



STATE OF INDIA'S LIVELIHOODS REPORT 2018

AN ACCESS PUBLICATION

State of India's Livelihoods Report 2018

Edited by
Narasimhan Srinivasan

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List of Abbreviations

ABF	Axis Bank Foundation
ABPS	Automated Barrier Plan System
ACFS	Australian Centre for Financial Studies
AGEY	Aajeevika Grameen Express Yojana
AIF	American India Foundation
APMC	Agricultural Produce Market Committee
ATMA	Agriculture Technology and Management Association
B2B	Business to Business
BC	Business Correspondent
BCAs	Banking Correspondents Agents
BE	Budget Estimate
BFT	Barefoot Technician Module
BMI	Body Mass Index
BMMU	Block Mission Management Unit
BoP	Bottom of Pyramid
BPL	Below Poverty Line
BPO	Business Process Outsourcing
BSE	Bombay Stock Exchange
CDC	Community Development Societies
CEO	Chief Executive Officer
CGAP	Consultative Group to Assist the Poor
CIF	Community Investment Fund
CIIE	Centre for Innovation, Incubation and Entrepreneurship
CIIE-IIMA	Centre for Innovation Incubation and Entrepreneurship-Indian Institute of Management Ahmedabad
CIPAL	Consumer Price Index for Agricultural Labourers
CLFs	Cluster Level Federations
CLS	Credit-linked Subsidy
CLSS	Credit-linked Subsidy Scheme
CMF	Centre for Microfinance
CMIE	Centre for Monitoring Indian Economy
CMRCs	Community Managed Resource Centers
CPI	Consumer Price Index
CPSUs	Central Public Sector Undertakings
Cr	Crore
CRM	Customer Relationship Management
CRP-EP	Community Resource Person – Enterprise Promotion
CSCM	Centrally Sponsored Centrally Managed
CSO	Central Statistics Office

CSR	Corporate Social Responsibility
CSS	Centrally Sponsored Scheme
CSTIs	Construction Skills Training Institutes
DAY-NRLM	Deendayal Antyodaya Yojana-National Rural Livelihoods Mission
DBT	Direct Benefit Transfer
DDUGKY	Deen Dayal Upadhyaya Grameen Kaushalya Yojana
Dept.	Department
DFID	Department for International Development
DFIs	Development Finance Institutions
DGT	Directorate General of Training
DHS	Demographic and Health Survey
DPC	District Programme Coordinators
EAP	Entrepreneurship Awareness Programmes
ECIS	Employees' State Insurance Corporation
ECS	Electronic Clearing System
EDIT	Equitas Development Initiative Trust
EDP	Entrepreneurship Development Programme
EFMS	Electronic Funds Management System
EPFO	Employees' Provident Fund Organisation
FAO	Food and Agriculture Organization
FF	Ford Foundation
FICCI	Federation of Indian Chamber of Commerce of India
FISE	Foundation for Innovation and Social Entrepreneurship
FLPR	Female Labour Participation Rates
FMGC	Fast Moving Consumer Goods
FPC	Farmer Producer Company
FPC	Farmer Producer Company
FPO	Farmer Producer Organization
FSSAI	Food Safety and Standards Authority of India
FTO	Fund Transfer Order
GCFC	Gross Fixed Capital Formation
GDP	Gross Development Product
GLF	Greater Labour Force
GoI	Government of India
GP	Gram Panchayat
GST	Goods and Services Tax
GSVC	Global Social Venture Competition
GUER	Greater Unemployment Rate
GVA	Gross Value Added
Ha	Hectare

HDI	Human Development Index
HH	Household
HNWIs	High Net Worth Individuals
IAP	Integrated Action Plan
ICT	Information and Communication Technologies
IFMR	Institute of Financial Management and Research
IGNDPS	Indira Gandhi National Disability Pension Scheme
IGNWPS	Indira Gandhi National Widow Pension Scheme
IHHL	Individual Household Latrine
IIT	Indian Institute of Technology
ILO	International Labour Organisation
IRDP	Integrated Rural Development Programme
IRMA	Institute of Rural Management Anand
ISI	Indian Standard Institute
ISO	International statistical Organisation
IT	Information Technology
ITeS	Information Technology Enabled Services
ITIs	Industrial Training Institutes
J&K	Jammu and Kashmir
JLGs	Joint Liability Groups
Kg-	Kilogram
LAMP	Legislative Assistants to Members of Parliament
LED	Light-emitting Diode
LF	Labour Force
LFPR	Labour Force Participation Rates
LIG	Low Income Group
LLP	Limited Liability Partnership
LPG	Liquid Petroleum Gas
LPR	Labour Participation Rate
LWE	Left Wing Extremism
MAVIM	Mahila Arthik Vikas Mahamandal
MDP	Management Development Programme
MECs	Micro Enterprise Consultants
MFI	Micro Finance Institution
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MIG	Middle Income group
MIS	Management Information System
MKSP	Mahila Kisan Sashaktikaran Pariyojana
MMGPI	Melbourne Mercer Global Pension System

MORD	Ministry of Rural Development
MPCE	Monthly per Capita Expenditure
MPCE	Monthly per Capita Expenditure
MSDE	Ministry of Skill development and Entrepreneurship
MSME	Micro, Small and Medium Enterprises
MSP	Minimum Support Price
MUDRA	Micro Units Development and Refinance Agency Ltd
MWC	Mission Water Conservation
NABARD	National Bank for Agriculture and Rural Development
NAFIS	NABARD All India Rural Financial Inclusion Survey
NASA	National Aeronautics and Space Administration
NBFCs	Non-Bank Finance Companies
NCVET	National Council for Vocational Education and Training
NDPS	National Disability Pension Scheme
NE	North Eastern
NEFT	National Electronic Funds Transfer
NFBS	National Family Benefit Scheme
NFHS	National Family Health Survey
NGO	Non- Government Organization
NGOs	Non Governmental Organisations
NHG	Neighbourhood Groups
NIRD	National Institute of Rural Development
NISEBUD	National Institute for Entrepreneurship and Small Business
NITI	National Institution for Transforming India
NOAPS	National Old Age Pension Scheme
NPAs	Non-Performing Assets
NPK	Nitrogen Phosphorus Potash
NPL	National Population Register
NREGA	National Rural Employment Guarantee Act
NREGS	National Rural Employment Guarantee Scheme
NRLM	National Rural Livelihood Mission
NRLP	National Rural Livelihoods Program
NRM	Natural Resource Management
NSAP	National Social Assistance Programme
NSDA	National Skill Development Agency
NSDC	National Skill Development Corporation
NSS	National Sample Survey
NSSO	National Sample Survey Office
NTFP	Non Timber Forest Products
PAN	Permanent Account Number

PAPs	Project Affected Persons
PDS	Public Distribution System
PEI	Partnership for Economic Inclusion
PFMS	Public Fund Management System
PFMDA	Pension Fund Regulatory and Development Authority
PGs	Producer Groups
PIA	Project Implementing Agency
PIL	Public Interest Litigation
PIP	Participatory Identification of the Poor
PLFS	Periodic Labour Force Survey
PMAGY	Pradhan Mantri Adarsh Gram Yojana
PMAY (U)	Pradhan Mantri Awas Yojana (Urban)
PMAY-G	Pradhan Mantri Gramin Awaas Yojana -Grameen
PMKVY	Pradhan Mantri Kaushal Vikas Yojana
PMMY	Pradhan Mantri Mudra Yojana
PPP	Public Private Partnership
PR	Panchayat Raj
PRA	Participatory Rural Appraisal
PSU	Public Sector Unit
PTGs	Primitive Tribal Groups
PwD	Persons with Disabilities
Q 1	Quarter 1
Q 2	Quarter 2
Q 4	Quarter 4
R&D	Research and Development
R&R	Relief and Rehabilitation
RBI	Reserve Bank of India
RCT	Randomised Control Trials
RE	Revised Estimate
RF	Revolving Fund
RPL	Recognition of Prior Learning
RRBs	Regional Rural Banks
RSETIs	Rural Self -Employment & Training Institutes
RTBI	Rural Technology and Business Incubator
RTGS	Real Time Gross Settlement
SAGY	Sansad Adarsh Gram Yojana
SBM-G	Swachh Bharat Mission-Grameen
SC-STs	Scheduled Caste-Scheduled Tribes
SDGs	Sustainable Development Goals
SDI	Skill Development Indicators

SDP	Skill Development Programme
SECC	Socio-Economic Caste Census
SEZ	Special Economic Zone
SFAC	Small Farmers' Agribusiness Consortium
SGSY	Swarna Jayanti Swarojgar Yojana
SHG-BLP	Self-Help Group-Bank Linkage Programme
SHGs	Self-Help groups
SIDBI	Small Industries Development Bank of India
SIE	Social Impact Evaluation
SIM	Subscriber Identity Module
SIRD	State Institute of Rural Development
SMEs	Small and Medium Enterprises
SMS	Short Messaging Service
SOIL	State of India's Livelihoods
SRI	System of Rice Intensification
SSP	Swayam Shikshan Prayog
STT	Short Term Training
SVEP	Start-up Village Entrepreneurship Programme
TDB	Technology Development Board
THP	The Hard-core Poor
TIN	Temporary Identification Number
TOP	Tomato Onion Potatoes
TOT	Training of Trainers
TUP	Targeting the Ultra Poor
UE	Unemployed
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
US	United States
USA	United States of America
USAID	United States Agency for International Development
VDCs	Village Development Committees
VLCs	Village Level Committees
VLEs	Village Level Entrepreneurs
VOs	Voluntary Organisations
WB	World Bank
WHO	World Health Organization
XIM	Xavier Institute of Management
Yrs.	Years

Foreword

The farm crisis in India raises its head every now and then. With about 60 % of the population engaged in agriculture, and the sector contributing only about 15% to the GDP, tackling the farm sector paradoxes is an obvious priority. In 2016, while on one hand, the Prime Minister made a brave resolve to double farmer incomes by 2022, and several policy initiatives have been taken since then to move in that direction; on the other hand, in 2018 several states have seen farmer protests, farmer suicides and governments have had to succumb to farm loan waivers. Surely, there is a crisis at hand. Every year, the State of India's Livelihoods Report, for the last eleven years, captures the key economic trends relating, particularly those that impact or influence the livelihoods of the poor. I'm happy that ACCESS has continued to bring out this valuable report, year after year, with an aim of informing policy makers and practitioners on the various issues that the poor constantly grapple with.

In its 11th edition, the State of India's Livelihoods (SOIL) Report continues to track the progress and trends relating to the livelihoods of the poor in India as well as address contemporary issues emerging in the livelihoods sector in a comprehensive manner. The sector is constantly evolving and given the complexity and diversity, engagement of multiple stakeholders and the influence of trends in the national and international economy on the livelihoods of poor in India, the task of bringing together the State of India's Livelihoods report has been indeed daunting. The past few years have seen a number of new initiatives, refinement of on-going programmes and devolution of resources in favour of state programmes. The issues to highlight with livelihoods point of view is whether the redefined focus in the policies and programmes have improved the well-being of people in general and strengthened the quality of life of the poor and vulnerable sections

Over the years, the SOIL report has evolved and emerged as a significant reference document that attempts to aggregate the diverse experiences of different stakeholders; comprehend current trends, collate dispersed data, and string together the state of livelihoods of India's poor. Views, opinions, and perspectives of various institutions and experts are sought to track the dynamics within the livelihood sector to strengthen the content and analysis of the report. The SOIL report is released annually at the Livelihoods India Summit and has received widespread appreciation.

A group of authors, among the most knowledgeable experts in the field, were brought together to write the Report. The 2018 Report has eight chapters authored by well known experts in the sector. While a few have come on board for the first time, others have played a crucial role in bringing together the past Reports.

As in every year, Chapter 1 or Overview Chapter covers the overall scenario of livelihoods that in all likelihood has changed depending on various initiatives undertaken, needs and latent needs of the community, availability of the resources, and other deciding factors. Chapter 2 by Prof. Ashok Kumar Sircar focuses on the policy and fiscal framework for livelihoods. Chapter 3 by Biswa Bandhu Mohanty captures the implementation of important government programmes. A few topical themes too have been covered in this year's Report. Chapter 4 by Dr. Richa Govil covers the state of agriculture in India. The chapter provides a brief overview of the some of the key trends and patterns affecting agricultural distress across India; examines few aspects of agricultural livelihoods which are often overlooked, and recent policy thrusts and their ability to address the current challenges. Chapter 5 by Girija Srinivasan on gender and livelihoods examines the gender dimensions of both employment and livelihood focused approaches. In Chapter 6 by Dr. Madhukar Shukla the spotlight is on social enterprises and the scale and scalability challenges before them. Under special coverage, Chapter 7 by Dr. Ajit Kanitkar looks at the livelihoods of the poorest of the poor with a focus on graduation approach. Chapter 8 by Priya Naik et al., looks at the role of Corporate Social Responsibility (CSR) and the private sector in livelihoods promotion. It covers the key trends through CSR projects in providing livelihood opportunities to the poor and offers, for the readers, a few case studies on innovative CSR projects adopted by corporations for livelihoods promotion of the poor.

I would like to take this opportunity to thank all stakeholders who have continued to support this initiative. I would like to thank Arindom Datta from Rabobank who has continued to commit support to the SOIL Report, now for several years. The financial assistance received from Research and Development Fund of National Bank for Agriculture and Rural Development towards publication of SOIL is gratefully acknowledged. I appreciate their faith in ACCESS's abilities to deliver this critical sectoral report and I hope we have been able to meet their expectations with this output.

I would like to thank all the authors for their painstaking efforts in putting together well researched chapters. While he, along with Girija Srinivasan, has been an author of the SOIL Report in the past, this year, N. Srinivasan took the responsibility to edit the Report and string the various chapters written by different authors into one cohesive Report. His strong effort in providing qualitative inputs to the authors at different stages and help refine the final output greatly helped in enhancing the quality and content of the Report. The Report has hugely benefited from his support to the entire process.

From within ACCESS, I would like to acknowledge the efforts put in by the Livelihoods India team of Puja, with her two colleagues Tripta and Shruti in providing support to the individual authors. I take great pride in this small team's efforts and commitment in bringing the Report together.

I hope the Report continues to be a good reference document for all those interested in livelihoods promotion efforts in India.

The State of India's Livelihoods Report 2018 will be launched at the Livelihoods India Summit on January 28, 2018.



Vipin Sharma

CEO

ACCESS Development Services

Preface

SOIL 2018 is a collaborative effort. The eight chapters have been written by eight different authors (along with co-authors in some cases) of considerable standing in their domains. The idea was to harvest the diversity of expertise in the sector and bring different analytical perspectives to the report. An attempt has been made to continue parts of the structure of the report established over the last few years. The reports carries an overview (N.Srinivasan), chapters on policy and legislation (Ashok Sircar) as also government programmes (B B Mohanty)as in the previous years. A chapter each on agricultural livelihoods (Richa Govil), gender aspects of livelihoods (Girija Srinivasan) and Corporate Social Responsibility in Livelihoods (Priya Naik and others) also continue the tradition of the past reports. In terms of new themes, this report carries a chapter on Graduation Model for ultra-poor and one on social enterprises. While Ajit Kanitkar and others look deeply in to how household poverty alleviation can be taken up and what are the lessons from successful programmes, Madhukar Shukla examines how social enterprises can offer a professional cost effective commercial solutions to challenges for larger groups of people in the bottom of the pyramid.

My work load in editing this volume was light on account of the considerable experience and expertise that the contributing authors had brought to the table. My gratitude to all the co-authors for their extensive research work and thoughtful contributions. I also thank them for their patience, perseverance and quick responses during the edit process. But for their unstinted cooperation this volume would not have been completed in time. I also thank all those who contributed to the making of this volume by providing information and insights to the authors of the different chapters. I thank the team in Access - Vipin Sharma, Puja Gour, Tripta Sharma and Shruti Pandey for their support and Lalitha Sridharan for all the administrative support. I hope the readers find the volume useful and insightful. The authors remain responsible for the views expressed as also any errors. We request reader feedback so that we improve upon the report in the subsequent years.

N. Srinivasan
Editor

Overview

1

Narasimhan Srinivasan

The political economy context of the state of livelihoods is delicate. With general elections approaching there is an urgency to improve the situation on the ground so that livelihoods of the poor changes for the better. The past years have seen a number of new initiatives, refinement of continuing programmes and greater devolution of resources in favour of states. The issues for examination from a livelihoods point of view whether the redefined focus of economic effort towards reducing subsidies, skilling India for improving employment prospects, revival of manufacturing and inducing enterprise for growth with equity and reform of the tax-regime have improved the wellbeing of people in general and strengthened the quality of life of the vulnerable sections.

The Reserve Bank of India in its Annual Report 2017-18 had commented that the economy had come out of continuing negative trend in growth rates after five quarters, in the second quarter of fiscal 2018. From a peak of 9.3% in Q4 2016-17 GDP growth had declined to 5.6% in Q1 2017-18 (Figure 1.1). Over the next four quarters GDP growth continued to increase and reached a level of 8.2% by Q1 2018-19, only to decline to 7.1% in Q2 of 2018-19. It is clear that the growth rates are not unidirectional and face volatilities. In the second half of the year 2017-18, manufacturing recovered with revival of demand. Increasing capital investments in manufacturing was a feature of this revival. Services sector also showed dynamism, principally on the back of growth in construction services.

Gross capital formation increased, with the investment rate higher at 34.1% of GDP in 2017-18, a step up from 33.2% of the previous year. Despite the better performance during the year, GDP growth was 6.7% in 2017-18 which was lower than the previous year's level of 7.1%. The Economic Survey 2017-18 commented "In the first half, India's economy temporarily 'decoupled,' decelerating as the rest of the world accelerated. The reason lay in the series of actions and developments that buffeted the economy: demonetisation, teething difficulties in the new GST, high and rising real interest rates, an intensifying overhang from the TBS challenge, and sharp falls in certain food prices that impacted agricultural incomes."

The national accounts have been the subject of some discussion, with the base for calculation being reset twice in the past six months. The most recent changes that indicated lower growth rates in the past and high growth

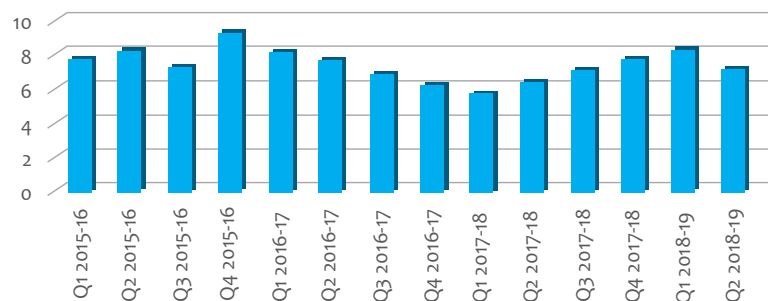


Figure 1.1: Quarterly GDP Growth Rates (%)

Source: MOSPI database and press release dated 31 August 2017

rates in the recent four years on account of a suppressed base in 2011-12 accompanied with weak explanations have been criticised by both political and economic commentators. According to Prof Nagaraj¹, “GDP is re-based regularly to account for changing production structure, relative prices and better recording of economic activities. Crucially, the re-basing also allows for introducing newer methodologies and improved databases. Such changes often expand the absolute GDP size because we are able to more accurately capture output. However, annual growth rates usually do not vary too much with re-basing of GDP – implying that the underlying pace of economic expansion has remained the same. The last revision was somewhat peculiar as it resulted in a 2.3 percentage point shrinkage of the absolute GDP (GVA) size in the base year (2011-12), thus raising India’s growth rates in the following years. For instance, in 2013-14, the growth rate of the manufacturing sector swung from (-) 0.7% in the old series to (+) 5.3% in the new series. The dispute over the GDP estimates remains inconclusive, with newer discrepancies and evidence cropping up continuously, raising more questions about their veracity than the CSO has provided answers for.”

RBI reported that there had been a decline in the gross savings rates in 2016-17² (Table 1.1); for the first time it came below 30% of gross disposable income in the last eight year period. GCFC as percentage of GDP declined to below 30%. The decline in savings rate and GCFC did not augur well for the future. RBI, however observed in its annual report that during the second quarter of 2017-18 there had been a turnaround in capital formation and investment rates. The GCFC data for 2017-18 is yet to be released in public domain.

Table 1.1: Savings and Capital Formation

(2011-12 constant prices)	2009 to 2014 average	2015-16	2016-17	2017-18
Gross savings rate as % of GNDI*	32.8	30.7	29.6	–
Gross fixed capital formation as % of GDP	36.9	32.3	30.6	–
GDP growth rate %	7.4	8.2	7.1	6.7

*Gross National Disposable Income

Source: RBI annual report 2107-18, released in August 2018.

RBI had projected a GDP growth rate of 7.4% for the current year stating that “Over the rest of 2018-19, the acceleration of growth that commenced in (second half of) 2017-18 is expected to be consolidated and built upon. Keeping in view the evolving economic conditions, real GDP growth for 2018-19 is expected to increase to 7.4 percent from 6.7 percent in the previous year, with risks evenly balanced. On the prospects for the year ahead RBI had pointed out³ to the need for sustaining the reforms that had been initiated. “Over the medium-term, the pace and quality of growth will be anchored by progress on the unfinished agenda of structural reforms in, inter alia, resolution of banking and corporate financial stress; taxation; agriculture; liberalisation of the economy’s external interface, especially with FDI; and galvanising the business environment. The hard-earned gains of macroeconomic stability that have defined the recent period as its greatest achievement need to be preserved as an imperative within this endeavour.” The World Bank in its assessment⁴ had concluded that “Two crucial engines of growth have underperformed. First, private investment has been low compared to pre-crisis levels, driven by factors that constrain credit supply and investment opportunities. Second, exports have slowed and India’s share in world trade has stagnated. While external conditions seem to be turning more supportive of growth, India’s ability to leverage these will depend on a sustained revival of investments and exports.”

EMPLOYMENT

The last of the Quarterly Reports on Employment Scenario for the period July to October 2017 was released by Ministry of Labour and Employment in March 2018. The survey reveals that in the first two quarters of 2017-18 total employment created in eight major sectors that account for 80% of organised employment was about 2.0 lakh jobs. Over the survey period beginning from April 2017, about 6.16 lakh jobs have been added in these eight sectors with the annual job growth rate of 2%.

