Criteria**

1. **Release of 1<sup>st</sup> Instalment of VRF to VO:**

- VO must have completed 3 (three) months and actively functioning.
- VO office bearers must have been selected.
- VO must have SB A/c.
- VO must have been conducting regular meetings.
- Executive committee must have been constituted and functioning.
- VO must have trained Book-keeper
- VO must have updated Books of record (such as: Minutes book, Cash book, General ledger, Loan ledger etc.).
- Sub-committees should have been constituted and functioning.
- **VO must constitute VRF sub-committee prior to submission of demand for releasing of 1<sup>st</sup> instalment of VRF.**

**The respective BMMU will provide training to VRF Sub-Committee on VRF Management prior to release of VRF.**

**The eligible VO will submit demand for VRF to the CLF or directly to the BMMU, if CLF is absent.**

**2. Release of 2<sup>nd</sup> Instalment of VRF to VO:**

VO should have-

- a) Successfully disbursed at least 60% of the amount of 1<sup>st</sup> instalment to SHGs members or other vulnerable people.
- b) Introduced 1-2 activities to address vulnerability like i) Members' contribution towards VRF amount; For instance, an amount of Rs. 5/- (this is indicative, the VO may fix the amount related to VRF contribution) by each SHG member of the Village every month, ii) Providing assistance to people (orphans, elderly, destitute etc.) those who cannot be supported by SHGs etc.
- c) An appraised Vulnerability Reduction Plan (VRP) of the village.

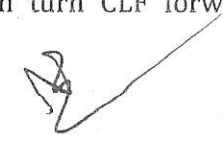
**C. Process of releasing VRF:**

**1. Release of 1<sup>st</sup> instalment of VRF from Mission to VO:**

- a) Eligible VO needs to make a demand for releasing of VRF. The amount may be determined by the VO on the basis of the number of members and their category. **Annexure-III** may be followed for calculating the demand. The concerned Block Coordinator/Community Cadre will facilitate the VO, where CLF is not promoted so far. In case of existence of CLF the demand should be routed through CLF to the BMMU.
- b) BMMU will take approval from the competent authority for release of VRF to the eligible VO and will recommend to the concerned unit for further course of action. Accordingly, VRF will be released to the eligible VO as per the Fund Disbursement Module of ASRLMS.
- c) After receiving the demand from VO, the BMMU should process it within 15 days of receiving the demand.

**2. Release of 2<sup>nd</sup> instalment of VRF from Mission to VO:**

Eligible VO submits an appraised **Vulnerability Reduction Plan (VRP)** for their village to CLF (or to BMMU where CLF is absent) and in turn CLF forwards to concerned BMMU.

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VRP includes plan addressing special/ particular needs of vulnerable people.

- Special Plan for Tribal's, PVTG, PWD, Elderly and other vulnerable people SHGs.
  - Gender Action plan
  - FNHW (Food Nutrition Health and WASH) Action plan
  - Specific Plan for vulnerable destitute outside SHGs.
- VRP must be prepared in a participatory manner. The detailed process and template for preparation of VRP will be communicated soon.
  - VRP must be appraised by the CLF representatives at the VO itself (if CLF is not promoted or not in place, leaders of other VOs and Mission staff of concerned BMMU must initiate a collaborative effort to appraise the VRP).
  - BMMU will take approval from the competent authority for release of VRF to the eligible VO and will recommend to the concerned unit for further course of action. Accordingly, the amount of 2<sup>nd</sup> instalment of VRF will be released to the eligible VOs as per the Fund Disbursement Module of ASRLMS.

The VO will submit an Utilization Certificate to the BMMU within 30 days of receiving each instalment of VRF.