The Quarterly survey seems to have been discontinued with no fresh releases of

Table 1.2: Employment in Select Sectors

	Estimated employment 1 April 2016	Change 1 July 2016	Change 1 Oct 2016	Change 1 Jan 2017	Change 1 April 2017	Change 1 July 2017	Change 1 Oct 2017	Estimated employment 1 Oct 2017
Manufacturing	101.17	-0.12	0.24	0.83	1.02	-0.87	0.89	103.16
Construction	3.67	-0.23	-0.01	-0.01	0.02	0.10	-0.22	3.32
Trade	14.45	0.26	-0.07	0.07	0.29	0.07	0.14	15.21
Transport	5.8	0.17	0	0.01	0.03	-0.03	0.20	6.18
Accommodation, Restaurant	7.74	0.01	-0.08	0	0.03	0.05	0.02	7.77
IT/BPO	10.36	-0.16	0.26	0.12	0.13	0.02	0.01	10.74
Education	49.98	0.51	-0.02	0.18	0.02	0.99	0.21	51.87
Health	12.05	0.33	0	0.02	0.31	0.31	0.11	13.13
Total	205.22	0.77	0.32	1.22	1.85	0.64	1.36	211.38

Source: From Quarterly Reports on Employment Scenario - Report nos 3 to 7, Published by the Labour Bureau, Ministry of Labour and Employment, GoI

data coming out. The annual employment-unemployment survey had also been discontinued with the result there is no information on employment situation after 2016. Based on a high power committee recommendation a new survey has been instituted. According to Ministry of Statistics and Programme Implementation, National Sample Survey Office (NSSO) has been given the responsibility to conduct of Periodic Labour Force Survey (PLFS). Accordingly, NSSO is responsible for the formulation of sampling design, data collection, data processing and publication of reports. This survey has been launched across India in 2017-18 with the expectation that the first survey results will be available in November/December 2018.

GOI endorsed the ILO report on employment outlook and stated in a reply to a parliamentary question⁵. “The report also projected that the unemployed persons in India is expected to grow from 17.7 million in 2016 to 17.8 million in 2017 and 18.0 million in 2018. At the same time the unemployment rate is projected to 3.5% in 2016 and 3.4% in 2017 and 2018”. However, CMIE, in its publication Unemployment in India⁶ indicated that the unemployment rate in the country in August 2018 was 5.67%, which was much higher (Table 3). A matter of concern was the much higher unemployment rate among women at 13.6% (and 17.8% among urban women). The youth, typically those between 15 and 35 have a severe problem getting employed.

The unemployment rates among the age group 15 to 19 is the highest at 39%. In the entire age group of 15 to 29 which comprises 35% of the workforce, unemployment rate is higher than the national average.

The number of people entering the work force each year and those who want to come out of agriculture to pursue other vocations put together amounts to more than 18 million. The economy is not well placed to provide this many jobs even with the good growth rates. The employment elasticity of growth is very low⁷ and the as Dr. Manmohan Singh, the then Prime Minister lamented the impressive economic performance was ‘jobless growth’. The ILO’s employment to population ratio, which shows that the proportion of people employed that are of working age (15+) is stagnating just below 52%, meaning that each income earner is required to look after an unemployed person (Figure 1.2). While over the last five years the fall in the ratio is not dramatic, the stagnation of the ratio in the context of an increasing population implies that number of unemployed is increasing and that the economy is unable to catch up with the additional job needs of an increasing labour force.

NITI Aayog, in the meanwhile came up with a claim that during the period September 2017 to February 2018, 3.53 million jobs have been created, based on new payroll additions of EPFO, ESIC and PFRDA. Subsequently the chief statistician of the country clarified that

Table 1.3: Unemployment Rates in Different Age Groups

Labour Force, Employment and Unemployment by Age Groups									
Age Group (Years)	Population ('000s)	Labour Force ('000s) (LF)	Labour Participation Rate (%) (LPR)	Employed ('000s) (e)	Unemployed, willing to work and active job seeler ('000s) (UE)	Unemployed, willing to work but inactive in seeking jobs ('000s)	Greater Labour Force ('000) (GLF)	Unemployment Rate (%) (UER)	Greater Unemployment Rate (%) (GUER)
A	B	C	D=C/B	E	F	G	H=C+G	I=F/C	J=(F+G)/H
15-19	113,122	9,301	699	5,735	3,566	2,358	11,659	38.34	50.81
20-24	122,342	47,266	38.63	34,378	12,889	3,347	50,613	27.27	32.08
25-29	91,058	51,734	56.81	47,158	4,576	1,270	53,004	8.85	11.03
30-34	91,545	48,924	53.44	47,853	1,071	737	49,661	2.19	3.64
35-39	93,729	51,779	55.24	51,198	581	674	52,453	1.12	2.39
40-44	104,024	55,271	53.13	54,846	425	579	55,850	0.77	1.80
45-49	95,252	56,237	59.04	55,988	250	370	56,608	0.44	1.10
50-54	49,939	43,550	54.48	43,344	206	276	43,826	0.47	1.10
55-59	68,938	36,326	52.69	36,135	191	137	36,463	0.53	0.90
60-64	41,626	12,874	30.93	12,784	90	138	13,011	0.70	1.75
>= 65	67,045	8,864	13.22	8,778	87	182	9,046	0.98	2.97
>= 15	988,620	422,128	42.70	398,196	23,932	10,068	432,196	5.67	7.87

Source: Unemployment in India – A statistical profile – May – August 2018, Published by Centre for Monitoring the Indian Economy

these numbers do not represent new jobs entirely as most of these numbers might be a result of formalisation of existing jobs.

The state of working report⁸ paints a grim picture of youth searching for employment. Women and youth seem to be particularly affected on account of low labour demand. Increasing informalisation of jobs has been eroding quality and dignity of jobs. Full time manufacturing jobs have been on the decline being replaced by contract jobs are on the increase. While labour productivity has been increasing impressively, wage increases have not kept pace. The larger question is whether the economic reforms from the early nineties has made the labour pay a heavy price by making their participation in growth marginal and pave the way for inequitable growth, where livelihood opportunities become scarce. The true meaning of inclusive growth has eluded the country and it soon needs to be found.

SKILL DEVELOPMENT AND EMPLOYMENT

After pursuing an impossible 500 million skill training target, the Ministry of Skill Development and Entrepreneurship has given up the target in favour of a demand driven quality training approach. Current goal of the national skills mission is to train 300 million people by 2022. The state of skilling has not been exciting in terms of its achievements. Over the four year period, under PMKVY a total of about 33 lakh people have been trained of which 9 lakhs are existing skilled persons who have registered under Recognition of Prior Learning Scheme. Of the remaining 24 lakh or so candidates so far trained about 20 lakhs have been certified. Placements have been possible for more than 10 lakh candidates with placement rates around 51% of those certified. As a proportion of those who were enrolled for training, the placement rates are around 40%. The concerns are that the current pace of progress in skills training is not adequate



Figure 1.2: Proportion of Employed Declines

Source: Based on ILO data 2018 – from its web database

to realise the mission goal of skilling 300 million people by 2022. Secondly the placement rate of about 40% actually means that the average cost of getting a person skilled and placed is double that of what was envisaged. The options available for those who do not get certified after training is not very clear and their future seems uncertain. The skill building schemes and programmes have not been able to meet their targets in the backdrop of unsuitable candidates and reluctant employers. When the ongoing larger efforts to introduce quality standards to industry expectations, activate and transform ITIs, improve the apprenticeship scheme and encourage enterprise creation start to bear fruits, the employment situation might change for the better.

AGRICULTURE

A separate chapter on agriculture deals with the progress made in agriculture based livelihoods and the challenges as well. The central issue today is that of farmer unrest arising from stressful conditions surrounding farming. The demands from farmers have ranged from waiving loans to increasing MSP to a level that provides adequate returns to farmers which can obviate

the need for other support measures. Agriculture has been a major support of livelihoods, in fact burdened with a larger number of people than it can support at the traditionally low levels of productivity. The attention of the government on inputs ensured that a variety of crops for food and raw materials are produced in plenty. But the lack of viable markets have increased the distress of farmers who have invested heavily in inputs and infrastructure to increase productivity and diversification. The MSP announced by the government is still unable to provide a reasonable return on both production costs and investments. The MSP announced for Kharif 2018-19 provides a return above 15% of C^2 costs⁹ for four crops. In the remaining crops the returns are below 15% indicating that a farmer in order to meet household expenses would require larger land area for cultivation.

The context of doubling of farm incomes has to be examined from the angle of whether farmers actually get reasonable current incomes which when doubled would place them in relative comfort. The country-wide survey carried out by NABARD¹⁰ shows that farmers in the first two five deciles have a net annual income of Rs. 10500 or less; farms in the first two deciles actually have

an income deficit and not a surplus. Even if the incomes are doubled, these households would still have less than poverty level incomes (Rs. 21000 per annum which is less than what the household will get by working for 100 days in many states under NREGS). For farmers at the bottom of the pyramid, doubling of incomes is not an adequate solution.

Table 1.4 shows that the annual surplus from cropping is not adequate to service outstanding debt in any class of farm household. If the gross income is doubled with costs remaining the same, then farm households from MPCE class 4 onwards are able to liquidate their loans and have a surplus. Households in MPCE class 9 and 10 may be able to pull through with 50% increase in gross income. A doubling of income does not pull out farmers in classes 1 to 3 and does not provide relief from stress. Given that there are granular problems, the call for doubling farm incomes is not a well thought out response. The doubling income approach trivialises the problem, stereotypes farm distress as that of income alone and ignores structural issues that impact the poorer farm households. The committee on doubling of farm incomes headed by Dr. Dalwai has identified the different aspects of farming that need to be dealt with in order to ensure higher incomes.

While MSP plays a critical role in leading the post-harvest prices, the weak procurement

system has rendered the tool ineffective for a large number of farm households. Access to viable markets that can offer prices based on MSP is a critical requirement. Alternatively the MSP should be dismantled so that farmers do not continue to be complacent about prices and persist with crops which they think has a guaranteed price shelter. Greater crop diversification and production effort aimed at markets will impart a dynamism to the agricultural commodities and prepare the consumers to pay reasonable prices for food. A critical aspect of this discussion is that MSP does not cover all crops and does not cover all regions and the price does not fully factor in all the costs in the recent years. Even the higher MSP offered this year is still below C² costs of the farmers in a few crops. Hence it is clear that solutions beyond MSP are needed in relieving farm stress.

Waiver of farm loans has been a continuing demand from farmers and from political persons. Loans taken for farming are not repaid on time and at times accumulate over time. As explained earlier, in many small farms the returns are not adequate to sustain life needs and repay the loans taken. Farming under such conditions is a losing proposition. Without any incremental capital of their own, farmers risk bank loans, with the indulgence of a benign State. While natural calamities produce a response that reschedules the loans, waives off interest and at times principal, on the premise that in a good year the loans can be repaid. But a demand for waiver on the basis that the venture for which loan was taken is unviable is a difficult one to understand from the lender's perspective. If after waiver the farmer were to totally shift from farming and the lender were to provide no further loans to the same farmer, the logic of waiver might become marginally tenable. An essential aspect of the problem is the role of the state in creating enabling ecosystem and operating conditions that will make such farms viable in terms of the incomes they can achieve. If farmers become viable in their farming venture, taking a loan and repaying the same can no more be a matter of social or political appeal, but a commercial transaction between two capable parties. Without enabling conditions geared to guarantee viable incomes, the State should not persuade banks to

Table 1.4: Farm Incomes and Loan Service Capacity

MPCE Class	Annual Income	Annual Expenditure	Outstanding loan per indebted HH	Surplus of income (net income)
1	15516	29580	99410	-14064
2	36396	43092	85836	-6696
3	59556	57516	69867	2040
4	71640	68532	72245	3108
5	89700	79152	84495	10548
6	118272	85416	79770	32856
7	117372	91008	124788	26364
8	144144	106164	104661	37980
9	164424	123996	116421	40428
10	267228	181608	186457	85620

Source: Calculations are that of the author based on data available in NAFIS 2018 survey

expand credit for agriculture and later distort the banking system with loan waivers.

On the suitability of loan waivers as a tool for relieving stress from farm households, there is not much to commend. NAFIS survey confirms that 40 % of households access loans from sources (non-institutional sources and non-bank institutions) that will not waive off loans. About 66% of loan amounts are from sources that will waive off loans. A waiver is normally not available for the larger farmers. The very small farmers have very limited access to bank loans. NAFIS found that of farmers having one acre, less than 6% had a Kisan Credit Card. If we consider the exclusions from waivers that arise, it would be fair to assume that not more than 50% of farmers would benefit from waiver. Using public funds to offer benefits only to a section of farmers (even as some of those left out might a better claim to relief!), is inequitable and unjust.

Some suggest that rather than using the waiver, agricultural insurance can be used to provide support to the farm. A crop failure might find a cure from insurance. But a loss making farm venture cannot benefit from insurance. Even the farm insurance scheme is unable to make much headway after two years of growth. The limited number of crops and tardiness in implementation have an adverse impact. The scheme run by the government of Telengana to provide cash support to farmers can be a possible way out. Farmers cultivating small plots in areas with low rain and irrigation can be provided income support, and if feasible incentivise them to leave farming and pursue a different vocation. This would have the advantage of ensuring support to all farmers regardless of whether they borrowed from a bank or not and ensuring life sustaining income without the extra costs of running an insurance scheme on an elaborate scale. The moneys spent on farm credit subsidy, MSP, loan waivers and crop insurance subsidy could all be pooled to operate an income support scheme, where the criteria would be whether the farmer is small/vulnerable and whether in his area crop year was a bad one. This is more on the lines of the Universal Basic Income proposed by the Economic Survey last year.

HUMAN DEVELOPMENT

In terms of HDI, India has moved up one position in ranking to 130 in 2017 from 131 in the previous year (Figure 1.3). While there had been progress in terms of India's score from 0.624 to 0.640 the other countries seem to have moved significantly ahead.

China seemed to be making considerable progress given its large population and the development challenges. India is placed below countries such as Indonesia, Brazil and Srilanka (Table 1.5). The significant initiatives being taken in poverty alleviation, skilling and employment, access to health care and nutrition and also the affirmative action on climate change related challenges will lead to a higher score in the HDI in future.

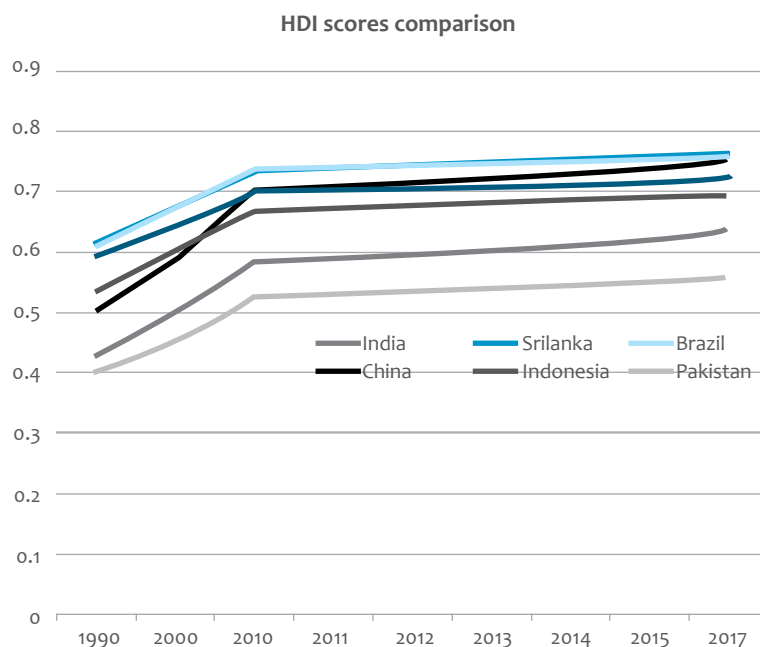


Figure 1.3: HDI Scores Comparison

Source: Human Development Report, 2018, Statistical Annexe, UNDP

FINANCING LIVELIHOODS

Access to finance has improved in general terms for vulnerable sections of people. The microfinance sector through JLGs and SHGs has served the small borrower well. The Microfinance model has become a popular choice even among banks; many banks have entered in to business correspondent relationships with MFIs to provide microfinance loans. The total portfolio of MF loans through MFIs, banks and others amounted to 130000 crores as reported by the Inclusive Finance India Report. Banks have also provided loans to the tune of Rs. 75598 crores through more than 50 lakh SHGs. However the access to finance for farmers has been limited. NAFIS estimates that more than 30% farmers still rely exclusively on non-institutional sources. Overall credit as a proportion of gross value added in agriculture (Table 6) has been increasing over the years, but continues to be lower than the rest of the economy.

While crop production gets more support from bank credit, post-harvest handling and marketing of crops do not seem to have credit support in adequate measure. The recent institutional innovations in the form of Farmer Producer Companies (FPC) offer lower risk opportunities to banks and financial institutions. Banks can adopt the BC models used in Microfinance in agricultural credit, with the support of FPCs.

Loans for small and micro enterprises had received a fillip with the advent of MUDRA. Financial institutions reported disbursement of Rs. 246347 crores under Prime Ministers Mudra

Yojana. 42% of these loans were very small, an average of less than Rs. 25000, indicating the tiny enterprises got significant support. 24% of these loans were larger in size, an average of about Rs. 7.31 lakhs. There has been criticism that MUDRA loans are a new name for small loans that were being provided by banks in the past also. However, data shows that a number of first time borrowers also have availed loans under PMMY. In its fourth year, MUDRA loans show a tendency towards increasing default. The financial sector, though supporting the different sectors of the economy seemed to have developed some fragility. The Public sector banks in particular suffer from a combination of low capital high NPAs and inability to grow caused by regulatory restrictions on some and inadequate regulatory capital in some others. While the Private sector banks have been posting good growth, there have some concerns raised by RBI in identification and reporting of bad loans as also on corporate governance. While some of the newly finance small finance banks have managed to expand credit to new classes of customers, others had concentrated on microfinance type clients in the short run. Payments banks are yet to stabilise and prove their business models without significant savings and credit portfolios.

Crop Insurance has come under criticism that it enriches the insurance companies and not the famers. The criticism is ill-informed in that the insurers pay out heavy sums in claims in some years compared to others. The surplus of premium in some years provides the financial base from which they are able to settle claims in years when there is widespread crop failure. If entire premium is paid out claims in each year, then the logic of insurance managing risk across a number of years will fail and there would be no basis for a business model of crop insurance. The problems with crop insurance is the limited coverage of non-loanee farmers and the lack of comprehensive coverage of farming risks.

The report as in the past years continues to focus on policy and legislation that influence livelihoods. Aspects relating to how the government strategises its actions towards meeting development challenges and finds the funding therefor is the core concern of this chapter.

Table 1.5: HDI Comparisons Across Years

Country	Rank 2014	Rank 2015	Rank 2017
India	130	131	130
Srilanka	73	73	76
Brazil	75	79	79
China	90	90	86
Indonesia	110	113	116
Pakistan	149	147	150

Source: Human Development Report, 2018, Statistical Annexe, UNDP

Issues relating to employment, agriculture, food security, and legislative interventions that impacted livelihoods have been examined. In a separate chapter select programmes and schemes of the government that directly impact livelihoods have been reviewed with an analytical lens. Apart from government budget and targets in these programmes, quality of implementation and suggestions for improvement have been explained in detail. The improving performance of NREGS, NRLM and NFSA has been acknowledged while providing suggestions for strengthening National Social Assistance Programme. A chapter on agriculture looks in to farmer issues in detail and the suitability of agricultural development strategy from the farm household wellbeing and national nutritional balance points of view. The cycle of ecological and economic distress has been explored and suggestions on the way forward offered. A chapter on women and livelihoods throws light on the unequal nature of treatment meted out to women in the context of livelihoods and the gender gaps that arise in several livelihood sub-sectors. The low participation of women in labour force, wage gaps based on gender, unequal access to livelihoods and associated entitlements have also been analysed with data. While documenting the nature of challenges in detail, ways of dealing with the problems have been identified. Several poverty alleviation models have been tried out in the country over the last seventy plus years. Some of these were successful in graduating poor households in to more financially competent ones. An exclusive chapter sheds light on some of the successful poverty alleviation schemes and crystallises the lessons therefrom. A new theme in coverage this year is that of social enterprises. The evolution, need, modes of operation and the support systems required for sustained working of social enterprises have all been covered. The chapter explains how offering institutional alternatives to social problems can become cost effective commercial solutions. Another chapter delves in to the emerging CSR practice and how it is able to support livelihoods. An analysis of the nature of corporates, project themes, types of partners and successful cases in the livelihoods space is carried in this chapter.

Table 1.6: Credit as Proportion of GVA in Agriculture

Rs. crore	2013-14	2014-15	2015-16	2016-17	2017-18
GVA in agriculture	1926372	2093612	2225368	2484005	2588180
Credit flow to agriculture	7,30,123	8,45,328	8,77,224	1066755	1179428
Credit as % of GVA	38%	40%	39%	43%	46%

Source: Calculations are that of the author based on data available in NAFIS 2018 survey

The overall view that this report presents is that livelihoods issues have been gaining more attention with each passing year. Apart from policy and budgets, questions on results and impact have been raised by the government and others. The continuing quest for evidence on the ground should generate more options for incomes and these options should represent a viable and sustainable future for people. Growth without improved livelihoods for a significant part of the population is not meaningful over long periods of time. Policies and strategies can accommodate short term 'pure growth' objectives; but over the medium and long term they should deliver sustainable livelihoods and incomes; equitable distribution of benefits of growth and improvements to quality of life.

Notes and References

- 1 India's GDP debate - by Prof Nagaraj, Indira Gandhi Institute of Development Research, Mumbai – in The Wire 2 Dec 2018
- 2 There is a lag of about one year in computing and reporting gross savings rates.
- 3 RBI Annual Report 2017-18
- 4 From Quarterly Reports on Employment Scenario - Report nos 3 to 7, Published by the Labour Bureau, Ministry of Labour and Employment, GoI
- 5 Loksabha Unstarred Question. 2208, Answered on 24 Dec 2018.
- 6 Unemployment in India – A statistical profile – May – August 2018, Published by Centre for Monitoring the Indian Economy.
- 7 For every 1% growth in GDP, employment will grow by 0.18 to 0.2%. This translates to an employment elasticity of 0.18 to 0.2%. (RBI Working Paper Series No. 06 - Estimating Employment Elasticity of Growth for the Indian Economy -Sangita Misra and Anoop K Suresh)
- 8 State of Working Report, Azim Premji University, 2018

9 C² cost is all inclusive cost of cultivation that takes in to account inputs, credit cost, farm labour and land related costs.