**D. Management of VRF :**

1. *VRF sub-committee must carry sufficient amount well in advance as agreed by VO to meet emergency needs.*
2. *VO should maintain separate General ledger and loan ledger for VRF for effective and proper utilization of the fund.*
3. *In any case, contribution towards VRF by the members/SHGs should not be considered as Savings. It must be recorded separately.*
4. **Releasing VRF to SHG/SHG members/non-members by VO:**

**a. For members:**

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

- I. Member(s) may put up a demand to the concerned SHG as per need.
- II. SHG appraises the demand (s) and recommends within 24 hours and immediately approaches to the VO Secretary and VRF Sub-committee.
- III. VRF Sub-committee (desirable all members of sub-committee) and VO Secretary analyse the extent of urgency and based on it, they may release an immediate relief upto Rs. 5000/- to the member(s) (this relief amount is only an indicative, VO may fix the amount on their own).
- IV. In upcoming VO-EC meeting concern SHG should present the case and VRF sub-committee should seek post facto approval of the VO-EC.
- V. Based on assessment, VO-EC may take appropriate decision.

**Other cases:**

- I. Member(s) should put up a demand to SHG as per need.
- II. SHG appraises the individual request and consolidate the request at group level and submit the request to VO within 4 days.

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- III. VRF sub-committee appraises the request and seek approval of the VO-EC and after due approval the VRF sub-committee should release the amount to the SHG.
- IV. Once the Funds received at SHG level, subsequently the SHG releases the amount to member(s) within 3 days.

**b. For non-members:**

- I. Any non-SHG member of village who need support should submit the request to VO or VRF sub-committee with details of his/her family background, vulnerabilities, purpose and amount required.
- II. VRF sub-committee appraises the request within a week and seek approval of the VO-EC.
- III. Based on the appraisal, VO-EC may take appropriate decision and release the amount with suitable term and condition set by the VO.
- IV. A non-member can avail support from VRF, as loan or as interest free loan. However, the total amount of loans extended to non-member, should not exceed 20% of the VRF released to VO by Mission.

**c. For SHGs:**

In case of collective action or group activities

- I. SHG should put up a demand to VO or VRF sub-committee.
- II. VRF sub-committee appraises the request and recommends to VO within 7 days.
- III. Based on the recommendation, VO-EC may take appropriate decision and amount may be released with suitable term and condition set by the VO.

**d. For VO:**

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

- **Repayment/Recovery of VRF:** In case of grant, the member will submit a declaration within 30 days from the receipt of the fund, explaining that the fund has been used for the purpose for which it was taken from the VO. In case of loan (whether interest is involved or not), it is suggested to repay the loan on monthly instalments. However, in deserving cases, on request from the loanee (member/non-member), terms of repayment including moratorium may be suitably tailored at the discretion of VO-EC. The concerned SHG (in case of member) and the VRF Sub-committee (in case of non-member) will be responsible for repayment/recovery of loans under VRF.

**E. Norms for fund disbursement:**

- The amount of VRF could be given as a grant to member or loan without interest or with low interest at the discretion of the VO.

- VO can raise/mobilize funds from other sources such as Govt. departments, organizations, institutes etc. for VRF and can be given as grant or as per the discretion of VO-EC.
- As decided by VO-EC, VRF can be released in multiple instalments and the interest rate can be less than what is charged for CIF loans.
- **Interest generated from VRF Loan:** The interest generated from VRF Loan, may be released to any vulnerable individual/family (not necessarily an SHG member) as VRF Loan (maximum 6% interest rate per annum), or Interest Free Loan or as Grant as per the discretion of the VO-EC.

The VO may utilize maximum 90% of the Total VRF at any given point of time, keeping aside the remaining 10% as reserve. This ratio may be changed subject to approval of SMMU.

**For calculation of Total VRF following equation may be followed:**

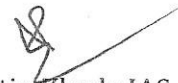
**Total VRF=** Members' contributory fund + VRF Received from Mission + Interest from VRF Loan - VRF Grant

**This guidance note supersedes the earlier guidelines referred herewith on VRF.**

**This guidance note will come into force with immediate effect.**

This is for your information and to take necessary action.