10 NAFIS – National rural financial inclusion survey 2018 – published by NABARD, Mumbai 2018.

11 Calculations are that of the author based on data available in NAFIS 2018 survey

12 Human Development Report, 2018, Statistical Annexe, UNDP

Policy Initiatives on Livelihoods

2

Dr. Ashok Kumar Sircar

INTRODUCTION

It's always heartening to start with the good news. And the good news is that livelihoods is very much in public discussions for quite some time now. From employment generation, doubling farmers' income, Make in India, to MSP+50%, demonetisation taking away 3.5 million jobs, loss of livelihoods due to cow slaughter ban—public discussions are replete with mention of livelihoods in various ways. This good news has to be read with another type of good news too—farmers' agitation all over the country, *Patidars* and *Marathas* asking for reservation in government jobs, no job-no vote campaign in Karnataka, etc.

As we try to look beyond the good news we ask, why livelihoods are so much at the center of public debate today? Is it because of good policies of the state, where the discussions are about how to improve upon those or is it because there are deep concerns about the state of livelihoods in India?

First, an examination of the social context is necessary. In 2014, when the new government came to power at the Centre, it did so with a promise of *Achhe Din* (*good days*). What it meant for average Indians was simple; their life would become better. It was clearly a message of improving their livelihoods in the broadest sense. The message was socially and politically very relevant. Azim Premji University's recently published extensive Report¹ on State of Working in India 2018 has a few clear pointers.

i. While economic growth in percentage terms increased over four decades from

approximately 4.5% to 8.5%, growth rate of jobs has declined from 2.5% to less than 1% over the same period.

- ii. 92% of female workers and 82% of male workers in India earned less than Rs. 10,000 per month in 2015. Wages have risen, but if adjusted over inflation, wage rise has just been 3%. The 7th Pay Commission in contrast recommends a minimum salary of Rs. 18,000 per month per person.
 - iii. Caste disparities in employment are huge; SC-STs are over represented in poorly paid occupations, and higher castes are over represented in higher paid occupations.
 - iv. While there has been growth in the service sector employment, over 50% of that growth is witnessed in self-employment, petty production, domestic work, and such poorly paid jobs.
 - v. The likelihood of being unemployed sharply increases with education. While only 2% of illiterate are unemployed, 16% of graduates and 14% of post graduates are unemployed. Also the youth of age group of 15-25 and 26-35 are unemployed to the extent of 16.7% and 4.7% respectively.
 - vi. Women in India are mostly at home doing domestic and care work. Only about 27% of women India are in paid work, and in contrast to popular thinking, only 14% of women in urban India are in paid work. This is one of the lowest among comparable developing countries.
- None of these are encouraging information. Therefore, the slogan *Achhe Din* and the goal of

creating twenty million jobs a year reflected real concerns and aspirations of people. Any analysis of livelihoods policies would therefore have to be situated in this macro social situation.

THEORETICAL FRAMEWORK FOR LIVELIHOODS POLICY

What are the core premises on which livelihoods of a billion people are to be conceptualised? Two frameworks have dominated the thinking space for decades on this matter. One was by Simon Kuznets who claimed that there will be a transformation of people's livelihoods from agriculture to industrial manufacturing and services. The second was by Arthur Lewis who claimed that, there will also be a transformation from the informal to formal work. While in India, one can say that Kuznets process has unfolded only partly as people associated with agriculture to make a living reduced from 80% to 51%, in last 30 years or so, while nonfarm rural and urban work to make a living have increased. However, industrial manufacturing and services have not increased adequately, resulting in people moving from agricultural labour to other rural labour. This is why still 65% of the people live in rural areas. The second transformation has not happened at all, as by all means the 'informal' has swayed the work space, and remains the 'continuing normal'. It would perhaps be reasonable to argue that in India, the reverse has actually happened, whereby the so called formal sector institutions are increasingly resorting to informal employments. Thirdly, the distinction between rural and urban is increasingly getting blurred as agriculture is modernized, communications improve, technologies and markets penetrate the rural, making people live in rural areas but aspiring and behaving as an urban individual.

What then becomes analytically important is essentially to move away from sectoral and organisational labour approach to livelihoods to work approach to livelihoods. Work irrespective of sector, skill, mobility and organisation has to be dignified, and providing a way of making a living that is materially, socially and psychologically

meaningful. This is known as the ILO framework of decent work. In practical terms, it entails assurance of a living wage, safe and secure work conditions, adequate time for leisure and socialisation, and guarantee of a secure future. In slide number 9 of the ILO presentation on measuring decent work, it defines decent work on the following parameters².

- i. Employment opportunities
- ii. Adequate earnings and productive work
- iii. Decent hours
- iv. Combining work, family and personal life
- v. Work that should be abolished
- vi. Stability and security of work

In the following pages, we shall explore how livelihoods policies including fiscal arrangements address these concerns.

MACRO POLICY MEASURES

Macro policy measures can be classified into four categories. The first is about creating policy environment where market mechanisms like private self-employment, micro-small and medium farm-nonfarm private investments, and large corporate investments will flourish and create work for women and men. The second is state's own promotional efforts to create wage employment either in public sector entities like railways and mines, or create wage employment in rural and urban formal and informal sector. The third is in the realm of regulatory regimes that ensure dignity of labour in terms of minimum wage, decent hours, stability in work, maternity benefits for women, etc. The regulatory regimes must also ensure abolition of modern slavery, child labour, and such deeply exploitative labour engagements. The fourth one is a set of macro policy measures towards making means of living healthier and safer. This includes providing clean fuel, electricity, safe transport and roads, to even constructing working women's and men's hostels and others.

Given these four lenses to look at livelihoods policies, let us now look at what the policy space has in store. To start with, it is again heartening

that we have a document of the NITI Aayog, which elaborates a three year action agenda for the nation. It's a 211 page document of which 180 pages are devoted to 'what is to be done' in next three years in economic and social development of the country. We will selectively use the document to highlight what it has in store, as regards livelihoods as mentioned in four categories above.

We start with the last category first. What does the NITI Aayog document say about making people live healthier and safer?

- i. Clean fuel:** Reducing dependence on polluting fuel of coke, cow dung coke and wood has been taken up as a priority. The document recommends replacing these fuels by LPG and biomass pellets to cover at least five crores households.
- ii. Nutrition:** India's nutrition challenge is not only a challenge of health; it has significant impact on livelihoods. India is the blind capital of the world, stunting is highest in India, nearly 50% women are chronically anemic. The document has asked for launching a nutrition mission, convergence of multiple nutrition and food programmes, and introducing new programmes on nutrition to overcome this deficiency.
- iii. Household electrification:** Having electricity at home 24 hours a day can have multiplier effects in improving quality of life and livelihoods. This work has been ongoing for decades, and the document states that by May 2018 there will be electricity connection available to every household of the country. It is yet to promise 24x7 electricity though!
- iv. Road connectivity under PMGSY:** The document notes that about 35% of the road network under PMGSY is still pending and will be done by 2019. It also notes that the Motor Vehicles Amendment Bill 2016 which professes to allow private passenger vehicles to operate inter-state services needs to be passed in both houses of parliament. This apart, several road connectivity projects are envisaged under the regional strategy section of the document covering north-eastern region, coastal region and Himalayan region.

v. Drinking water and sanitation: The document claims that by the end of 2019, 179000+ partially covered habitations will be fully covered for drinking water, and 26000+ habitations will be made Arsenic and Fluoride free. *Swachh* Bharat Abhiyan is expected to clean up the cities, towns, rivers, canals, and also build toilets for over 10 crores homes.

vi. Housing: The last in this list is housing. The document posits that 10 million additional houses have to be built under PMAY-G.

Let us now look at macro policies that can have significant impact on livelihoods

- i. Irrigation:** Out of 141 million Ha net area sown, only 65 million Ha are presently irrigated. In addition, irrigation efficiency of surface water is presently at 30% and ground water is at 55%. Both are much lower than what it should be. Through a multitude of measures, the NITI Aayog document asks for more coverage and improving efficiency of irrigation.
- ii. Land governance:** Indian land ownership system, land record system and governance as regards land transfer, change of classification, ceilings, leasing etc. are simply archaic. As a result, 67% of all disputes in lower courts are about land and property. The document proposes a number of measures like titling law, leasing law and others to ease out such bottlenecks for private investments.
- iii. Innovation eco-system:** Job creation also requires innovation in technology, management, organisation, logistics, education and others. While some efforts are already in operation, the document calls for expanding the innovation eco-system by several measures.
- iv. National Rurban Mission:** 300 Rurban clusters have been identified by the MoRD where an integrated development plan of the cluster would be made and implemented. Major emphasis of such Rurban cluster development would be on developing physical and social infrastructure and business environment.

Let us turn now towards looking at what can be called direct or semi direct policy measures to create and sustain livelihoods

- i. **Agriculture:** While a host of measures are indicated in the section on Agriculture, the key intervention seems to be a) Reform of APMC Act to disallow sale and procurement in local catchment area, b) Price deficiency payment—a system where farmers will be compensated through a grant scheme if they have to sell the produce below the MSP, c) Agricultural insurance to be rationalized through a system of capped subsidy, so that large farmers do not get relatively more benefit, since their shock absorption capacity is stronger, d) And introduction of advanced technology in seeds, extension, crop management, etc.
- ii. **Coastal Employment Zones:** Following the model of Shenzhen, China which today has 2500 sq. km area, and a population of 11 million, the document proposes creation of two coastal employment zones on a pilot basis on 500 sq. km of land area to start with for each. The CEZs would mean amendment of land acquisition laws, land conversion laws, creating a new local civil administration for the entire range of social infrastructure—housing, education, healthcare, entertainment, transport, industries, trade, etc.
- iii. **Tourism:** Tourism presents another large potential to create jobs. Being primarily a labour intensive sector, this already contributes to 6.7% of the GDP. The document asks for multiple measures including developing five beach tourism zones, 10 national tourism circuits, 5 islands development, easing the visa processes, and creating skilled human resources for tourism industry.
- iv. **Real estate:** The document does deal with real estate development related policy issues as this is second largest employer in the country after agriculture. However, the entire focus is on the ease of doing business and not a single line is mentioned about employment in this section.
- v. **Rural transformation:** As regards policies that directly impact livelihoods, the focus of the document is on MNREGA and skill development. What is interesting is that

the document does not even speak of how the number of days of work provided can substantially increase particularly in poor states. Also the skill development section does not even discuss how to create a national skill education architecture, just like a formal education infrastructure.

Finally, a look at the regulatory system to ensure dignity of labour

- i. The most important proposal in this segment is labour law reform, in which the document asks to move to fixed term appointment, from a regular permanent appointment.
- ii. Secondly it asks for doubling the overtime hours per quarter to 100 hours per quarter.
- iii. Thirdly, it proposes to change the provision of retrenchment of workers without the permission of the government for firms employing 100 workers to firms employing 300 workers.
- iv. The document also proposes complete freedom for the employers to relocate their factory anywhere in the country without the permission of the government.

Overall, looking at key measures proposed by NITI Aayog, it's clear that the direction is more on economic growth, and not on labour, ecology, and society. It's surprising that a document on nation building does not focus enough on social development, gender equality, reducing caste discrimination, poverty reduction, creating decent work and reducing ecological destruction. Its single point concern is health of the economy and not health of the society. The biggest shortcoming of the document seems to be that it simply records what the government is doing and, without proposing a cogent strategy for the future.

Let's take the case of clean fuel. It's well known that cooking gas price is market linked, and a country that imports 85% of its petroleum, the cooking gas price will fluctuate according to the vagaries of the market. As a result, the price of cooking gas will rise since the subsidy is capped. This is a clear disincentive for nearly 80% of the population that has an income of less than Rs 10,000 month. The document does not recognise this critical problem of the user households.

The nutrition challenges in the country are well known and in fact the document in its section on MSP recognises that MSP has created huge bias towards calories and not on nutrition. There is no strategy in the document to link agricultural production with nutrition. In agriculture, the paradigm of a flawed MSP on the one hand, and loan waiver on the other simply can't go on. The document fails to identify alternate strategies for agriculture by which farmers' distress can be relieved and agricultural livelihoods stabilized.

While it is well-known that electricity connection does not ensure electricity availability, and in fact while the country may have done well in wiring the homes, but had been unable to provide 24x7 electricity, the document does not address the issue.

The document does not even make an estimate as to by which year, the country will have potable drinking water, so that women do not have to walk long to fetch water for home.

While real estate, textiles and handicrafts create maximum number of employment after agriculture, there is no strategy in the document to create employment in these sectors.

A critical omission is that of gender strategy on equity in employment. There is not a single paragraph in the document discussing what the nation would do to achieve gender equality in work opportunities and wages. In case of SCs and STs, there are indeed two dedicated sections in the document. However, it does not mention any strategy to overcome the 'poor work-poor pay' barriers for the SC-ST working population.

While the document's one key agenda is to create well-paid jobs, not a single page is devoted to discuss how it will happen. Most of the discussions of economic transformation refer to growth, and no estimate, even a grossly rough one, is provided to claim how even the Seventh Pay Commission's benchmark figure of Rs. 18000 per month will be achieved for majority of Indians.

In addition to lack of clarity as to how well-paying jobs will be achieved, if we apply ILO's decent work framework, we can't find a single policy measure which addresses ILO's decent work requirements.

The government and public sector entities are the biggest employers in the country. The document does not provide any clue as to how massive vacancies in government and public sector entities will be filled, thus boosting overall employment.

All the regulatory proposals, such as on labour, coastal regulations, land acquisitions, land leasing, urban land ceiling, etc. seems to be on the side of easing private investment rather than on the side of improving livelihoods and quality of life.

POLICIES DIRECTLY IMPACTING LIVELIHOODS OF MILLIONS

While much of the NITI Aayog document is meant to be prospective, there have indeed been measures by the government that impact livelihoods of millions in various ways. In this section we will discuss three such measures, namely demonetisation, cow slaughter ban, and GST. At the outset we start by saying that both demonetisation and GST were not measures relating to livelihoods, but notwithstanding their impact on fiscal discipline, both had enormous livelihoods impacts. On the other hand, cow slaughter ban is indeed a direct policy measure impacting livelihoods.

Demonetisation

The fiscal and macro-economic aspects of the demonetisation story are now quite well known. Denominations of Rs. 1000 and 500 were declared illegal tender from the midnight of 8th November, 2016. The policy goals were oral, as uttered from time to time by politicians in public meetings, press conferences, and in writing by some journalists, and a couple of economists in popular magazines. Eventually some policy goals could be found in the affidavit, which the government submitted to the Honourable Supreme Court. In oral communications by ministers and other spokespersons of the government, policy goals

Box 2.1: 'Did those with black money sleep on an empty stomach?'

Monika's story has many parallels in the government built Economically Weaker Section housing society where she lives in Ludhiana's Samrala Chowk area. Twenty-nine-year-old Hemlata is her neighbour and has also fallen on hard times as her husband lost his job when the factory he worked in closed down due to the cash crunch. Hemlata, who goes by just one name, is sitting in the housing society's courtyard with some other women. It is the only open area in the otherwise cramped and squalid neighbourhood of approximately 30 small concrete homes.

To make up for her husband's lost income, Hemlata has started working part time. "My neighbour has given me this work where I process (cut) these shawls and get 0.50 paisa (half a rupee) for every piece. I process around 50 to 60 pieces in a day," she explains, sitting amid piles of shawls with her three-year-old daughter. But the 25-30 rupees she makes daily is not enough to cover the family's most basic expenses.

"This is a very small amount and it is not enough to get us one meal a day. And I have to also pay the rent, electricity and school fees," she says, her voice breaking. "I will have to manage, till my husband is able to find a job. "On top of those expenses, she must also buy medicine for her two-year-old daughter, who has suffered from a chronic disease since birth. "My daughter needs her medicine every day and I have to resort to borrowing money from neighbours and moneylenders to buy it."

"How am I going to repay that money?" she asks. Although the 7,000 rupees that her husband used to earn in the factory was far below the country's average monthly wage of about \$250, it helped the family of four get by.

Source: <https://www.aljazeera.com/indepth/features/2017/02/100-days-demonetisation-stories-hardship-170215154335682.html>, accessed on 20th December 2018.

shifted every week; from curbing black money, fake currency and terror funding, to fiscal gain of Rs. 3-4 lakh crores and each poor family getting Rs. 15000 in their bank account (Incidentally, it was mentioned in the Government's affidavit to the Honourable Supreme Court!), to create a cashless economy and improved tax compliance. Finally, after almost two years, RBI declared that 99.3% of the money had come back to the banks. The expectation that laundered money and wealth on which tax had not been paid will not return to banks was belied. No one knows how much of the currency notes returned to the banks is black and how much is white, until full tax audit is done for all the money received, which is going to be a decade long affair. Tax compliance may have improved, but it's nowhere clear if it's due to demonetisation. The economic growth slowed down in the years 2016-17, and even in 2017-18.

The concern here is about the impact of demonetisation on livelihoods. While there

were hundreds of press reports (See Box 2.1 as an example) on wage losses, small factories and businesses closing down, migrant workers returning home with no work, etc. systematic computations of livelihoods impact of demonetisation were hard to come by.

In a calculation made by Shubham Kundal and Mukul Agarwal, published in EPW Engage³ on losses incurred by people who stood in long queues at ATMs, it shows that 25% of the people who stood in long queues lost their earnings as a result, the amount of loss was 46% to 53% among various occupations of people. 53% loss of earning, which was the highest, was among the self-employed. Using two specific methods to calculate monetary loss of any kind incurred by the people who stood in the queue, the amount of loss was staggering Rs. 283 per hour of queuing.

Similarly, the Centre for Monitoring Indian Economy (CMIE), a private think tank that tracks business and economic data, has put a number to

the job losses in the aftermath of demonetisation. It says about 1.5 million jobs were lost in the first four months of 2017. The estimated total employment during January-April 2017 was 405 million, compared with 406.5 million in the preceding four months (September-December 2016). These estimates are based on what CMIE calls consecutive ‘waves’ of consumer pyramids household surveys. These are all-India household surveys employing a sample size of 161,167 households, covering 519,285 adults. The most recent ‘wave’ was conducted over the four-month period from January to April 2017, and was the first complete ‘wave’ post demonetisation. The figures are for total employment in the country, including the organised and un-organised sectors as well as the agricultural and non-agricultural sectors. The erosion of jobs happened even as the workforce (those over 14 years of age) swelled by 9.7 million to 960 million during January-April 2017⁴.

Various local surveys and case studies point to a similar picture. For example, in Ranchi, a survey led by Jean Drèze (Delhi School of Economics and University of Ranchi) reports 45% decline in earnings of small shopkeepers/businesses; in Amritsar, Prateek Sibal (Paris Institute of Political Studies) reports a similar figure of 46%. In Delhi, a survey of small shopkeepers and casual labourers by Vyom Anil (Jawaharlal Nehru University) finds a much larger drop in average income of about 60%. Another study for Delhi, by social activist Harsh Mander, points to a 60% cut in supply of jobs to labourers, a decline in wages, and loss in profits for small shops. In Mumbai, Deepa Krishnan (SP Jain Institute of Management) and Stephan Siegel (Michael G. Foster School of Business, University of Washington) report a very significant loss of 44% in the earnings (relative to the pre-note ban period) of the self-employed in slum areas. Some of the surveys also indicate huge income losses for casual workers: 50-70% in Jaipur (conducted by PUCL Rajasthan), and 72% among domestic workers in Delhi (by Vyom Anil). A larger survey by India Development Foundation (IDF) covering nine states asked owners of small and medium enterprises (SMEs) whether there were output and job losses. With regard to output

loss, 61% of respondents in Telengana, 94% in Andhra, and 80% in Gujarat answered in the affirmative. For job losses, the corresponding incidence was similar in Telengana and Gujarat, slightly lower in Andhra, but very high in Uttar Pradesh (87.5%), which also saw significant wage decline. The income losses reported by these independent surveys are large and mutually consistent⁵.

Among these local surveys, the one done in and around Ranchi deserves special mention here. The survey responses clearly show that finding work became harder after demonetisation. This is not surprising, since the informal sector in and around Ranchi primarily runs on cash. The average days of employment per month, as reported by the labourers, fell from 18 before demonetisation to 11 after, a decline of 39% (see Table 2.1). The decline was a little larger for women (44% than for men (37%).

The discussion on job losses did not abate over time. As late as 14th September, 2018, Mahesh Vyas of CMIE clarified that the job losses due to demonetisation was to the tune of 3.5 million if four months prior and after demonetisation were compared. In fact, in the very first month after demonetisation, the job loss was 12.7 million⁶.

Overall, there was not a single corner of the country where the poor, marginalised, and the vulnerable were not impacted negatively by demonetisation. From fisher-folks of Kerala, vegetable sellers of Maharashtra, to wage labourers of Odisha, to cattle traders of Sonapur Rajasthan, the impact was palpable and severe⁷. A country where cash transactions are more than 98% of all monetary transactions, it’s understandable that withdrawing 85% of the currency from the market would have absolutely adverse impact on livelihoods of the ordinary

Table 2.1: Average Number of Days of Paid Work (per month)

	RESPONDENTS	BEFORE DEMONETISATION	AFTER DEMONETISATION	DECLINE (%)
1	Women	16.2	9.1	43.80
2	Men	18.8	11.8	37.2
3	All	18.2	11.20	38.5

Source: <https://thewire.in/economy/work-in-the-time-of-demonetisation-a-study-of-casual-labourers-in-jharkhand>, accessed on 20th December 2018

working population of the country. The scale and depth of the impact were perhaps not fathomable by any.

Cow Slaughter Ban

On 25th May, 2017, the central government brought a significant amendment to the rule of sale and purchase of livestock. It banned the sale and purchase of cattle for slaughter in a cattle market. Cattle here is a broad based term that includes cows, bulls, buffalos, camels, calves, etc. Sale and purchase of cattle in a one to one transaction for the purpose of rearing could continue, it said. Why this deserves a space in the discussion on livelihoods policy of the country requires some explanation.

Cattle are multi-purpose domesticated animals in the country for thousands of years. They provide milk, carry loads, produce dung for use as fuel and manure, and of course, cattle are slaughtered for human consumption. The meat known as beef is a part of the cuisine in some neighbouring countries like Bangladesh, Pakistan, Afghanistan, Iran, apart from India. Beef is also a delicacy in many western cuisines. India is the largest exporter of Beef in the world. Indian Beef is exported to Vietnam, Malaysia, Saudi Arabia, Egypt, and other countries. Indian exports of beef were about Rs. 27000 Crores in 2016, which grew 3.5 times, over 10 years as a major export item from Rs. 7000 Crores in 2007⁸. Cattle are traded for rearing, for milk and for meat by Hindus and Muslims alike. There are large cattle markets all over the country. Also there are registered and unregistered slaughter houses across the country. Cattle are a staple in Kerala, Tamil Nadu, West Bengal, and North Eastern states. Table 2.2 provides some basic data on cow economy in India.

Table 2.2: Some data on Cattle population

1.	Male 67 Million,
2.	Female 123 Million
3.	Beef export 2 million tons per year
4.	Indian consumption of Beef 2.2 millions
5.	Livestock as part of agriculture GDP is 28%

Source: Ibid

How does the cattle economy and associated livelihoods work? Cattle are reared by families as well as by dairy farms for milk. When cattle can't deliver adequate quantity of milk for some reason, people sell the cattle for slaughter. People also sell the cattle when one needs money for other expenses, or simply find that they can neither consume nor sell additional quantity of milk, whereas they have to spend money to feed the cattle. Estimates suggest that dairy farms find, they have to replenish about 40% of cattle population, because it becomes relatively unproductive. Much of the cattle sold, eventually goes to the slaughter house, and turned into beef for human consumption in the country or abroad. It needs to be understood that cattle markets exist in many states. And cattle markets are not only for purchase and sale of cattle for slaughter, but also for rearing for milk, and other purposes.

Who drinks milk and who eats beef? Milk is drunk by millions of people all over India irrespective of religion, caste, class and ethnicity. However, beef is eaten largely by Muslims and Christians, and by a small percentage of Hindu population. Beef is also eaten by various north eastern communities⁹.

The new rules that came into effect in May 2017 only refers to sale and purchase of cattle in a market for slaughter. While it appears simple, in practical terms it has multiple impacts on the cattle rearing and trade. Cattle markets are informal markets, where sale and purchase happens for multiple purposes. The intent behind sale or purchase cannot be established. Restricting sale and purchase for slaughter has a direct bearing on exports, and all the people associated with it.

What impact can it have? There are actually many as pointed out by various experts. The price of cattle was expected to fall, which actually happened as reported by Sagari Ramdas¹⁰. Export industry took a hit, and we are yet to get a reliable figure on this. Thirdly, the number of stray cattle would increase. In fact, the livestock census in 2012 actually points out that number of stray cattle is about 3-7 % of the cattle population in states where slaughter was already banned. In contrast in Kerala, where cattle slaughter is not banned, stray cattle is just about 0.3% of the

cattle population. The leather industry too is expected to take a hit, as a report in Live Mint has suggested¹¹.

The policy measure met with expected resistance. Protests erupted at several places in Tamil Nadu, Kerala, Maharashtra, Rajasthan, Gujrat, and others. Even export associations, leather associations wrote to the government asking review of the restrictions. Eventually on 11th July, 2017, the Honourable Supreme Court lifted the ban giving reprieve to many.

Minimum Support Price

Policy measures on MSP are nothing new. MSP exists for 24 items but public discussions as well as policy discourses mostly focus on wheat and paddy. These two crops account for 60% of all government procurements. In order to clearly comprehend the policy debate on MSP, it's important to understand the nature of MSP and the politics associated with it. MSP is calculated by Commission of Agricultural Costs and Prices every year for Kharif and Rabi seasons. It has three components: Costs of inputs like seed, water, fertiliser, pesticides, and hired labour is the first component. In the current debates it is referred to as A2. The second element is family labour which is not paid for. A notional value of such labour is taken. It is referred as FL. And then there is a third component – land lease rent, implied rent on land, and interest on capital assets over and above A2+FL. This is called C2. The policy on MSP is often about A2+FL or C2.

The government on the one hand has claimed that its ready to pay 50% over and above the MSP as recommended by Swaminathan Commission, but it also clarified that MSP in this calculation is not C2, but A2+FL. The farmers on the other hand ask for C2 as the base price and demand 50% over and above C2 as the procurement price. However, there is more to the story.

Actual procurement of what and paddy happens mostly in 5-6 states and that too only in certain districts, and in selected *Mandis*. Therefore, the benefit of MSP goes only to certain farmers, and not all farmers. Secondly, the MSP is fixed at one value for the entire country. However, actual production costs of crops vary state to state. Figure 2.1 and Figure 2.2 show the cost of paddy and wheat production in various states¹².

The horizontal lines on the two graphs is the procurement price declared by the government for 2018-2019 on the basis of A2+FL+50%. As the two graphs show, it has two important implications. Firstly, even at that government defined procurement price, the margins gained by farmers will vary from state to state; for wheat for example, Punjab farmers will gain most, Maharashtra farmers will gain the least, And West Bengal farmers will actually lose! When MSP is fixed at a premium to C2 costs, then all farmers in all states will gain and post a net return. The present formula of fixing MSP at a premium to A2+FL still does not remunerate farmers in some states.

The above two graphs as well as the Table 2.3 clearly demonstrate it¹³. In this context, we



Figure 2.1: Cost of production of paddy across states for 2018-2019 (in Rs/quintal)

Source: Commission For Agriculture Costs and Prices; PRS.

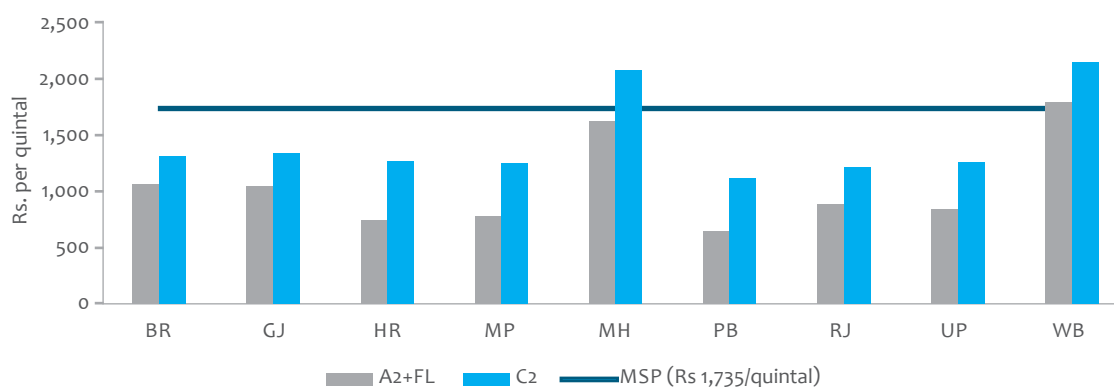


Figure 2.2: Cost of production of wheat across states for 2017-2018 (in Rs/quintal)

Source: Commission For Agriculture Costs and Prices; PRS.

must remember that leasing in land on seasonal basis is now a very common practice, particularly among small and marginal farmers, where the rate of lease varies from Rs. 5000 to 12000 per acre depending on quality of land, crop and other factors. According to 59th round of NSSO, about 36 percent of the tenant farmers are landless, while nearly 56 percent of the tenant households are marginal land owners, having less than one hectare land. This category of farmers leases in more land than they lease out¹⁴.

Therefore, it's clear that not taking this cost into account is harming the small and marginal farmers more than others. This remains the bone of contention between the farmers' movements and the government.

We should also remember that overemphasis on wheat and paddy has created farmers' bias towards these two food grains, against pulses, millets, oil seeds, etc. Moreover, overemphasis on wheat and paddy also has contributed serious ecological consequences. Both require much higher quantity of water, and therefore demand for irrigation, compared to pulses, millets and oilseeds. The fourth aspect of the MSP policy debate and particularly farmers' demands is the need to procure other crops as well through the MSP mechanism!

The farmers' agitations, first in Maharashtra and very recently in Delhi had more to say. The movements wanted waiver of loans taken between 2001 and 2008 and implementation of FRA over

and above the implementation of Swaminathan formula for MSP, and actual procurement of all the 24 items of crops through MSP mechanism and not only wheat and paddy!

Job Creation Debate

One of the key aspects of any livelihoods policy framework is to ask the question that while, every year, a few crores of Indians enter the job market, how many jobs are getting created in all sectors of the economy? If livelihood is about means of making a living, this is the central question of the policy discourse on livelihoods.

Why should there be a debate on job creation, and what is the nature of the debate? Is the debate essentially political where economic data is used to score political points? Or is it a substantive debate on the nature of policy thrust, relative job growth, course correction, etc. We need some context in order to get to the bottom of this debate.

The Figure 2.3 clearly states the fundamental problem. The fundamental problem is that in the '70s and '80s, the GDP growth was modest, at around 4-5%, but employment was growing reasonably well. However, the trend drastically changed '90s onwards. The GDP grew almost between 7-9% but the employment growth went down to just about 1%. Except for the period of 1999 to 2004, when the employment grew at 2.7%, the entire 2004-2015 period, a whole decade saw

Box 2.2: Diesel Hike taking away MSP protection

Diesel is now retailing at Rs 71.34 per litre in Delhi, compared to Rs 57.46 a year ago. That is a whopping Rs 13.88 per litre or 24.2 per cent jump, which along with similar increases for fertilisers and crop protection chemicals during this period, threatens to undo all the gains to farmers from higher minimum support prices (MSP) of crops declared by the government.

Diesel is used in agriculture as fuel for tractors, combine harvesters and irrigation pumps. According to the Punjab Agricultural University at Ludhiana, which estimates the “enterprise budgets” of kharif and rabi crops every year, the total running time of a tractor in various field operations (excluding harvesting and threshing, done by combines) averages seven hours per acre of paddy or wheat.

“A 50-horsepower tractor with four cylinders consumes 6 litres of diesel per hour if it draws a rotavator, cultivator/tiller, disc harrow or MB (mouldboard) plough. Even if runs without load, the consumption will be 2-3 litres,” says Jitender Singh Hooda, an eight-acre farmer from Kheri Bairagi village in Shamli district of Uttar Pradesh.

Assuming seven hours of use in cultivation and another two hours in off-field operations (hauling produce to the market, bringing fertiliser and other inputs to the farm, etc.), with corresponding consumption of 6 litres and 3 litres per hour, the total diesel burnt in a cropping season works out to roughly 48 litres per acre. Add to this 8-9 litres/acre consumption by the combine harvester, which covers 1-1.2 acres in an hour, the figure rises to 56-57 litres.

But that’s not all.

A 2016 study by Thiagu Ranganathan, N. Chandrasekhara Rao and Ghanshyam Pandey from the Institute of Economic Growth, New Delhi (<https://bit.ly/2NnLzGY>) has found 30 per cent of the country’s gross cropped area that is irrigated to be watered by diesel pumps. The ratio was low in Maharashtra (1.8 per cent), Haryana (3.6 per cent), Andhra Pradesh (4 per cent), Punjab (7.8 per cent) and Gujarat (20 per cent) - states with relatively good rural electricity infrastructure, but high for Madhya Pradesh (50.4 per cent), UP (55.6 per cent), West Bengal (71.4 per cent) and Bihar (88.7 per cent).

Further, the average quantity of diesel used for irrigation, as per this study sponsored by the Union Agriculture Ministry, was 117.5 litres per hectare (47.5 litres/acre) in paddy and 68.1 litres (27.5 litres) in wheat. That would take the overall diesel consumption per acre to over 100 litres for paddy and 83-84 litres for wheat.

A Rs 14/litre price increase will, then, push up costs by Rs 1,200-1,400 per acre, which, on an average per-acre paddy yield of 30 quintals and 20 quintals for wheat in Punjab, translates into Rs 50-60/quintal. That is a fourth of the MSP hike of Rs 200 per quintal for common paddy (from Rs 1,550 to Rs 1,750) announced in this kharif season and more than half of the Rs 110 increase (from Rs 1,625 to Rs 1,735) for the 2017-18 wheat crop.

Source: Indian Express 8th September 2018

Table 2.3: Cost of production determined by the CACP for calculating MSPs for KMS 2018-19 (in Rs/quintal)

Crop	MSP (2017-18)	MSP (2018-19)	Cost of production (2018-19)		Profit on A2+FL cost	Profit on C2 cost
			A2+FL	C2		
Paddy - Common	1,550	1,750	A2+FL	C2	50.1%	12.2%
Paddy - Grade A	1,590	1,770	1,166	1,560	51.8%	13.5%
Jowar - Hybrid	1,700	2,430	1,166	1,560	50.1%	11.3%
Jowar - Maldandi	1,725	2,450	1,619	2,183	51.3%	12.2%
Bajra	1,425	1,950	990	1,324	97.0%	47.3%
Ragi	1,900	2,897	1,931	2,370	50.0%	22.2%
Maize	1,425	1,700	1,313	1,480	50.3%	14.9%
Arhar (Tur)	5,450	5,675	3,432	4,981	65.4%	13.9%
Moong	5,575	6,975	4,650	6,161	50.0%	13.2%
Urad	5,400	5,600	3,438	4,989	62.9%	12.2%
Groundnut	4,450	4,890	3,260	4,186	50.0%	16.8%
Sunflower Seed	4,100	5,388	3,592	4,501	50.0%	19.7%
Soyabean (Yellow)	3,050	3,399	2,266	2,972	50.0%	14.4%
Sesamum	5,300	6,249	4,166	6,053	50.0%	3.2%
Nigerseed	4,050	5,877	3,918	5,135	50.0%	14.4%
Cotton (Medium Staple)	4,020	5,150	3,433	4,514	50.0%	14.1%
Cotton (Long Staple)	4,320	5,450	3,433	4,514	58.8%	20.7%

Source: Commission for Agricultural Costs and Prices; PRS

employment shrinking. This led to the former Prime Minister Dr. Manamohan Singh lamenting it to be jobless growth. There was substantial economic growth, but the economy did not generate adequate jobs. No one questioned the data or the prime minister's lament.

It is therefore understandable that generating adequate jobs was a key agenda for the government. The promises were about creating 20 million jobs a year, and reversal of the trend of jobless growth. It is in this social context that we have to examine the current debate on job growth. How has the job scenario been in last four years? Here the data itself is misleading. First, we have to recognise that there is no official employment/unemployment survey data post 2015. Therefore, discussions are happening either on CMIE data or EPFO data, or simply projections based on earlier data.

First, there was the Ghosh and Ghosh paper¹⁵ on job creation. Pulak Ghosh of IIM Bangalore, and Soumya Kanti Ghosh of SBI accessed the data provided by the Employees Provident Fund Office to NITI Aayog and made the claim that

the country added 7 million formal sector jobs in the period 2017-2018. What is interesting is that the data itself is not in the public domain, unlike NSSO, LB, CMIE and other survey data on employment. Therefore, no independent study or scrutiny is possible. This is the first time in the country, a formal think tank of the Government made national level claims based on data that is exclusively available only to them.

Data secrecy apart, there are serious interpretational issues with the data. Let us consider those one by one. Firstly, in any specific month, if EPFO office records increase of employees on payroll where PF is deducted and deposited, it does not mean, all the people's names shown are new employees, who joined work in their first job. It can mean, the employer organisation opened its PF account since it may have crossed the threshold of 20 employees. If, in that month, the employer organisation added one employee, then all the 21 employees are eligible for PF, and the employer is supposed to register. This does not mean all are new jobs; it means a transition from the informal to the formal.

Praveen Chakravarthy and Jayram Ramesh argue that after demonetisation, several employer organisations actually sacked a large part of the workforce, and then registered a small set of workers with EPFO. This too would mean informal jobs getting into formal recognition. To reinforce their argument, they have compared number of contributing EPFO members in FY 15 and FY 16. Here is what they say:

“In FY-2015, the total number of contributing EPFO members grew 7%. In FY-2016, it grew 8%. But after demonetisation, in FY-2017, it grew 20% and by December 2017, it had grown a further 23%. Are we then saying that the Modi government did not produce enough jobs in the first two years but, miraculously, after demonetisation and the GST, there were jobs galore, as per the same EPFO data set?¹⁶

Contrast this with CMIE data on employment and unemployment. In a report published in July 2018, CMIE¹⁷ who conducts sample survey on 161,000+ respondents, said the following:

“The number of persons employed in 2017-18 was 406.2 million. This was 0.1 per cent or 0.465 million lower than the 406.7 million employed in 2016-17. This is a small fall in employment. Given that in such estimations which are based on large sample surveys there is always a small margin of error it would be safe to say that there was no fall in employment. On the flip side we may also infer that there was also no growth in employment in 2017-18. Interestingly, while the employment rate declined, the unemployment rate also declined (from 7.51 per cent in 2016-17 to 4.66 per cent). While the former reflects an economy in poor health, the latter indicates good health. How are both possible simultaneously? The problem is with the unemployment rate which turned unreliable after demonetisation when a large number of unemployed persons stopped looking for jobs. These were mostly youngsters, many of them were uneducated and were women. As these unemployed persons stopped looking for jobs, they were not called unemployed any more. They hadn't found jobs so they were not classified as employed either. They simply exited the labour force. This led to shrinking of labour force and a misleading fall in the unemployment rate.

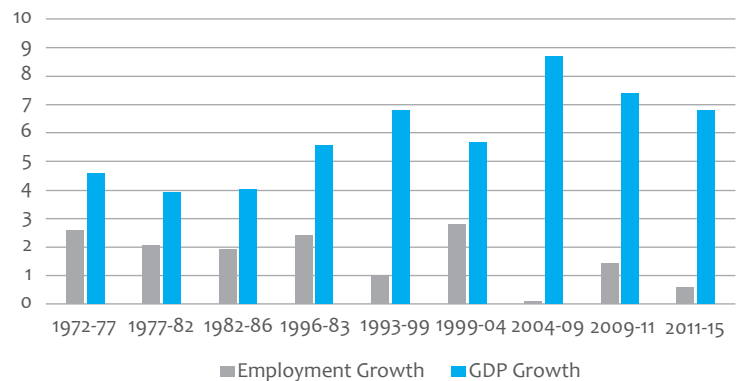


Figure 2.3: Employment and GDP growth for 40 years¹⁷

Source: State of Working in India Report 2018 by Azim Premji University

The labour force fell from 439.7 million in 2016-17 to 426.1 million in 2017-18. The labour force participation rate (which expresses the labour force as a per cent of the working-age population) fell from 46.1 per cent to 43.5 per cent. The first quarter of 2018-19 turned worse. Employment fell to 401.9 million, labour participation rate fell to 42.7 per cent and the employment rate fell to 40.4 per cent. All these indicators are lower than their corresponding values during a year-ago quarter and during the preceding quarter. Interestingly, the unemployment rate during the first quarter of 2018-19 at 5.5 per cent is higher than the 4 per cent it had pencilled in the first quarter of 2017-18. Implicitly, people are coming back to the labour force and not finding jobs. But, this influx into the labour market is not enough yet to raise the labour participation rate.”

Surjit Bhalla, then a member of the PM's Economic Advisory Council, contested the above data. In a paper by Bhalla and Tirthonmoy Das¹⁸, they have shown that India have added 12.8 million jobs in 2017. Bhalla and Das contested CMIE data by simply saying it's absurd to believe that women's LFPR has just come down to just 10%. CMIE's Mahesh Vyas, on 9th October 2018, again explained why they believe that their data is correct. The debate goes on.

Any rational debate of this nature is based on systematic data collected by competent agencies. India has multiple recognised agencies which have been collecting such data for many decades. It stopped at 2015. What we have on the other

hand, is private agencies collecting such data on a massive scale. The government instead of making sure that independent systematic data collection is back, are either using highly questionable data sets like EPFO data, or simply projecting on the basis of untested assumptions to make claims that do not stand rudimentary scrutiny. Employment is one of the most serious issues in India. It is saddening that such a serious issue is not receiving a deserving systematic attention.

Goods and Services Tax

Commercial transactions in India are generally taxed in multiple ways. State's own sales tax, central sales tax, various cess on these taxes, central excise duties, state excise duties, service tax, entry tax for certain items, etc. GST, formally known as Goods and Services Tax, was thought to be a good and simple tax regime which was expected to replace all these. Therefore, the starting question in this section is to ask what it has got to do with livelihoods of Indians?

To answer the question, we need to first comprehend the nature of livelihoods in India. It's well known that most Indians, almost 90% of the working people, are engaged in what is known as informal work including self-employed work. This means that often, the workers are paid in cash, with *kutchra* receipts, that do not enter into official income-expenditure or receipts and payments accounts of the employer's establishment. Even when it does enter such accounts, the number of people shown, wages shown, number of days worked shown vary from reality. Secondly, almost 98% of money transactions by volume in India happen in cash with or without a tax paid receipt (cash memo). Typically, in a shop, a factory, or in a workshop, it also means there are stock of goods that came through cash purchase, are without a tax receipt and not shown in the books.

Why does this practice exist at all? One key reason is that on the one hand, it keeps labour cost cheap and at the beck and call of the employer, and secondly, profits also have a cash component, on which income tax can be avoided for the company or the person. A combined effect of all these is also that market price of many goods and services remain low.

Apparently, therefore, GST should be beneficial to workers and jobs, as it comes under the purview of formal work, formal payment, and other associated benefits. While this is indeed theoretically true, there may be other challenges and constraints in real life. Let us take the case of handmade carpets.

India is a major producer and exporter of handmade carpets. On July 19th 2017, The Economic Times reported, that export of handmade carpets took a major hit due the 18% GST imposed on job works, and 12% on their sale or purchase. About 2 million workers are involved in the industry. The Carpet Export Promotion Council informed that about 5000 units remain inoperative, no new orders are being executed. Rs. 1000 crore worth of orders have got cancelled. And with these taxes, Indian handmade carpets have suddenly become more expensive in the international market than carpets from China or Turkey.

This is precisely one key connect with livelihoods. While bringing in all works producing economic value and their sale-purchase under GST is certainly beneficial to the workforce, it often increases product cost and thereby affects profitability of firms. And this is particularly true for small and medium enterprises. SMEs often use cheap labour paid through cash, and sale their products through cash. These cash transactions do not enter the books of accounts. This leaves us with a situation where the notion of profitability has two components—one profit or loss entered in books and profit or loss encountered in cash transactions. 98% of these SMEs are in the informal sector, employing less than 10 employees.²³ The list shown in Table 2.4, reported in LIVEMINT on 22nd June 2017, just before the start of GST on 1st July, 2017 speaks of the scenario. The report goes on to say that in the following sectors, unorganized segments make up significant part of the production and sale. GST, it predicts, will favour the key big players shown in the right column, and will have the potential to adversely affect the unorganized sector, causing major disruption to livelihoods of millions.

Reports of livelihoods getting affected by GST started coming in within days and weeks

Box 2.3: GST Hitting Hard the Tribals of Odisha

The fallouts of the new Goods and Services Tax (GST) regime that intended to simplify taxation in India, have become evident weeks after it was imposed on July 1.

Sal Leaf, a minor forest produce (MFP) that forest-dwelling communities can collect and trade, has been taxed 18 per cent. Tribal communities in Odisha whose sustenance depends on collection of Sal leaf and making plates out of them, are directly affected. According to experts working on the issue, around 1.5 million people depend on collection of Sal leaves for sustenance.