Yours faithfully



Nitin Khade IAS

State Mission Director, ASRLMS

**Memo No: ASRLMS/VRF-FI/352/2014-15/97-105-A**

**Date: 27.06.2016**

**Copy to:**

1. The Additional Chief Secretary to the Govt. of Assam, P&RD Department for favour of kind information
2. The Commissioner, P & RD Department, Govt. of Assam for favour of kind information
3. The Principal Secretary, BTAD Districts, Karbi Anglong and Dima Hasao District for information
4. Office copy



Nitin Khade IAS

State Mission Director, ASRLMS

(To be translated into local language, strike off whichever is not applicable)

To

The Block Project Manager  
 .....BMMU  
 District: .....  
 Date: .....

Through, The President of .....CLF (where CLF is functioning)

**Sub.: Request to Release 1<sup>st</sup>/2<sup>nd</sup> Installment of Vulnerability Reduction Fund (VRF).**

Sir,

We, on behalf of ..... VO(Name of the VO), Vill. ...., P.O. .... Block  
 ..... Dist. ...., Assam request you kindly to release 1<sup>st</sup>/2<sup>nd</sup> installment of  
 VRF to our SB a/c as detailed hereunder. We fulfill all necessary criteria for availing the VRF and also  
 assure you that we will use this fund for the purpose as it is meant for. The necessary documents are  
 enclosed herewith.

VO Code : .....  
 Account Name : .....  
 SB a/c no. : .....  
 Branch Name : .....  
 Bank Name : .....  
 IFS Code : .....  
 Amount of VRF (as per demand): Rs.....  
 Amount of VRF (in words): Rupees .....

Encl :

1. Photo Copy of Resolution of EC meeting deciding to request for VRF
2. Profile of the VO (Annexure II)
3. Demand Sheet (Annexure III)
4. Copy of Village Vulnerability Report (for 2<sup>nd</sup> Installment only)

Yours faithfully

Secretary (VO)  
 (Signature with Seal)

President (VO)  
 (Signature with Seal)



### Comprehensive Profile of Village Organization (VO)

1. Name of the VO: .....

2. VO code:

3. Geographical Details:

District	Block	Cluster	GP	Village

4. Date of formation:

5. Total No. of SHG holding membership in VO: .....

6. Total Members in the VO: .....

7. Category wise member in the VO.

No. of member from General Category	No. of member from SC, ST and Other Vulnerable Member as per SECC deprivation criteria	No. of member PVTG & PWD

8. No. of GB meeting held: .....

9. No. of EC meeting held: .....

10. % of attendance in EC meeting: .....

11. Frequency of EC meeting: .....(fortnightly/monthly)

12. Total members contribution towards VRF (if any): ..... (Rupees in word.....)

13. Quantum of saving per members towards VRF (if any): ..... (Rupees in word .....

14. Corpus of the VO: .....(Rupees in word.....)

15. Bank details:

Bank Name: .....

Branch Name: .....

A/c No: .....

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IFSC code: .....

Cash at Bank (in Rs.): .....

16. Details of CIF ( if received ) :

Date of CIF received	Amount received (Amt in Rs)	CIF amount disbursed to SHGs (Amt in Rs)	CIF amount recovered (Amt in Rs)	% of CIF recovered

Secretary of VO  
Signature with seal

President of VO  
Signature with seal



Name of the VO:

Code:

Date

Template for releasing of 1st instalment of VRF from Mission to VO

Sl. No	Name of the SHG	Total Members in the SHG	Gen. Category			SC, ST & other vulnerable Category		PVTG & PWD members		Amount Required (Amt. in Rs)	Remarks
			Total members	Rs. 1500/- per member (Amt. in Rs)	Total members	Rs. 2250/- per member (Amt. in Rs)	Total members	Rs. 3000/- per member (Amt. in Rs)			
A	B	C	D	E	F	G	H	I	J = E+G+I	K	
1											
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
<b>Total</b>									<b>L=</b>	*	

1 Amount of 1st Installment (60% of L)=  
Amount (in words).....

Secretary of the VO  
Signature with Seal

President of the VO  
Signature with Seal