Earlier, these plates were exempt from Value Added Tax or exercise tax in the state; only a royalty of Rs 72 per quintal of leaves was to be given to the forest department. This additional economic burden has invariably hurt the trade of Sal leaf plates.

The gravity of the situation has also been recognised by the state government. On August 21, the state's finance minister Shashi Bhusan Behera wrote to the Union Minister of Finance, Arun Jaitley, urging him to exempt Sal leaf and its products from the GST. While the tax has to be paid by the trader, Chitta Ranjan Pani of Vasundhara, a non-profit working on tribal rights in Odisha, says that the traders, to cut cost, have been transferring the burden of the tax to the leaf collectors. The trade of the plates, meanwhile, has gone down to the doldrums.

“When we are trying to sell the Sal leaf plates to traders, they are reluctant to buy and cite various reasons best known to them. In worst cases, they are offering low prices,” said Nalini Mahakul of Banani Mahila Sangha, a Deogarh-based organisation of women who collect non-timber forest produce. The new system has four categories of taxes: 5%, 12%, 18% and 28%. Some types of MFPs, like natural honey are not taxed.

The tax levied on some MFPs is going to negatively impact tribal communities whose sustenance depends on their trade. The forest dwelling communities are given the right over MFP under section 3(1)(c) of Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006 (FRA).

“The forest right act also clearly states that there will be no tax/royalty on MFPs. As millions of people predominantly tribal in India depending on forest and forest produce for their livelihood, taxes under GST would essentially push them into poverty,” says Chitta Ranjan Pani.

Source: Excerpted from Down to Earth, July 24th, 2018

of its commencement. In September 2017, the dry fish merchant association of Gujrat held a convention and demanded roll back of 5% GST imposed on dry fish. It said, this led to fall in demand, and 30% drop in prices, reports Indian Express on 11th October 2017. On July 26th 2017, The Hindu reported 18% GST on recycled plastic had extremely adverse impact on rag pickers of Delhi, as the traders have reduced prices, and the

rag pickers were left with no margins at all. Similar stories were reported from the apparel sector, most of which works entirely in an informal way.

The GST regime in the last one year have made several attempts in course correction; mainly to extend deadlines, simplify procedures and ease out the tax slabs or rates. The exemption threshold for exports has also come back. All these course correction measures were welcomed

Table 2.4: The Anticipated Shift (Sectors with Presence of Significant unorganized segment)

Sector	Unorganized Segment (in %)	Key companies in organized segment
• Apparel industry	70	Aditya Birla Fashion and Retail, Page Industries
• Batteries after market	40	Exide Industries, Amara Raja Batteries
• Dairy Industry	78	Parag Milk Foods, Prabhat Dairy, Heritage Foods
• Jewellery	75	Titan Co., Tribhovandas Bhimji Zaveri, Kalyan Jeweller
• Plywood and laminates	70 and 55	Greenply Industries, Century Plyboards, Greenlam Industries
• Fans	25	Crompton Greaves Consumer, Bajaj Electricals, Havells
• Lighting	35	Phillips India, Crompton Greaves, Consumer, Bajaj Electricals, Havells, Surya Roshini
• Pumps	30	Kirloskar Brothers, CRI Pumps, Shakti Pumps (India)
• Faucets / Sanitary ware	55-60 / 35-40	HSIL, Cena Sanitary Ware
• Diagnostic Industry	85	Dr Lal Pathlab, Thyrocare, Metroplis, Super Religare Laboratories
• Packaging Industry	45	Uflex, Essel Propack, Huhtamaki PPL, Jindal, Poly Films
• Plastic Product	40	Supreme Industries, Finolex Industries, Jain Irrigation System
• Air Cooler	75-80	Symphony, Bajaj Electircals,, Voltas
• Dyes and Pigments	50	Sudharshan Chemicals, Atul, Bodal Chemicals, Clariant Chemicals
• Footwear	50-55	Bata India, Relaxo Footwear, Liberty Shoes, Mirza International
• Textiles (ex-apparel)	>90	Welspun India, Raymond, Bombay Dyeing
• Retail	> 90	Shoppers Stop, Future Retail, Trent

Source: LIVEMINT, JUNE 22, 2017

by the respective industries and sectors. Still GST is very much a work-in-progress and many more changes need to happen to make it a good and simple tax, as claimed the government. However, the full impact of GST on livelihoods of millions in the informal sector and work, is yet far from clear. The lack of robust real time data gathering architecture only weakens policy making and policy response system.

POLICIES TO PROMOTE LIVELIHOODS

While demonetisation, GST, cow slaughter ban, etc. were policies that impacted livelihoods of millions in last two years, these were not meant to be livelihood policies. In this section we go back to the core policy efforts by the government to promote livelihoods in any which way. Some of these policies are in operations for decades and some are relatively new. We will select the major ones for our discussions.

MNREGA

MNREGA is now more than a decade old. It's operational in all parts of the country in rural areas. From the time of its inception, several structural changes have happened in the design and implementation of MNREGA which have been discussed in previous editions of SOIL reports. Our focus therefore is about MNREGA's performance in last two years or more.

Let us look at the MNREGA budget for five years up to 2016-2017. It's clear that true to the Prime Minister's ridicule of MNREGA in the parliament in 2014, calling it "living with monumental failure," the expenditure indeed went down as shown in the Figure 2.4. However, a year later, once the government took the welcome U-turn, the expenditure started going up from 2015-2016 onwards¹⁹. However, the increase in liability of the previous year's payments poses a threat directly in implementation and in particular delay in wage payments. We will see this in some details, as we discuss the MNREGA's performance in last 2-3 years.

Box 2.4: Panchayats have no funds under MNREGA to hire and pay workers forced to return home from cities.

Demonetisation has exposed the fragile state of the government's Mahatma Gandhi National Rural Employment Guarantee Scheme. In Uttar Pradesh, in particular, an ever-burgeoning army of migrant labourers returning to their villages for lack of work in the cities, as a direct result of the cash crisis, has led to a mad scramble for employment under the government programme. However, panchayat officials say they cannot take in anymore workers as the scheme is already facing a crippling fund crunch, with villagers yet to get their dues from six months ago.

“The job guarantee scheme has stopped functioning,” said Sewaram, sarpanch of Bhareh village in the state's Etawah district. “The MNREGA fund has not come for several months now. People demand jobs but we can't do anything.”

Some 500 km away in eastern Uttar Pradesh, the sarpanch of Kajrinandpur village in Ambedkar Nagar district, Pravin Sharma, is in a similar bind. “In my village, nearly 200 people have MNREGA job cards,” he said. “Nearly 100 of them are yet to get wages for 20-25 days of work they did about six months back. How can we enrol new labourers when there is no fund?” While the demand for work is growing by the day, employment under the job scheme plummeted nationwide in November, coinciding with the demonetisation of high-value notes. The number of households getting work dropped 23% compared to October, the Times of India said on Tuesday. The report attributed the drop in employment to the squeeze on funds and overstretched panchayats.

Government neglect

The Centre's approach to the rural job scheme started changing almost immediately after the Narendra Modi government came to power in 2014. In February 2015, the prime minister called it a “living monument of failures” of the previous government. But it has since given no impression that it means to stop the populist scheme, since such a move would be politically disastrous.

However, this does not mean that the Centre has had a change of heart with regard to the job plan. A report in Business Standard in October this year revealed that the Union Rural Development Ministry, the nodal agency for the implementation of the scheme, had used an “off-record WhatsApp chat group” to tell states that the “mad race” for generating work under this programme could not continue and that they must plan more judiciously with the money they had already received. Such an informal moratorium on funds has left the programme in shambles.

“This programme was meant to play a very specific role of providing livelihood security to the rural poor, but it has now virtually fallen apart,” said Arundhati Dhuru, a Lucknow-based social activist and national convener with the National Alliance of People's Movement, which works for better implementation of the job scheme. “Money has almost stopped coming from Delhi, and arrears of workers have piled up,” she added. As a result of the government's neglect, both panchayat leaders and job seekers had started losing interest in the rural job scheme. But this has changed with the government's demonetisation decision.

Source: see Scroll December 14th 2016

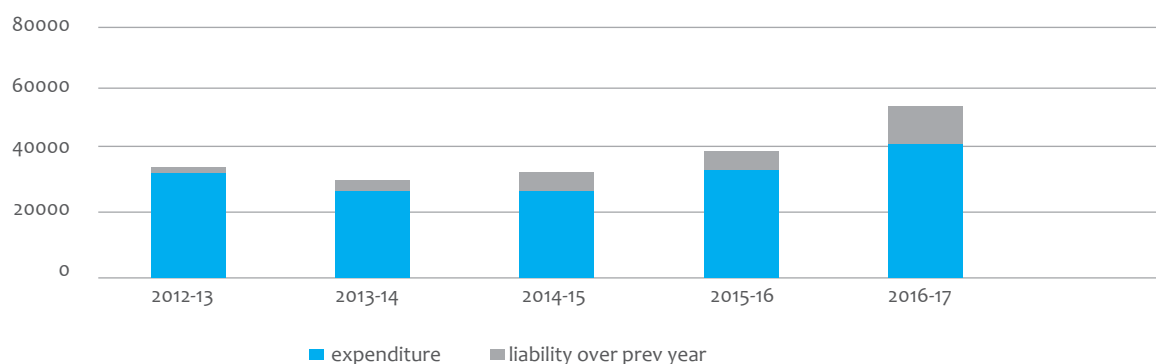


Figure 2.4: MNREGA expenditure in Rs. Crores

Source: Budget 2018: Highest Funding to MGNREGA in 2017. Yet, 56% Wages Delayed || IndiaSpend accessed on 20th December 2018

India Spend, a magazine which focusses on data journalism also reported²⁰ that while 39% wage payments were delayed in 2012-2013, 73% were delayed in 2014-2015, and then in 2016-2017, 56% of the wages were delayed in payment. This contrasts with the boost in demand for MNREGA works. Post demonetisation, as labourers went back to their villages for lack of work, the demand for MNREGA works drastically shot up. The labour turns out to do MNREGA work actually shot up more than 60 to 70%, in the month of December, January,

February 2017. The trend continued for the entire fiscal year of 2017-2018, as reported by The Times of India on January 15th 2018. In eight states, namely Chhattisgarh, Uttar Pradesh, Gujarat, West Bengal, Jharkhand, Rajasthan, Maharashtra and Madhya Pradesh there have seen steep month on month rise in demand for MNREGA works, so much so that the MoRD, GOI had to seek extra Rs. 7000 Crores to process wage payments associated with this rise.

Certain other aspects of MNREGA deserve policy attention. Firstly, the wage. The average wages paid in successive five years are in Table 2.5. The average increase over the years is just about 5-7%. This is just a little more than half the agricultural minimum daily wage fixed by the ministry of labour at Rs. 300 per person. Linking MNREGA wage with the minimum floor wage of the country has been a long pending demand, which remains unfulfilled. The second aspect to notice is the number of persons worked as shown in the Table 2.6. The number actually shot up by

1 crore persons in 2016 to 7.22 crores, and then further increased to 7.66 crore in the year 2017, and thereafter showed a slight decrease to 7.59 crore (see adjacent table). Compared to 2014-2015, the number persons worked in MNREGA in 2017-2018 is more by 1.37 crore. This clearly shows that the demand for MNREGA work has actually steadily increased over last four years.

If the demand has increased, as well as the liability of payments for each successive previous year, it should show up in compensating the workers for delayed payments.

Table 2.7 shows the computations made by Rajendran Narayanan of Azim Premji University and other researchers together of the shortfall in delayed payment. It points out that due to a faulty system of calculating only the delay by state government, the MoRD has systematically underestimated the delayed payment commitment. Rajendran Narayanan and his colleagues analysed more than 92 lakh transaction in 3,400 panchayats across 10 states and found that on an average, the Centre delayed wage payments by an average of 63 days, even though states raised invoices within the stipulated

Table 2.5: Wages in MNREGA

Year	Average daily wage per person
2014-2015	143.92
2015-2016	154.08 (7%)
2016-2017	161.65 (4.9%)
2017-2018	169.46 (4.8%)

Source: Author's tabulation from MNREGA site of GOI

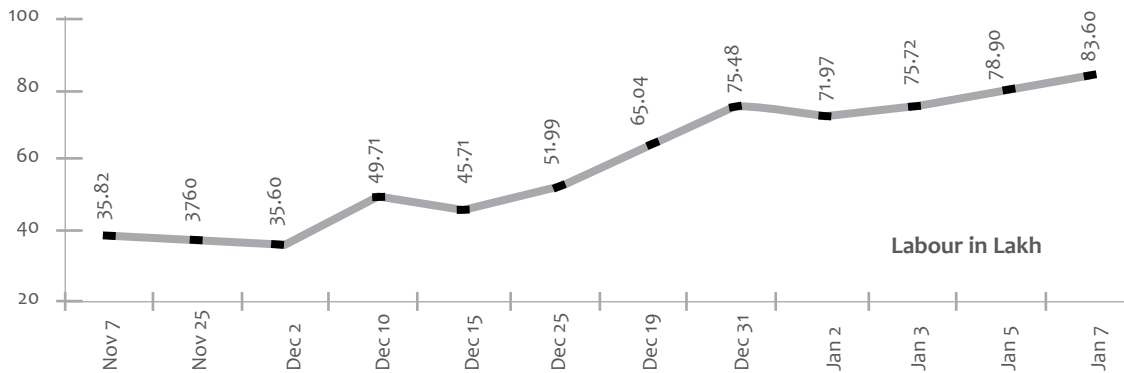


Figure 2.5: Labour Turnout

Source: <https://indianexpress.com/article/india/as-rural-hands-return-nrega-demand-spikes-over-60-per-cent-4465577/>

15 days, in 2016-17. Workers received payments within the legally mandated 15 days only in 20% cases. Delays were partially calculated in 47% cases in which the date of second signature on the electronic invoice was made after 15 days of work completion. In 33% cases, no delays were factored in as the date of the second signature fell

Table 2.6: Number of persons worked in MNREGA

Year	Number of persons worked (crores)
2014-2015	6.22
2015-2016	7.22
2016-2017	7.66
2017-2018	7.59

Source: Ibid

within 15 days of work completion even though the wages were not paid.

Last, we ask if there is any significant change in the number of days provided and how many actually got 100 days of work.

The Table 2.8 here shows that, although the number of days per person did register a significant growth in 2015-2016 reaching almost 50 days, the overall pattern remains between 40-46 days, still below half the promised days of work even after a decade of operation. It indicates saturation of the institutional capacity, despite ever increasing demand. Our last data set (see Table 2.9) is on number of persons who got 100 days of work. The number of HHs getting 100 days of work actually doubled in 2015-2016, and thereafter showed a steady fall, to 39.91 lakhs and in the last year to 29.60 lakhs.

Table 2.7: How Compensation for delayed wages was systematically underestimated across states in 2016-17

States	Compensation Calculated by Union Government (in Rs)	Compensation payable under law (in Rs)
Jharkhand	23,87,490	49,76,684
Bihar	1,25,53,522	2,15,06,568
Chhatisgarh	63,47,463	88,91,397
Karnataka	1,15,42,306	1,72,39,609
Uttar Pradesh	45,87,232	1,48,03,445
Rajasthan	21,32,688	1,20,33,086
Madhya Pradesh	23,97,744	83,10,848
Odisha	1,08,91,213	2,01,34,759
West Bengal	9,90,48,281	13,44,61,575
Kerala	42,74,538	11,77,24,852
Overall	15,61,62,477	36,00,82,823

Note: Figure are for the sample of 3,400 panchayats in 10 states studied by researchers.

Source: <https://azimpremjiuniversity.edu.in/SitePages/pdf/PaymentDelayAnalysis-WorkingPaper-2017.pdf> accessed on 20th December 2018

Table 2.8: Average number of days worked by a person in MNREGA

Year	Average Number of Days worked by a person in MNREGA
2014-2015	40.17
2015-2016	48.85
2016-2017	46.0
2017-2018	45.77

Source: Author's tabulation from 'MNREGA at a glance' website

Table 2.9: Number of HHs got 100 days of work in MNREGA

Year	Number of HHs who got 100 days of work (in Lakh)
2014-2015	24.92
2015-2016	48.47
2016-2017	39.91
2017-2018	29.60

Source: Ibid

Overall, we find 2015-2016 to be the best year for MNREGA workers. The wage increased by Rs. 10 per day of work, the workers almost got 50 days of work in that year, the number of workers doing MNREGA work shot up from 6.22 crore to 7.22 crore, and almost 50 lakhs HHs in the country got 100 days of work! Leaving aside this relatively good year, the decade old MNREGA despite many structural changes continues to underperform in many aspects.

Pradhan Mantri Jan Dhan Yojana

PMJDY or *Jan Dhan Yojana* can't strictly be regarded as a livelihoods promotion policy, but for all practical purposes, it is indeed one. The idea that all Indians must have a bank account, with all banking facilities inbuilt into it, together with insurance protection, overdraft facility, debit card, digital money transfer facility, etc. as a package go a long way to ease the means of making a decent living. This is why we considered PMJDY in this section along with MNREGA, NRLM and others. This is also one such scheme launched by the current government at the Centre, and not carrying the responsibility of the previous government, like MNREGA.

Compared to MNREGA, JDY is a simpler promise. It aims to provide Indians with the following:

- i. A zero balance bank account for all Indians
- ii. Interest on deposit
- iii. Accident insurance cover of Rs.1.00 lakh
- iv. Life insurance cover of Rs. 30,000
- v. Easy Transfer of money across India
- vi. Beneficiaries of Government Schemes will get Direct Benefit Transfer in these accounts.
- vii. After satisfactory operation of the account for 6 months, an overdraft facility will be permitted
- viii. Access to Pension, insurance products.
- ix. Debit Card – Ru Pay
- ix. Overdraft facility up to Rs.5000 is available in only one account per household, preferably lady of the household.

The most important achievement in this regard is that more than 85% of Indians now have a Bank account. It was just 53% in 2014. The government further claims that the PMJDY has met with the following achievements²¹:

- i. Approximately 32.41 crore Jan Dhan accounts have been opened with more than Rs 81,200 crore of deposit balance.
- ii. 53% women Jan Dhan account holders and 59% Jan Dhan accounts are in rural and semi urban areas.
- iii. Approximately 24.4 crore Ru Pay Debit Cards to these account holders.
- iv. More than 7.5 crore Jan Dhan accounts receiving DBTs, mostly cooking gas subsidies
- v. 13.98 crore subscribers under *Pradhan Mantri Suraksha Bima Yojana* (PMSBY) with 19,436 claims, involving an amount of Rs. 388.72 crore settled so far.
- vi. Similarly, 5.47 crore subscribers under *Pradhan Mantri Jeevan Jyoti Bima Yojana* (PMJJBY) with 1.10 lakh claims, involving an amount of Rs. 2206.28 crore settled so far.
- vii. 1.11 crore persons have subscribed for Atal Pension Yojana (APY).

Overall, we must record; these are no small achievements in just four years. The primary benefit for ordinary Indians has been that one bank account connecting them to multiple welfare measures and to a reasonable extent, welfare is reaching them.

At the same time, we must record that access to credit has not improved for the poor and vulnerable. World Bank's Findex Report 2017 maintains that only 1% of PMJDY account holders have accessed overdraft facility, also 38% of the accounts are inactive, (meaning no deposit or withdrawal made in one year). However, 62% of the accounts are operative is certainly an enthusiastic scenario. What it means is, government by political will and good planning can indeed do reasonably well in reaching welfare to the deserving, but when it comes to market linked decisions to be made by the banks on providing loans, the banks remain reluctant, and expectedly so.

National Food Security Act

Removing widespread hunger of adults and children including pregnant and lactating mothers has multiplier effects spanning education, health, nutrition, mortality and others. National Food Security Act 2013 attempted to bring some of the existing government programmes into a rights based framework, as well as expanding its scope and scale to cover widest possible range of population. It sought to replace the existing targeted public distribution system of food grains with a more robust coverage, include nutritious mid-day meals for children in its ambit, as well as cover children and mothers within the scope of one single statute. While much of requirements of the Act is food grains-raw and processed, there are two additional components in the Act. One refers to cooked food at schools and anganwadis, and the second refers to cash transfer to pregnant and lactating mothers. At the outset, it may be said that NFSA is not a livelihoods policy in the

strictest sense of the term. However, it is aimed at creating the important ecosystem (along with MNREGA) within which livelihoods promotion and support can take place.

The successful implementation of this Act depends on multiple factors; adequate procurement of food grains, effective storage and distribution, reducing leakages, to making cash available to the schools to buy local food grains, cooking and serving the meals at the schools and anganwadis, and timely transfer of cash to the women. All these require a massive chain of organisational arrangement and effective management. If these are supply side issues, the main demand side issue is effective inclusion of all the deserving categories of population in the beneficiary lists as required by the Act. These categories are population under PDS coverage, children attending schools and anganwadis, and mothers.

Given this context, let us now examine what has happened with the implementation of the NFSA and its impact on population if any.

Table 2.10: Summary of Studies on NFSA Implementation

No.	Title	States/UTs Covered	Sample	Findings
1	NFSA Survey	Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha and West Bengal	3600 (all households in six villages of two districts in each state)	Chhattisgarh and Odisha continue doing well. Madhya Pradesh sees major improvements. Bihar and Jharkhand lag behind.
2	J-PAL Study	Chandigarh, Puducherry and Dadra Nagar Haveli	5044 in Round 1 and 2054 in Round 2	Many DBT beneficiaries not receiving full amount of cash transfer in their bank accounts. Beneficiaries reported taking more time (and paying more) to purchase foodgrains compared to TPDS.
3	NCAER Study	NFSA (Bihar, Chhattisgarh and Karnataka) and non-NFSA (Assam, Uttar Pradesh and West Bengal)	6734 beneficiaries and 1000 non-beneficiaries	Leakage estimates higher among non-NFSA states (especially APL and BPL categories).
5	CAG Audit	Fully implemented (Chhattisgarh, Karnataka and Maharashtra), partially implemented (Delhi, Bihar and Himachal Pradesh) and not implemented (Assam, Jharkhand and Uttar Pradesh)	84 blocks and 336 FPSs in all nine states	Many states/UTs did not issue new ration cards (stamped old ration cards with 'NFSA'). More than half the states/UTs do not have online allocation of food grains. Three of the nine sample states do not have doorstep delivery of food grain
6	NFSA Survey	Madhya Pradesh	200 households in 8 villages across two districts	Large increase in PER (compared to 2013). Exclusion errors low due to new 'Social Security Mission' database and eligibility criteria that includes SCs and STs.
7	NFSA Survey	Bihar	1000 households in 4 districts	89 per cent of households had NFSA ration cards. Households could purchase 77 per cent of entitlement.
8	World Bank Time-Motion Study	Bihar	1091 households in 50 villages across 9 districts	PER for sample villages 80 per cent. Households report getting 4 kg food grain per person.

Source: See India's National Food Security Act (NFSA): Early Experiences, by Raghav Puri, LANSAs working paper series Vol 2017, Issue 14, June 2017

Table 2.11: Budget Allocations³³ for NFSA-Related Programmes (in INR Millions) from 2011 to 2017-2018

Year	Total food subsidy	ICDS services	Maternity benefits	Mid-Day Meals
2017-18 (BE)	1453386	152452	27000	100000
2016-17 (RE)	1351730	145606	6340	97000
2015-16	1394190	154331	2334	91449
2014-15	1176712	165523	3425	104466
2013-14	920000	163626	2319	109176
2012-13	850000	157116	821	108492
2011-12	728221	142662	2898	98907

Source: <http://indiabudget.nic.in/>

Firstly, despite clear articulation 365 days of timeline given to implement the Act, only 11 of 36 states and union territories were ready to implement the NFSA. It took 3 years and more to bring all states in to the fold of the NFSA. The last in this regard were Tamil Nadu and Kerala in November 2016.

The budgetary support to implement NFSA, shows the radical increase in allocations for food subsidy.

As we see from Table 2.11, while, the food subsidy has continuously gone up from Rs. 728221 Million (Rs. 72822 Cr.) to Rs. 1453386 million (Rs.145338 Cr.), an increase of nearly 100%, ICDS services on the other hand has seen an increase of only Rs. 10000 million (Rs. 1000 Cr.), Maternity benefits has only substantially increased in the last budget, after the Centre declared to provide Rs. 6000 as required by the Act, only in December 2016. The mid-day meal on the other hand saw a decline and thereafter has just come back to the earlier level seen in 2011-12.

Several studies until 2016 have pointed out the benefits occurred and challenges encountered in the implementation of NFSA. The Table 2.10 assembled by LANSAs study clearly points them²². It's important to note that in general, the findings support the benefits occurred by NFSA as a desirable support, while pointing out several operational challenges and shortcomings encountered in its implementation. However, all these studies have focused on the TPDS aspect of the NFSA, and not anything else.

Several shortcomings and deficiencies are found in the implementation of the maternity

benefits under NFSA. The Hindu on November 29th 2018 reports that in Jharkhand, the benefit is limited to only first living child, and that too an amount of Rs. 5000 not Rs. 6000 in the Act. This only covers about 43% of all pregnancies thus defeating the purpose. Similarly, Down to Earth reports that out of 25 million children born since the Centre's declaration of providing Rs. 6000, only 3.2 million women (for their first child) have received cash support of any kind²³. In December 2016, while announcing 6000 support to pregnant and lactating women, two important exclusions were made by the Government. The support was restricted only to first child, and under 18 pregnant women would not be supported. This means 57% in the first case (pregnancies after first child) and 30% of under-age pregnancies will be excluded from this support. It's interesting that despite clear provisions in law, the centre and state governments have failed to uphold its requirements.

Further problems arose when AADHAR authentication was made a mandatory requirement. On 8th February 2017, The Food Ministry of the Centre issued a notification that all NFSA beneficiaries must be AADHAR linked by 30th June 2017. Once biometric authentication became a requirement to get rations, problems started on the ground. Several hunger deaths were reported from Jharkhand²⁴ due to non-receipt of food grains as a result of mismatch of biometric authentication.

Several other provisions of the Act remained un-implemented. Swaraj Abhiyan filed a writ petition in the Supreme Court, on which the Court in its judgment of 21st July 2017, found serious

lapses in the implementation of the provisions of the Act. Section 14, 15, 16, 28, 29 etc. were still not complied with by state governments even after four years have passed. The court passed a strong order asking the Centre to implement the NFSA in its letter and spirit.

There are clearly multiple takeaways. The benefits accruing to the poor are universally accepted. The states like Chhattisgarh, Odisha, Bihar, West Bengal, Madhya Pradesh have substantially improved their performance of the PDS part of the NFSA, meaning that it is certainly possible to reach food grains in time to the deserving population and with less leakage. While, the PDS part of the NFSA has received adequate attention, the other parts of the Act such as mid- day meals, food at Anganwadis, cash transfers to pregnant and lactating mothers have significantly lagged behind. It is not clear yet what incremental benefits have been secured by introduction of technology compared to its costs.

Direct Benefit Transfer, AADHAR Linkage and Livelihoods

Direct Benefit Transfer or DBT refers to conditional or unconditional cash transfers directly to the bank account of a person who is a beneficiary of a government's welfare or social protection programme. In general, it covers two kinds of payments; the subsidy associated with a specific welfare scheme like PDS or cooking gas, or payment of entitlements under various Acts like MNREGA or NFSA. DBT was started previous government in 2013 as a pilot, and expanded to 433 government schemes of 56 ministries of the central government. DBT website claims that in the current financial year, a total of Rs. 1,77, 824 Crores have been disbursed as DBT, PAHAL, MNREGA, PDS, NSAP and scholarships account for most of such transfers.

Several arguments are typically put forward in favour of DBT. Foremost are the arguments that it reduces leakage, reduces middlemen, increases efficiency of transactions, increases availability of cash in the household, enhances household choices to get things they desire from the market,

etc. In theory, each of the arguments are true. For example, getting MNREGA wages or maternity benefits under NFSA directly into the bank account reduces time, reduces the possibility of giving bribe, and enhances cash in the bank account which can be used as and when needed. The same is true for the subsidy. Instead of the ration shop owner or the gas agencies getting the subsidy, the subsidy reaches the beneficiary directly through the bank account under DBT.

However, there are a host of structural and operational issues associated with DBT which could make it counter-productive. On the other hand, it is always a good question to ask if DBT actually impacts livelihoods in a positive way.

Let's take the case of Jharkhand which initiated a pilot project of DBT for PDS in a block and after months of complaints, the government had to withdraw it²⁵. Why? The idea was that the people will first wait for the subsidy of Rs. 31/Kg to come to the bank account, withdraw the money, add the entitlement price of Rs. 1 per Kg, take the cash of Rs. 32 per kg to the ration shop and buy the PDS rice. In this arrangement, technological interfaces increased, the transaction time actually increased, and it did not do any favour to the people. People preferred the earlier simpler arrangement; take Rs. 1 per kg, go to the shop, and buy the rice! The DBT approach gets further complicated by an additional component in it for some of the schemes, namely AADHAR authentication. A government commissioned study showed that AADHAR linking in disbursement of fertiliser subsidy is not working on the ground for more than 20% of transactions²⁶. This is due to various factors; mismatch of biometrics, falsification of records by dealers, etc.

Indiscriminate use of DBT irrespective of context is also not desirable. For example, the Central Government decided to transfer Rs. 500 month in cash to the TB patients. This is certainly far-fetched as an idea. TB patients need nutritious food in time every day for 7-8 months, and not cash. Chhattisgarh successfully experimented with such nutritious food for TB patients, which they supplied for 8 months. This actually costed Rs. 800 per person per month. However, more than the cash, it's the nutrition that worked²⁷.

What is surprising is that even a study commissioned by NITI Aayog in 2017, and conducted by Poverty Lab to evaluate the transfer of PDS subsidy in three union territories showed that against a promise of 100% of the deserving people getting 100% of subsidy 100% of time, less than 60% of cash actually reached the beneficiaries. Moreover, the value of DBT was consistently short of the claims; a good number of beneficiaries stopped receiving the subsidy on the way²⁸. This last finding is really significant. All these places—Chandigarh, urban areas of Dadra Nagar Haveli, and Puducherry—are significantly urban, where education and other social infrastructure like transport, bank density etc. are significantly higher than in rural areas. If such a programme can't succeed here, it's unlikely that such cash transfers can't be successfully implemented in rural India.

REGULATORY POLICIES TO SECURE LIVELIHOODS

The regulatory policy regime to secure livelihoods typically cover labour related laws on the one hand, and several economic resource related laws (like land water, forest, marine) to ensure people's livelihoods are secure and improving when there are multiple claims on these resources. Comprehensive labour reform covering employment, work, wages, industrial disputes and social security, is still very much a work-in-progress, and not implemented yet. India has more than 40 various labour related legislations, most of which could be termed as protectionist. It was necessary at a time, when chances of labour being exploited and denied dignity it deserves, was highly probable, given India's feudal past. Indian Constitution therefore built in necessary safeguards on equality of wages, equal opportunity for men and women, provisions for safety, social security, etc. While, the laws were indeed useful for a tiny section of the labour force, the vast majority of Indian labour remained in the informal sector, where the benefits of such protectionist laws did not reach them.

Comprehensive labour reform meant on the one hand, rationalising many labour laws, and on the other, move from a protectionist approach to a flexible approach. Protectionism was beneficial to labour, and restrictive to the employers, whereas flexibility is beneficial to the employer, and restrictive to labour. Let us see how much this is actually true. Three labour codes were introduced to the parliament by the current government towards comprehensive labour reform. One was Labour Code for Industrial Relations 2015, the second was Labour Code for Wages 2017, and the third was Labour Code for Social Security and Welfare 2017. We will discuss a few key features of each of these.

Labour Code for Wages

This code proposes to replace four statutes, a) Minimum wages Act, 1948, b) Payment wages Act, 1948, c) Payment of Bonus Act, 1965 and d) Equal Remuneration Act, 1976. It proposes that the Central Government will set a national minimum wage; The Centre may also set a minimum wage for each state! States cannot set the minimum wage below it. Currently, there are 1700 or so employments, where minimum wages are declared by either state or central government as the case may be. Minimum wages, once notified will remain fixed for five years. Currently, state governments have the flexibility to revise minimum wages so long it is not longer than five years. The proposed code specifically does not capture the equal wage between men and women at the recruitment stage. It also does not capture equal opportunity for women in transfer, promotion and recruitment. The overtime has been fixed at twice the wages. Currently, the overtime rate is fixed by the states. The maximum working hours will be set by states.

Another labour code is on social security and welfare. This code proposed in April 2017, aims to create broad based arrangements for social security for all kinds of workers—from agricultural to industrial, from formal to informal, from factory workers to home based workers, from directly employed labour to contract labour. The bill intends to make comprehensively changes in the social security infrastructure and

management. There are a few serious shortcomings in the design of the code. Firstly, the code proposes to create a national social security council, with 21 members, but having only three representatives of workers nominated by the Government. One of the three representatives has to be a woman, but the national council need not have gender balance in its composition. In a country, where the worker population is nearly 50 crores, just three representatives of workers, nominated by the government, is clearly an idea not based on workers' representational participation, but on non-representative control. Another regressive provision is the reinstatement of two child norm for women to avail maternity benefits. In addition, it requires a woman to work at least 80 days before qualifying for maternity benefits. The code proposes a welcome clause clearly excluding the possibility for the employers to ask the woman to work immediately before and after delivery.

Another suspicious flaw in the design is the lack of clarity on registration of workers to the appropriate social security and welfare body. The code wants every employer-employee and every relationship to be registered. Firstly, there is no clarity on the identity of the organisations who will make the registration happen. Secondly, for workers employed by several employers like home cooks, domestic workers, each employer-employee have to register. The code actually mentions that the services of intermediate organisations, private agencies, commercial agencies and voluntary organisations will be utilised. Again here, trade unions are kept at bay!

Finally, the entire 177 page document manages to eliminate the participatory, democratic and open processes of achieving social security and welfare. The document fundamentally assumes that workers are in need of benefits, they are essentially 'patients'; a massive bureaucratic, opaque, techno-managerial superstructure shall treat them and get the benefits they need. The entire document misses the fundamental point of citizenship; a modern democratic nation can't be built, if the government does not consider 50 crores plus workers' population as part of citizenry, and build deliberative democratic processes to ensure their participation in securing their rights and benefits.

The third code, namely Labour Code Bill on Industrial Relations, 2015 also has serious shortcomings that weaken collective bargaining abilities of the workers. At the same time, it has a few welcome provisions too. The bill expands the definition of 'employer' to include the occupier of the factory, and also amends the definition as it stood under Industrial Employment (Standing Orders) Act, 1946 by replacing 'any person responsible to the owner for supervision and control of the industrial establishment' with 'the person who, or the authority which has ultimate control over affairs of the establishment' thereby effectively making the owner also to be liable as an employer under the bill. Further, the bill expands the meaning of wages to include unpaid back wages or other benefits. It defines wages as 'by way of salary, allowances or otherwise'; incorporates remuneration payable under any award/settlement/court order, remuneration in lieu of overtime work/holidays/leave period, bonus payable as per terms of employment, severance amount, and sums as per schemes framed by the government. Notably, housing accommodation and travel allowance/concession are no longer included in the definition²⁹. The bill gives 60 days to the Registrar of Trade Unions to accept or reject an application for registration of Trade Unions. If, it's not done, the bill provides for automatic acceptance of the registration. This actually is very helpful, as in reality, the Registrar often delays it inordinately, so the trade unions have no other recourse than to file a writ in the higher courts, which is always expensive. The retrenchment compensation is also hiked to three times the last paid wages, in the proposed bill.

At the same time, the bill has many retrograde provisions. For example, it expands the meaning of a 'strike' by the workers to include 50% or more workers taking casual leave on a given day as 'strike!' There are several reasons for which the registration of a trade union could be cancelled. The three common reasons are failure to hold elections in every two years, failing to submit the annual return, and failure to maintain books of accounts in acceptable manner. However, one other provision on cancellation of the registration is far reaching. Currently, if the authorities cancel the registration for reasons to believe

that the registration certificate was obtained inappropriately or fake, the burden of proof is on the authorities. The new bill transfers to the burden of proof to the trade union concerned!

The provision on who can be office bearers of the trade unions is equally problematic. Currently, half the office bearers of registered trade unions can be from the workers engaged in the industry to which the trade union is associated with. The bill proposes all office bearers from the same industry. Also for trade unions of un-organised sector establishments, only two office bearers can be from outside the same industry. It also debars members of legislature to become office bearers of a trade union. The current provision to provide for office bearers from outside of the same industry, is an important way, trade unions develop a larger confederation of workers on a larger scale. This is not only good for workers, but also good for wider democratisation of a society.

Another retrograde provision in the bill is to amend the chapter VB of the Industrial Dispute Act, where currently the employer has to take permission of the government for closure, layoff and retrenchment. The Bill proposes to enhance the size of the establishment to 300 workers from the current 100 workers to be under the purview of this provision. Some states like Madhya Pradesh and Rajasthan have already amended it in their statutes. In any case, most Indian Industrial establishments actually employ less than 100 workers, so increasing it to 300 actually would bring more such units to be outside the purview of this provision, where the employer does not have to seek permission of the government for closure, layoff or retrenchment of workers.

The amendment already made by the government to introduce Fixed Term Employment (FTE) in all sectors of the economy deserves notice. While the wages and benefits will be the same with that of a permanent worker, the problem of retrenchment and long term benefits that pertain to all permanent workers will not accrue to them. In addition, there will be no question of retrenchment and retrenchment related benefits. No notice would be required to retrench--- non-renewal of the contract will result in termination of employment. Overall,

despite certain welcome inclusions, the direction of the three labour code bills is to curb trade union autonomy, increase vulnerability of the trade unions, administrative over-reach on the trade unions, and increase employers' flexibility.

CONCLUDING REMARKS

The problem of livelihoods, a dignified one, and sustaining the same, is by far the most urgent and pressing problem in the country. It is apparent that a deep and wide policy confusion as regards livelihoods exists in the policy establishments. The formal sector jobs are not growing, farmers are not getting remunerative prices, small and micro enterprises are suffering from formalisation efforts through GST as well as sluggish aggregate demand. The expectation that easing of labour protection policies would generate employment simply has not happened; instead, it helped in ongoing informalisation of the workforce. This means twin blow to the job seeking population; no jobs on the one hand, and highly insecure and undignified jobs if one is lucky at all.

Secondly, instead of serious public discussions on these issues to look for alternate strategies, the efforts seem to be about doing more the same strategies with mixed results. The paradigm of MSP and loan waiver still remain the major approach to agriculture, easing of labour policies with the hope of creating more jobs still continues as a major thrust; expanding personal banking hoping it would kick start credit access, etc. point to paucity of new ideas.

Thirdly, a series of really unusual policy decision that were taken have mostly negatively impacted the livelihoods of the masses of Indians. This refers to demonetisation, unprepared GST, and cow slaughter ban. All these are indeed unusual policies that severely impacted livelihoods.

Fourth, social protection policies like NFSA and MNREGA which would have helped in creating a positive ecosystem for livelihoods enhancements have not been prioritised in policy initiatives thus deepening the crises of livelihoods for many. NFSA is particularly a case in point,

where even the Supreme Court has to remind the Central Government of its obligations as late as in mid-2017.

Based on the above discussions, three overarching recommendations can be made. A serious rethink is needed to address agrarian distress and make agriculture viable. This would entail massive efforts to create non-farm livelihoods so that a significant part of rural population can shift to non-farm sector in next 20 years. This will not happen with finance based approach such as Jan-Dhan, DBT, MSP, mudra loan, crop insurance, or similar others. Instead, a combination of skilling through vocational education, building non-farm institutional architecture, and public sector investment in health-education-childcare-tourism, etc. would have to happen.

The declining priorities on social protection programmes must have to be reversed. Statute backed Programmes like NFSA or MNREGA are vital for a large section of the population who can't be left to the vagaries of the market. Robust implementation of these programmes and fulfilment of the statutory mandate will make sure adequate flow of food and cash to the household.

The proposed changes to labour policies need a serious rethink. Pro-business and anti-labour regulatory policies will not be able to achieve dignified livelihoods for 90% of the Indian workforce. The welfare of vulnerable workers does not need easing of labour policy, but tightening!

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Important Government Livelihood Programmes and Schemes

Biswa Bandhu Mohanty

3

IMPORTANT PROGRAMMES AND SCHEMES OF THE GOVERNMENT FOR LIVELIHOODS PROMOTION

A large number of programmes and schemes have been designed and implemented by the Government of India (GOI) across the country and by the State Governments in respective States, which have direct and indirect impact on the quality of livelihoods of the poor. These programmes have influenced employment, income, food security, financial inclusion, health and empowerment and livelihood of the target population. In the last few years, some of the schemes implemented under mission mode have reached new heights of progress and coverage providing intended benefits. Many new challenges came to the fore due to increased scale and speed of implementation, multiplicity of schemes and implementing agencies and use of technology. The various initiatives taken by the Centre and State, progress and trends, emerging challenges and possible solutions in respect of a few schemes are discussed in the following sections.

MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT 2005 SCHEME (MGNREGS)

The scheme was designed/ implemented in February 2006 in accordance with the provisions of MGNREGA Act, 2005 and it has completed 12 years of its implementation in 2017-18. The Act provided for enhancement of livelihood security of households in rural areas of the country by securing, at least, one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to undertake unskilled manual works. The Ministry of Rural Development (MORD), Government of India (GOI), which is the nodal agency for the implementation of the programme, spells out eight goals. The goals provide for social protection, enhanced livelihood security, rejuvenation of natural resource base, creation of durable and productive rural assets, stimulating local wage employment, empowering the socially disadvantaged, strengthening decentralised participative planning and its convergence with anti-poverty programmes and involving grass roots democratic institutions. To ensure fair and timely payment of wages, several institutions such as National Employment Guarantee Fund, State Employment Guarantee Fund, National/

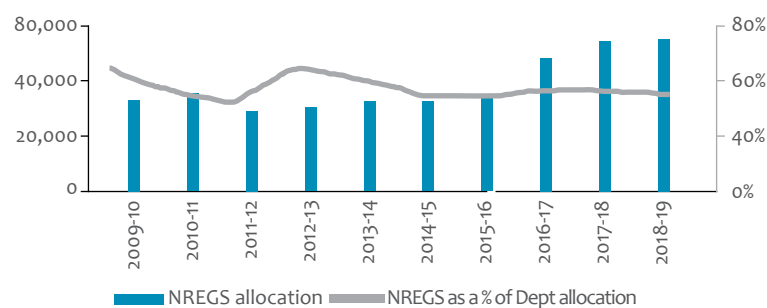


Figure 3.1: Expenditure on MGNREGS over the Years (Rs. in crore.)³

Note: Values, for 2017-18 and 2018-19 are revised estimates and budget estimates respectively.

Source: Union Budget 2009-10 to 2018-19: PRS

State Employment Guarantee Council, etc., as envisaged under the NREGA, have been constituted. The implementation framework at various levels involving GOI to Gram Sabha in the village has been designed and improved upon over the years.

MGNREGS is a bottom-up, demand-driven, and right-based wage employment programme. Under it, resources are transferred from the Centre to the States, based on demand. The plans and decisions under the programme are implemented in an open and transparent manner, and the choice of work to be undertaken is exercised in open assemblies of the Gram Sabha, duly ratified by the Gram Panchayat (GP). A system of social audit is put in place to infuse accountability of performance in immediate stake holders. A wide spectrum of activities are undertaken, that covers public works related to natural resource management, creation of individual assets for vulnerable sections and common infrastructure. Under the Sustainable Development Goals (SDG), the scheme reports its contribution to benefit to women (SDG 5); vulnerable and poor section (SDG 10) and employment benefit (SDG 8). According to a study¹, the scheme contributes to 13 goals and 27 targets of SDGs and the holistic implementation of MGNREGA can help in achieving SDGs.

In the financial year 2018-19, the GoI allocated Rs.55,000 crore for the scheme, which is a 15% increase from the previous year's budget estimate (BE); but it is the same as the revised estimate (RE) of 2017-18. MGNREGS is the

largest programme administered by the MORD, accounting for 48% of their total allocation in 2018-19.

The expenditure on wages under the scheme has been on the increase with Rs.43,187.89 crore during 2017-18, as against Rs.40,747 crore during 2016-17 and Rs.30,903 crore during 2015-16. The expenditure under the scheme has been higher than the funds made available with the states. In 2016-17, seventeen states had spent more than the funds made available to them, while on 31st January 2018, the expenditure exceeded the fund availability in 8 states. Budget provisions have been short of the requirements as reflected from the need for providing supplementary budget and delay in payment to state governments, many times in the next budget year.

Person Days and Payment of Wages

The person days generated under the scheme show a marginal variation during the last 3 years. The details are given in Figure 2. During 2017-18, average days of employment provided per household stood at 46 and in 2018-19 (as on 20th October 2018), it stood at 34. However, state wise variations were observed in this regard. During 2017-18, average days of employment provided per household was above 50 days per year in 10 states and UTs, between 31-50 days in 20 states and UTs and below 30 days in respect of 4 state and UTs. There are gaps between the projections made in labour budget on anticipated demand and actual person days of work generated. Overall, despite being a critical means of support to rural households, the promised 100 days of employment has not been made available in any year. The scheme manages to provide less than 50% of the statutorily guaranteed employment. Despite its reservations on the effectiveness and relevance of the scheme, the current government set about refining its different features and increasing the allocations, as can be seen from the increased number of work days generated from the year 2015-16 onwards.

Work completion on assets created has been slow, and only 11% of the total works was completed in 2017-18. There has been

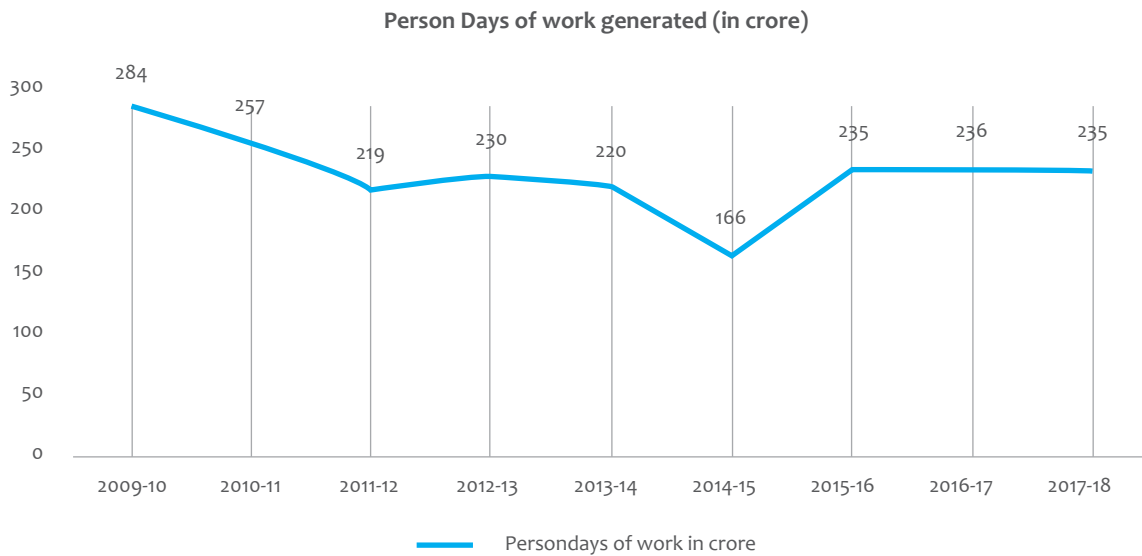


Figure 3.2: Person days of Work Generated under MGNREGS (in Crore)⁴

Source: <http://nrega.nic.in>

improvement in timeliness of wage payment, in as much as 73% of all wage payment was delayed in 2014-15, which decreased to 56% in 2016-17. However, the MIS does not capture delays in the approval, signing of Fund Transfer Order (FTO) and actual payment of wages to workers. In the *Swaraj Abhiyan vs Union of India* and others, Supreme Court expressed concern on non-payment of wages to NREGS workers, and directed the GOI to address the two issues of timely payment of wages and payment of delayed compensation by preparing a time-bound mandatory Action Plan. The thrust on completion of works over the last two financial years led to the completion of nearly 1.20 crore assets in 2016-17 and 2017-18 which is nearly equal to what was being completed in four years².

Minimum Wages and State-wise Variations

There is divergence between MGNREGS wages and minimum wages for agricultural labour on account of the fact that the States do not follow a scientific and uniform system of indexation of wage rates, while MGNREGS wages are increased based on changes in Consumer Price Index (CPI) for Agricultural Labours. The two wages were last aligned in 2009 when a Committee under the

Chairmanship of Additional Secretary, MORD with representatives of relevant Central Ministries and five State Governments was set up to examine the issue of “alignment of MGNREGA Wages with Minimum Agricultural Wages.”

Several states have increased their minimum wages for unskilled workers. These range between Rs.168 in Bihar and Jharkhand to Rs.281 in Haryana, while minimum wages in Bihar, with effect from April 2018 has been Rs.237, Rs.210 in Jharkhand and Rs.326 in Haryana. While the Government has considered revising the wage rate under the flagship programme, and NITI Aayog has set up a high level group set up to carve out a road map for convergence of minimum wages under MGNREGS and agriculture. A high level Committee of Chief Ministers, is expected to be set up to look into the issues of increasing the quantum of minimum wages and its financial implications for the Centre. The issue of lower wages was flagged for discussion in the regional conferences. The financial implications for the GOI on aligning two wages was estimated at Rs.4500 crore by the Nagesh Singh Committee (2016), while shifting the index of calculations from CPI-Agriculture to CPI-Rural would put an additional burden of Rs.2500 crore on the Union. The Committee had not then agreed with the proposal of aligning both the wages.

Table 3.1: MGNREGS-Year-wise progress & Trends

Progress	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
Total Households Worked [In Cr]	5.10	5.12	4.81	4.14
% of Expenditure on Agriculture & Agriculture & Allied Works	68.46	66	62.85	45.97
Total Expenditure [In Cr]	63,887.35	58,062.92	44,002.59	36,025
% Total Expenditure through eFMS	96.31	92.33	91.19	77.30
% Payments generated within 15 days	85.75	43.43	36.92	27.42
Average days of employment	45.44	46	48.85	40.70
Differently-abled person worked (lakh days)	4.69	4.72	4.60	4.13

Source: www.nrega.nic.in/netnarega/home.apex

Comparative Performance

Under the scheme, several focused initiatives were taken up during 2017-18 and 2018-19. MGNREGS programme made very significant progress in 2017-18, and 2018-19, in terms of ensuring full transparency using IT/DBT and geo-tagging of each and every asset created under the programme. During 2018-19, the scheme covered 11.45 active workers, with creation of 3.74 crore assets, generating 25.92 crore person days, benefiting 3.92 crore households³. A comparison of performance across the past few years (Table 3.1) shows that agriculture is getting more attention and delay in payment is getting reduced.

Individual beneficiaries have been the focus with around 60% of total works taken up in 2017-18 belonging to this category. Moreover, there has been emphasis on Natural Resource Management (NRM) which works for water conservation, each year, rejuvenation of rivers, construction of farm ponds and thrust on roadside plantation and social forestry, provision of goat-shed, poultry-shed and dairy shed as individual beneficiary schemes have led to the creation of livelihood security through durable assets leading to improved incomes.

Convergence with Other Projects

MGNREGS provides 90/95 days work (approx. Rs.18, 000) for the one crore Pradhan Mantri Awaas Yojana (Gramin) (PMAY (G)) beneficiaries. It also provides Rs.12,000 per

Individual Household Latrine (IHHL), wherever required and not provided for under Swachh Bharat Mission Grameen (SBM-G); MGNREGS funds have been used for large scale construction of Anganwadi Centre buildings. Likewise, MGNREGS provided support for solid and liquid waste management and vermi-composting on a large scale. Many state specific projects have emerged leading to generation of wealth from waste. 68% of the households were engaged for agriculture and allied activities under the scheme.

Plans and Priorities for 2018-19

The approval of works for FY 2018-19 has already been completed through a process of decentralised planning and appraisal of proposals. The thrust on 2,264 Mission Water Conservation Blocks which are water stressed and support for IHHLs and 90-95 days of work to PMAY (G) beneficiaries in these regions is envisaged to continue. In 2018-19, Gram Sabha have come up with proposals for nearly 500 Gramin Haats and their construction to enable producers, especially Women Self Help Groups (SHGs), to sell their produce directly to wholesalers, which are expected to be taken up on priority. River rejuvenation and support for irrigation is also a major area of activity which is planned to be undertaken on large scale in 2018-19. The year will also see large scale convergence of women SHGs and their livelihood diversification with MGNREGS resources followed. The District Programme Coordinators (DPC) positioned have to ensure that the planning for works is such that at least, 65% of the expenditure under the scheme

Box 3.1: MGNREGS-GOI Master Circular on Important Issues

A system of GOI bringing out comprehensive master circular has been introduced and in 2018-19 the Master Circular on the scheme focuses on issues as under:

- i. Job cards should be issued and be in possession of holders within 15 days of application
- ii. Additional 50 days will be available for SC-ST households in drought and natural calamities
- iii. Rules and regulations for unemployment allowance is to be enforced (e.g. more than 25% of wage rate for 30 days and more than 50% beyond 30 days)
- iv. Applications can be made in multiple channels and dated receipt should be issued
- v. To strengthen the livelihood, efforts should be made for convergence with schemes like MKSP, NRLM, PMAY, PMAGY, NADEP, etc.
- vi. For all works taken up by GP and other implementing agencies, the cost of material component including the wages of skilled and semi-skilled works should not exceed 40% at the district level (paragraph 20 of schedule II)
- vii. As far as practicable, works executed by the programme implementing agencies shall be performed by using manual labour and no labour displacing machines shall be used
- viii. Right to obtain work within the radius of 5 kms shall be made available; right to worksite facilities, right to time-bound redressal of grievances, right to conduct concurrent social audit by state level audit units are to be made available
- ix. Barefoot Technician Module for training of BFT, Information Education Communication, mandatory pro-active disclosures, NREG Soft Change Management system, mobile application in local language, skilling and capacity building, instituting staff awards at various levels under specified parameters of performance were focused

Source: MORD Master Circular on MNREGS, 2018-19

is in NRM works in 2018-19 in the identified 2264 blocks under Mission Water Conservation (MWC) rural blocks of the country. MIS has been enabled to monitor performance in these blocks.

Social Audit

A mandatory provision for conducting social audit in Gram Sabha at least, once every six months for promoting transparency, participation, consultation, accountability and redressal has been instituted. Over 6,500 Barefoot Technicians have been trained, nearly 4100 Resource persons have been capacitated in handling of Social Audits and more than 55,000 SHG women have been trained to become social auditors. Under Skilling India programme, Social Audit is supported by GOI and it will continue to support 26 States to set up/strengthen their independent Social Audit Units as per audit standards. Improvements like mandatory Citizen Information Boards,

adoption of simpler seven register system (as against 22 earlier) and improved record-keeping with photographs, physical display of progress at Gram Panchayat level and other forms of public accountability and community participation are being emphasized in the financial year 2018-19. Institutionalization of social audit has not taken place adequately in all states. Institutionalization of other aspects of accountability including grievance redress and having an Ombudsman remains challenge. Constructive research that generates policy insight in to institutionalization of these issues is required. The system of social audit and internal audit need to be strengthened through engagement of trained community cadre of social auditors. Focused Activities and DBT, the verification of Job Cards and efforts to provide a Job Card to every deprived household as per the Socio-Economic Census 2011 has been on focus.

Box 3.2: Transparency and E-Governance All The Way

Governance reforms have been the hallmark of MGNREGS over the last three years with use of IT/DBT, and geo-tagging. The states/UTs were advised to incorporate the advancement in space technology and remote sensing to take up GIS-based planning. Geo-tagging of MGNREGA assets which started on 1st September, 2016 has been intensified in as much as more than 2.84 crore assets out of a total of 3.34 crore completed assets since inception of the programme have been geo-tagged and put in public domain. 96.31% of expenditure, covering 24 states & 1 UT is now visible through Electronic Fund Management System (e-FMS) as against 37.13% in 2013-14. Performance Outcome Report published indicating 8.9 crore workers' Aadhar Card number have been seeded in NREGA Soft_MIS and 4.25 crore workers have been enabled for Aadhar-based Payment System (ABPS) in 2018-19. As per NREGS Soft, around 99% of the wages are being paid electronically (FY 2018-19-24.07.2018) in to PO account of MGNREGS workers through EFMS. Aadhar-based payment system (APBS)/NACH Sanchay Post) put in place is likely to remove delays under this Public Fund Management System (PFMS). Step by step process of conversion of account in to ABPS should be ensured to find ways for DBT/ABP.EFM platform should ensure making repayment to MNREGA staff and e-payment to the workers, staff and vendor. (wages, materials and administration expenses) using payment network of financial institutions (NEFT/RTGS, electronic cash/ECS). The increasing e-governance, would lead to strengthening transparency, speed and efficiency.

Evaluation Study Findings

Several multi-state surveys and research studies have been mounted to evaluate MGNREGA from various perspectives from time to time. All these studies have indicated direct and indirect impact of the scheme, particularly reduction in distress migration by providing work closer to home and decent working conditions, creation of assets, employment and income, livelihood security, financial inclusion, women empowerment, assured wages, etc. The issues/gaps pointed out included problems in planning and implementation, corruption, belated payment of wages, lack of technical power /trained personnel at Gram Panchayats GP level and lack of adequate attention to quality of assets. Further, on the recommendation of MORD, the National Institute of Rural Development & Panchayat Raj (NIRD&PR) has commissioned two studies on migration, viz., 'Impact of MGNAREGA programme on Distress Migration-A study of Selected States of India and Impact of MGNAREGA on Migration of Tribal Folk in West Bengal'.

A broad summary of some of the findings of studies are outlined below, as discussed a UNDP study⁴ drawing upon several studies show that due to its self-targeting demand-driven design, MGNREGS is able to engage the most vulnerable and marginalized. Other findings suggest that:

- i. Governance and capacity of the functionaries is a crucial gap, which affects performance
- ii. 87% of the works exist on the ground (in the research context) when cross validated with official administrative data
- iii. Beneficiaries found the work useful since it increased land productivity, helped multi-cropping, facilitated in managing risks and reducing vulnerability. While the scheme certainly reset the wage rate after 2004, the development of construction sector, fast urbanization and economic growth in the country also had impact on rural labour market
- iv. At the aggregate national level, women participation rate is good, however their participation in several states is low, primarily due to inadequacies in governance and the prevalent socio-cultural realities. Women are not given due role in planning process for

NREGS works. During 2017-18, women person days as a percentage to the total was just above 51

- v. The Institute of Economic Growth Study (2017) on Natural Resource Management, found beneficiaries saying that 76% assets created were good/very good and only 0.5% was unsatisfactory

Consequent to Honourable Supreme Court's directions to address the issue of timely payments and payment of delayed compensation, efforts have been directed to find ways and means of evolving strategies and solution to these issues. Consultations have been made by GOI with State Governments to evolve suitable strategies, which have to be implemented scrupulously to comply with the directions. Alignment with the specified wages under the scheme by the State Governments is another challenge, which needs to be addressed. Required financial and technological infrastructure needs to be developed in the remote parts of rural India to make the system work smoothly and in transparent manner. Training Need Assessment of all Gram Panchayats (GPs) and all other related functionaries should be conducted periodically and suitable annual training plan needs to be evolved and executed efficiently. Although robust data on the programme are available in the website of the Ministry, comprehensive multi-state surveys and research studies by independent agencies should be conducted every year to give field level insights and operational and policy solutions. The study findings should be internalized by all participating agencies. Meaningful participation of all workers, particularly women, in decision-making is needed. Their feedback should be given due weightage. The institutionalization of social audit, grievance redress, disclosures, whistle blower policy/system and information-sharing is necessary. Although 12 years have passed, average employment per person continues around 50 days and 22,643 Gram Panchayats have no expenditure under the scheme. Thus, the fulfilment of the basic goal of 100 days of work and coverage of all rural areas seems miles away.

MISSION FOR HOUSING FOR ALL BY 2022 – PRADHAN MANTRI AWAS YOJANA (PMAY)

Mission for Housing-Background

One of the global agenda under the Sustainable Development Goals (SDG) is to ensure access to adequate, safe, affordable housing and basic services for all and to upgrade slums by 2030. The policy makers in India recognised this global priority and affixed an ambitious timeframe of 2022 to achieve it in the country. The Government had, in 2012, estimated the housing shortage at 18.78 million units of which 56.18% of the shortage was in the Economically Weaker Section (EWS) category and 39.44 % in the Low Income Group (LIG) category. The country's urban housing shortage is projected to be about 30 million houses by 2022. The Union Budget 2014-15 set up a mission on low cost affordable housing and the 'Housing for all by 2022'. This Mission provides a broad framework under which the Housing for All by 2022 is to be pursued. The Scheme, Pradhan Mantri Awas Yojana (PMAY) was formally launched by the Ministry of Urban Development on June 25th 2015 with the aim of providing affordable housing to the urban poor with the following components:

- i. Rehabilitation of slum dwellers/slum redevelopment with participation of private developers using land as a resource;
- ii. Provision of affordable housing for weaker section through credit-linked subsidy (CLS)
- iii. Affordable housing in partnership with Public and Private sectors(PPP)
- iv. Subsidy for beneficiary led individual house construction or enhancement

Features of the Schemes

The present scheme provides flexibility to States for choosing the best among the four options under the scheme to meet the demand for housing in their respective States. The establishment of a Technology Sub-mission is envisaged under the scheme to facilitate adoption of modern, innovative, disaster resistant and sustainable, eco-friendly technologies/ building materials for construction of houses. This is expected to ensure better habitat designing and planning of the building. Further, integration of Aadhaar Number and Jan Dhan Yojana bank account numbers of the intended beneficiaries is envisaged to facilitate better and transparent identification of beneficiaries and elimination of financial leakages in the affordable housing schemes.

Phased Coverage

The Housing for All by 2022 Scheme will have a universal urban coverage and would provide about 2. crore houses in all 4041 statutory towns, with an initial focus on 500 Class-I cities. The scheme is proposed to be implemented in three phases. Phase I during 2015-17 was expected to cover 100 cities, phase II during 2017-19 was expected to cover additional 200 cities and phase III during 2019-2022 would cover the remaining cities. As on August 2018, MoUs were signed with all the 35 states/UTs for implementation of PMAY in 4325 selected cities, of which 472 were Class I cities. The Housing and Urban Poverty Alleviation Department of Ministry of Urban Development, the nodal Department, would provide an assistance of over Rs.2 lakh crore over the next 4 years (2018-22) under this scheme. During the 3rd anniversary of PMAY (U), it was announced the houses being built under the mission will have toilets, power supply under Saubhagya mission and LED bulbs under Ujjala scheme of the Government.

Loan availability

Under PMAY-U Scheme, loans up to Rs.12 lakhs with tenure of up to 20 years are provided

and an interest rate subsidy of 3-4% is given to minimize effective interest rate to the beneficiaries for dwelling units up to 30 square meters. Under the last two components mentioned above, pertaining to partnership with public and private sector as well as beneficiary- led individual house construction or enhancement, the central assistance would be provided to the tune of Rs.1.5 lakh per house. Differently abled and senior citizens are being given preference in the allocation of ground floors. Public and private sector banks, Housing Companies, RRBs, Cooperative banks and NBFCs are participating, providing access to resources to the target population, focusing on women, SC, ST, economically weaker sections, low income groups and medium income groups. Local bodies, Housing Boards and Development authorities, as picked up by State Governments, are the implementing agencies. A 5 year lock in period has been envisaged to prevent speculative sale of the house.

Participation of states

The mission is to be implemented as a Centrally Sponsored Scheme (CSS), except for the component of credit-linked subsidy Scheme (CLSS) which will be implemented as a Central Sector Scheme. To avail of the benefits under the above four components of the scheme, the State Governments or their agencies will have to implement mandatory reforms like preparing or amending master plans for earmarking land for affordable housing, opening a single window time-bound clearance system for building permissions, relaxation of layout approvals for housing for low-income groups, etc., which would facilitate availability of adequate urban land for affordable housing within the time-frame. 15 States (Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, J&K, Jharkhand, Kerala, Madhya Pradesh, Manipur, Mizoram, Nagaland, Odisha, Rajasthan, Telangana and Uttarakhand), have agreed to implement the mandatory reform measures. Hence the mission would not only aim to provide housing for all but would also trigger far reaching reforms in country's urban governance.

Table 3.2: Progress under PMAY (Urban)
(as on October 15th 2018)

Project proposals considered	12,809
Investment in projects (Rs. Cr.)	3,26,615.93
Central assistance sanctioned (Rs. Cr.)	91,979.50
Central assistance released (Rs. Cr.)	29,842.23
Houses sanctioned	60,36,220
Houses grounded for construction	31,79,440
Houses completed	9,66,236

Source: DRMC, MoHUA

Role of state governments

The Pradhan Mantri Awas Yojana, with its ambitious targets has triggered a process of intense State involvement in urban housing, planning and infrastructure. Under the scheme, States have the power to formulate and approve various housing projects in accordance with the guidelines. All States and Union Territories are partners of the Central Government for the mission. On the recommendations of some of the States, the Ministry of Urban Development has also notified changes in the operational guidelines. With the Central Government permitting State Governments to move ahead with legislations to facilitate easier land availability, the problem can be to certain extent addressed by State-led initiatives. The State Governments will also have to play a major role by formulating and customizing their State specific housing policies.

Housing for Middle Income group

A Credit linked Subsidy Scheme (CLSS) for Middle Income Group (MIG), called CLSS for

Table 3.3: PMAY Benefits for MIG I and II

Particulars	MIG I	MIG II
Household Annual Income (Rs.)	6-12 lakh	12-18 lakh
Eligible Loan Amt. for Interest Subsidy (Rs.)	9 lakh	12 lakh
Interest Subsidy	4%	3%
Dwelling Unit Carpet Area	90 Sq. m	110 Sq. m
Maximum Loan Tenure (in yrs.)	20	
NPV Subsidy (Rs.)	2.35 lakh	2.30 lakh

MIG-I and MIG-II was initially approved for implementation for the year 2107. This has been extended to 31.3.2019. MIG I comprises households with annual income between Rs.6-12 lakhs. MIG II covers households with annual income between Rs.12-18 lakhs. Thus, MIG families with incomes between Rs.6-18 lakh can avail subsidised loans for housing on meeting of specified conditions.

PRADHAN MANTRI AWAS YOJANA-GRAMEEN (PMAY-G)

Details of Scheme

In addition to the PMAY implemented by the Ministry of Urban Development, the Pradhan Mantri Awas Yojana - Grameen (PMAY-G), being implemented by the nodal Ministry of Rural Development, was launched on November 20th 2016. It focuses on rural housing and one crore rural houses are envisaged to be completed under it by March 2019. The government has been using the Socio- Economic and Caste Census of 2011 (SECC 2011) to identify and select the PMAY beneficiaries. The Gram Panchayats along with Tehsils are consulted on selection of beneficiaries with a view to ensuring the transparency of the project and also making sure that only the deserving receive the benefits of the scheme. Any household with a total annual income between Rs.6-18 lakh can apply for the PMAY. The applicant is allowed to include the income of the spouse while applying for this scheme. No other demographics will be considered as long as they are women. People who already own a house are not eligible to apply for this scheme. People will be allowed to buy/construct new houses only.

Assistance under the Scheme

Under PMAY, the cost of unit assistance is to be shared between Central and State Governments in the ratio of 90:10 for North Eastern and hilly states and 60:40 in other states. The unit assistance given to beneficiaries under

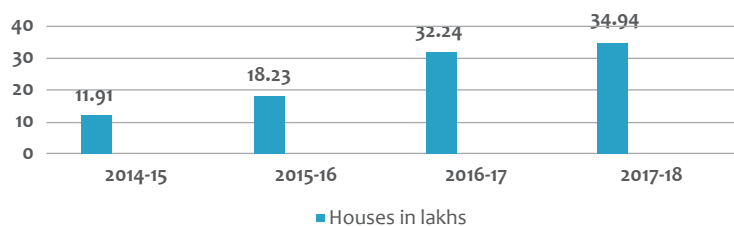


Figure 3.3: Completion of Houses under PMAY (G)

Source: Demand for Grants 2018-19 Analysis, Rural Development, PRS

the programme is Rs.1,20,000 in plain areas and to Rs.1,30,000 in hilly states/difficult areas/Integrated Action Plan (IAP) for Selected Tribal and Backward Districts. Presently the NE States, States of HP, J&K and Uttarakhand and all 82 LWE districts are identified as difficult and hilly areas.

Progress under the scheme

The thrust in 2015-17 was to get incomplete IAY houses completed and over 50.47 lakh houses were completed which had been under construction for many years. Over 47.21 lakh PMAY (G) houses are at an advanced stage of completion.

Since some Indira Aawas Yojana (IAY) houses were still incomplete, the Department of Rural Development was given a target of 1.02 crore houses, which included completion of two lakh incomplete IAY houses. This was broken down to 51 lakh houses in 2017-18 and 51 lakh houses in 2018-19. Against the target of 51 lakh houses in 2017-18, a total of 34.99 lakh houses (29.33 lakh PMAY (G) houses and 5.66 lakh incomplete IAY houses) have already been completed. This comes to 68.7% of the target for the year. The target of one crore PMAY (G) houses completion by March, 2019 is achievable as it is expected that 60 lakh houses, where first instalment has already been released and their work is in progress, will get completed. In reports available on www.pmayg.nic.in, releases of instalment details are also provided. The current position as shown on the public website shows sanctions with verified accounts of 68.20 lakhs units, first instalment paid by 60 lakhs units, second instalment by 47.21 lakhs units, third instalment paid by 29.33 lakh units and 33.73 lakhs units completed.

With improved cost, better designs, IT/DBT, training of rural masons and continuous monitoring in partnership with beneficiaries, local governments, State Governments and the Central Government, a significantly better performance is expected. The faster completion of quality houses has been facilitated by payment of assistance directly into the beneficiary account through the IT-DBT platform. To ensure good quality of house construction, Rural Mason Trainings have been organized to facilitate availability of trained masons in the rural areas. Space technology and IT platforms are being used to monitor complete cycle of house construction, right from identification of beneficiary to construction and completion of housing and each stage is being geo-tagged. States have taken adequate steps to ensure continuous availability of construction material at reasonable prices so that the pace and quality of construction is not adversely affected. PMAY-G houses with facilities like toilet, LPG connection, electricity connection, drinking water etc., are expected to enrich the living conditions of the poor. While in some states, houses under PMAY-G are coming up in clusters/colonies (generally for landless beneficiaries), at other places they are being constructed on the beneficiary's land. House designs prepared by UNDP-IIT, Delhi or by the concerned states have been made available to beneficiaries. In the previous budget, Rs.23,000 crore was allocated for the PMAY (G) while Rs.6,042 crore was allocated for PMAY (U). Month-wise targets have been set up to complete the construction of the houses.

Issues and challenges

The intent and vision of the Government as well as the targets under the scheme are ambitious. There is scepticism on the ability of the mission to ensure construction of 2 crore urban houses and 2.95 crore rural houses within a 7 year period. This task appears tough because presently there is no guarantee of land availability given Government's inability to get the amendments in the Land Acquisition Act 2013 passed in the Parliament. Easy credit to private sector for housing remains a problem. Moreover, housing being a state subject, the collaboration between the Central Government Ministries,

State Governments, urban local bodies, civil society, private sector and financial institutions is essential to implement the programme with speed and efficiency. The Government needs to be a primary enabler for development and facilitator for public and private investment.

There is also need for better coordination between the state and the Central Government and active and transparent involvement of State Governments to ensure smooth implementation of the scheme. Often such convergence does not happen, leading to bottlenecks. For instance, as reported in the Economic Times, dated 16 October 2018, Telengana is still to adopt transparent criteria of PMAY-G for allotment of houses. Telengana has its own scheme with higher financial package for 2 bed room house to be made through contract system.

In the brainstorming workshop on “Mainstreaming Affordable Housing in India-Moving towards Housing for All by 2022” organized by Deloitte in Mumbai (August 2016) the following broad issues and challenges were identified: Firstly, lack of availability of land parcels within city limits and high prices leading to developments in far flung areas, lack of adequate employment opportunities in the suburban/city-vicinity areas, increasing cost of living due to absence of proper physical and social infrastructure, and poor connectivity leading to lower occupation rates in the dwellings built. Secondly, delayed clearance of housing projects due to lengthy statutory requirements and approvals. Thirdly, difficulties in mainstreaming low cost technologies to achieve economy of scale and lack of participation of large organized real estate players in low cost housing due to depressed profit margins. Lastly, lack of sufficient funds /institutional mechanism has led to poor maintenance of the projects after occupation. Considering constraints in availability of technical manpower and skilled persons like masons, preparation of district level inventory of technical service providers would be helpful. For easing out difficulties in mortgaging/registration process, digitization of property/title deeds is deemed necessary.

The problems at the beneficiary levels includes, lack of required awareness among them about the financing options available under the CLSS scheme.

A successful housing policy should enable horizontal or spatial mobility, namely ability to move to, between and within cities as job opportunities arise. According to 2011 Census, the share of rental houses was only 5% in rural areas, but 31% in urban areas. On the one hand, there is a rapidly growing stock of vacant houses, and housing shortage on the other. As a part of socio-economic policy, it must be recognized that alongside home ownership, rental markets are also an important part of urban eco-system. There is need for rental houses for low income groups as well, particularly rural migrants. Rent control under houses property rights and difficulties with contract enforcement and low rent yields have constrained the rental market. There is a rapidly growing stock of vacant houses. According to the national census, vacant houses constitute around 12% of the total urban housing stock. The above data suggests we need to take more holistic approach that takes into account rental and vacancy rates. In turn, this requires policy-makers to pay more attention to contract enforcement and spatial distribution of housing property supply vs. demand.” So, the ambit of Government housing for all missions should be enlarged, so as to include solutions to emerging housing issues.

A rapidly expanding informal sector does not get access to formal financial institutions for housing construction or renovation. Their partnership with lending institutions and convergence of banking and non-banking financial institutions with PMAY/ Housing for All mission are necessary to scale up housing. Moreover, more of innovations and best practices in low cost housing need to be shared and replicated in PMAY & other Government programmes for livelihood promotion.

DEEN DAYAL ANTYODAYA YOJANA NATIONAL RURAL LIVELIHOODS MISSION (DAY-NRLM)

Background and Design frame-work: GOI had launched the NRLM by restructuring Swarnajayanti Gram Swarajgar Yojana (SGSY) in 2011, with the Ministry of Rural Development as the nodal Ministry for implementation of the programme. It is the flagship programme of GOI for promoting reduction in poverty and enhancement of household income through building effective and efficient community-owned institutions of the poor and enabling these institutions to facilitate sustainable financial services and livelihood enhancement. The operational modalities have been covered in the SOIL reports of the earlier years.

Table 3.4: Expenditure under NRLM (Rs. In crore)

Year	B.E	R.E	Actuals	% Change (Actual/B.E)
2012-13	3915	2600	2195	-43.9%
2013-14	4000	2600	2022	-49.5%
2014-15	4000	2186	1413	-64.7%
2015-16	2705	2597	2514	-7.1%
2016-17	3000	3000	3157	5.2%
2017-18	4500	4350		

Source: Demand for Grants 2018-19 Analysis: Rural Development

Table 3.5: Cumulative Position of NRLM Progress

Aspects	31.03.16	31.03.17	31.03.18	30.09.18
No of districts Covered	449	551	586	607
No. of Blocks covered	3092	3519	4459	5038
No of SHGs (lakhs)	26.30	31.56	40.00	47.70
Participating HH (crore)	3.05	3.90	5.52	5.44
VOs formed	34790	178148	220000	269949

Source: ajeevika.gov.in

Budget Provisions and Expenditure

In the Union Budget, a substantial increase in allocation funds to NRLM was made to Rs.5750 crore in 2018-19 by March 2019 and loans to SHGs to Rs.750 billion by March 2019. The expenditure by states under NRLM from 2012-13 to 2017-18 shows that expenditure fell consistently short of the budget in four out of last five years.

Expansion and coverage

The Mission has seen a rapid expansion of the programme in the last three years (Table 3.5).

As on 30th September 2018, the programme has expanded to 607 districts with 5030 blocks in 29 States and 5 UTs. RF of Rs.10,106,977 has been provided to 7,81,066 SHGs and CIF of Rs.2,63,348 crore has been disbursed to 5,00,927 SHGs. 22,88,541 SHGs have been federated into 1,54,502 VO. A substantial number of eligible SHGs (90,43,791) are yet receive RF and 74,88,474 eligible SHGs are still to receive CIF. Around 6,87,990 SHGs are yet to be federated into VO. During the financial year 2017-

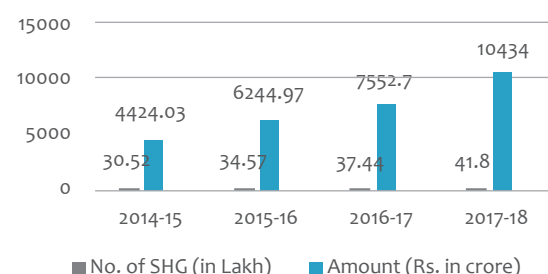


Figure 3.4 SHGs with Savings - Linked to Banks under NRLM

Source: Bharat Microfinance Report-2017-18, Sa-Dhan

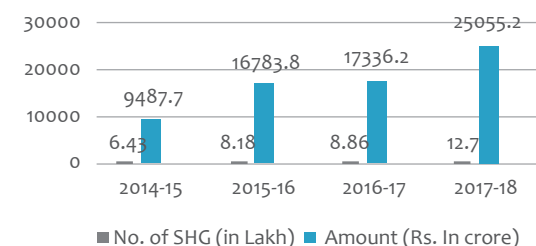


Figure 3.5: SHGs Credit Linked to Banks under NRLM

Source: Bharat Microfinance Report-2017-18, Sa-Dhan

18, 820 additional blocks were covered under the “Intensive” strategy. More than 820 lakh households have been mobilized into 6.96 lakh Self Help Group (SHGs) across the country. Cumulatively, more than 4.75 crore women have been mobilized into more than 40 lakh SHGs. The details of SHG linkage with Bank is depicted in the graphs below:

Further, more than 19,000 cluster level federations have been formed. Cumulatively, all community institutions have been provided with more than Rs.4444 crore as capitalization support. As a result of the sustained efforts made on both the supply and the demand side, the SHGs have been able to access substantial amount of bank credit. Cumulatively, Rs.1.55 lakh crore worth of bank credit has been leveraged by the SHGs during the last five years. About 1518 SHG members have been deployed as Banking Correspondents Agents (BCAs) to provide last mile financial services including deposit, credit, remittance, disbursement of old age pensions and scholarships, payment of MGNREGA wages and enrolment under insurance and pension schemes. As of February 2018, 1.78 Lakh SHG members had availed banking services through the BCAs and over 8.9 lakh transactions amounting to Rs.187.92 crores had been completed. DAY-NRLM provides Interest Subvention to women SHGs availing bank loans amounting upto Rs.3 lakhs, to subsidize the financing institutions so as to reduce the cost of borrowing to 7% per annum. In respect of 250 districts, an additional interest subvention of 3% is also allowed on timely repayment of loans, reducing the effective interest rate at the ultimate beneficiary level to 4% per annum. Since the inception of the scheme, a cumulative amount of Rs.2324 crores has been provided as interest subvention.

Development of Haats

Haats have emerged as one of the most important strategies to market SHG products and agricultural produce. To facilitate marketing of rural produce, haats are being set up at village and block levels in convergence with MGNREGS using DAY-NRLM resources. Maintenance of the

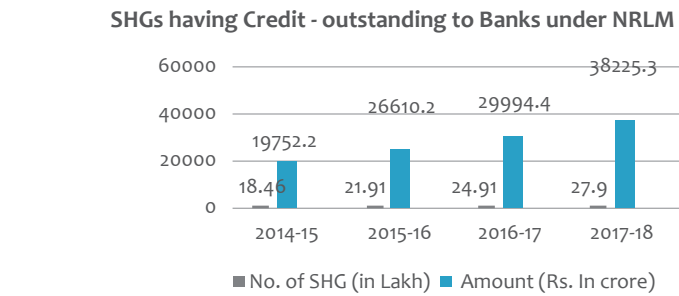


Figure 3.6: SHGs having Credit Outstanding to Banks under NRLM

Source: Bharat Microfinance Report-2017-18, Sa-Dhan

haats will be entrusted to a committee comprising of representatives of womens’ SHGs, Panchayati Raj Institutions (PRIs) and local government officials. It is proposed to set up 4567 rural haats across the country during 2018-19.

START-UP VILLAGE ENTREPRENEURSHIP PROGRAMME (SVEP) & AAJEEVIKA GRAMEEN EXPRESS YOJANA (AGEY)

As part of its non-farm livelihoods strategy, DAY-NRLM is implementing SVEP and AGEY. SVEP aims to support entrepreneurs in rural areas to set up local enterprises. SVEP was started in 17 States covering 47 Blocks to develop 84,000 micro enterprises. About 16,600 enterprises have been supported under SVEP resulting in gainful employment for about 40,000 persons. AGEY was launched in August 2017 to provide safe, affordable and community monitored rural transport services to connect remote rural villages. As of March 2018, proposals from 17 States had been approved and 288 vehicles were operating. Solid Waste Management initiative through convergence was undertaken in 11,000 (nearly 90%) villages of Tamil Nadu through their women SHGs.

Promotion of Farm Livelihoods

DAY-NRLM plans to include another 5 lakh women farmers under its farm livelihoods interventions like sustainable agriculture, livestock and NTFP based activities with major focus on North-Eastern states. Further, the Mission aims at supporting an additional 75,000 SHG member households through farm-based value chain initiatives. It would also promote 15 large size farm-based producer enterprises to provide market linkages to women producers. In addition, organic cultivation will be promoted in 1000 village clusters across States. Besides, to strengthen the extension services to small and marginal farmers on sustainable agriculture, improved livestock management and NTFP-related activities, an additional 3000 Community Resource Persons would be developed through intensive training. DAY-NRLM has also planned to promote another 1500 Custom Hiring Centre to enable the small and marginal farmer having timely access to agriculture implements and machinery.

Plan for 2018-19

The Mission seeks to expand to 750 additional blocks during 2018-19. The focus of expansion will be 102 aspirational districts, 50,000 Mission Antyodaya GPs, clusters identified under Shyama Prasad Mukherji Rurban Mission and Sansad Adarsh Gram Yojana (SAGY) GPs. It is proposed to mobilize 100 lakh households into 9 lakh SHGs during the financial year and link 22 lakh SHGs to bank credit for total loan amount of Rs.42,500 crore, taking the SHG Bank loan outstanding to Rs.75,000 crore. The Mission intends to make efforts to expand Banking services to underserved regions through alternate

channels in partnerships, with various banks. The DAY-NRLM programme has reached nearly 1/3rd of the Gram Panchayats of the country. And efforts to consolidate and expand them will continue during the year.

DAY-NRLM has published a Compendium of successful Business Models for Livelihood Diversification and also developed a Best Practices Volume, based on National awards and recognition to the best SHGs during the year.

Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDUGKY): It aims at building placement linked skills in the rural youth and place them in relatively higher wage employment sectors of the economy. The progress so far from the inception of skills development component under NRLM (Table 3.6) shows that placement rates are low (with a comparatively better performance in the current year). With placement at about 55% of the trained candidates, the expenditure on skill training is not fully justified.

In 2018-19, more emphasis is being placed on long-term training for better placement outcomes. The industries are being invited to partner as Project Implementing Agency (PIA) and/or own a training batch. It is proposed to have proactive engagement with industry heads through workshops and conferences. It is envisaged that the increased engagement of Institutions of MSME and other prestigious Government Institutions for taking up DDUGKY program will lead to high end training with better salaries prospects. District-wise survey for skilled manpower requirement are planned to be organized. The overall budgetary allocation has been increased from Rs.810 Crores in 2017-18 to Rs.1200 Crores in 2018-19. To facilitate diversification of livelihoods, skill development for placement-based wage employment and self-employment was promoted on a large scale through the DDUGKY and Rural Self-Employment and Training Institutes (RSETIs) respectively under DAY-NRLM. Twelve new Champion Employers were selected under DDUGKY for high quality training and committed placements. Some of the Champion Employers are Cafe Coffee Day, Apollo Medskills and Teamlease, etc. Training of drivers was also started in large numbers in RSETIs.

Table 3.6: Progress under DDUGKY – Year- wise progress (unit in number)

Period	Target	Training	Placement	Assessed	Certified
Upto 30.11.18*	988014	635751	348161	410574	2,83,642
2018-19*	200000	118405	95015	133825	112336

Source: DDUGKY Website

Further, Kaushal Panjee mobile app for registration of prospective training candidates was also launched. As of 31st March, 2018, 7.56 lakh candidates have been registered using the Kaushal Panjee application.

Mahila Kisan Shashaktikaran Pariyojana (MKSP) and Value Chain Initiatives

In order to promote agro-ecological practices that increase women farmers' income and reduce their input costs and risks, the Mission has been implementing the MKSP. As of March 2018, more than 33 lakh women farmers were being supported under this scheme. Further, about 8 lakh Mahila Kisans have been mobilized into 86,000 Producer Groups (PGs) which are federated into 126 Producer Companies (PCs). These value chain development initiatives have contributed significantly to the farmers' income from agriculture and allied activities - horticulture, dairying, fisheries and Non-Timber Forest Produce (NTFP) related activities. Small and marginal farmers producing maize, mango, floriculture, dairy, goatery, etc. have reportedly benefited significantly through the value chain interventions across different states. These interventions have helped enhancing agricultural productivity of SHG members. In order to enhance agricultural productivity, the Mission promoted 4,150 Custom Hiring Centre/Community Managed Tool Banks across multiple States. However data based evidence on outcomes is scarce.

In 2018-19, more emphasis is being placed on long-term training for better placement outcomes. The Industries are being invited to partner as Project Implementing Agency (PIA) and/or own a training batch.

Rural Self Employment Training Institutes (RESETI)

The Mission, in partnership with 31 Banks, State Governments and RESETI, is supporting the skilling of rural youth for gainful self-employment. At present 586 RESETIs in the country are supported by the Mission. These RESETIs cover 566 Districts in 28 States and 4 UTs. In 2017-18, a total of 4.23 lakhs candidates have been trained and 3.34 lakhs candidates have been settled. Of those settled, 1.52 lakhs candidates have successfully got credit-linkage from banks for setting up their ventures, including 8911 candidates who have got loans under PM Mudra scheme. Out of total candidates trained in RESETIs, 60% are women. In 2017-18, RESETI scheme has been aligned with Common Norms for Skill Development Schemes and National Skill Qualification Framework. A total of 26 RESETIs have completed construction of their own buildings in 2017-18. Cumulatively, between 2014-15 and 2017-18, a total of 16.97 lakhs candidates have been trained. An increased involvement of State Governments has been envisaged in planning and implementation of skill development of rural poor through RESETIs. The Mission is facilitating partnership of Industry Bodies with RESETIs to enable scaling up of rural entrepreneurs. 1.50 lakh women Community Resource Persons (CRPs) who have themselves come out of poverty, are today the agents of change in promoting sustainable agriculture, providing banking services, developing a cadre of para vets for animal care, bookkeepers and accountants to women's collectives, and most importantly as agents for social transformation of villages.

Independent Assessment of DAY-NRLM⁵

The Institute of Rural Management Anand (IRMA), was entrusted with the carrying out of an independent assessment of design, strategy and impacts of DAY-NRLM. As part of the study, a survey of nearly 4500 households spanning across 746 villages was conducted between January and

March 2017. The report recognises the social capital developed through women's collectives at village level. The evaluation finds that the NRLM strategy has led to greater demand expression of rural poor not just through their weekly meetings but also through collective action in production as well as on social issues. "Transforming lives through an even larger scale of diversification and development of livelihoods is clearly the way forward to reach the Mission Antyodaya objective of Poverty free Gram Panchayats". NRLM households have a higher loan size (about 67% more than the loan size in the control areas) and are more likely to borrow from formal financial sources; NRLM households also pay a lower rate of interest. They have 22% higher (net) income than the households in the control areas, largely due to income from enterprises. On an average, each NRLM village had 11 enterprises more than the non-NRLM villages, suggesting livelihood diversification in the NRLM villages. While appreciating the mission, the report has recommended that efforts should be made towards developing value chains and creation of sustainable enterprises. It also suggested that efforts should be made to enable the SHG members access bank credit in the traditionally poorly banked areas. The report concludes that expectations from DAY-NRLM are rightly high as it is one of the most important poverty eradication programmes. "Hence, the Mission requires higher order of funding and commitment from both the implementing agencies and community-based organizations."

Challenges and Perspectives

Several challenges have surfaced in the implementation of this massive programme as follows:

- i. Some states' treasuries were found not releasing funds to the Missions in time. The delays in funds release were found affecting the pace of Mission implementation.
- ii. The strategy of creating sensitive support for catalysing the Mission activities have come through professionals procured from the market. They have become the core strength for the Mission. However, the continuity of

professionals in Block Mission Management Unit (BMMU) has been a challenge. Long-term retention of such expertise is needed for sustainability of institutions and livelihood interventions. There are inter-state variations in HR practices and the issue of attrition has surfaced.

- iii. There is a need for greater collaboration between NABARD / financing banks/ lead banks and NRLM institutional structure at various levels to leverage mutual strength for greater financial inclusion. The Mission is providing only catalytic capital to promote livelihoods with major portion of livelihoods finance coming from mainstream banks through the model of SHG-BLP. While percentage of NPAs of banks as on 31 March 2018 against SHG loans outstanding under SHG-BLP was 6.2% (5.69% for exclusive women SHGs), that under NRLM stood at 6.61% of the outstanding⁶. In view of the intense interventions and longer handholding by the community organizations envisaged in the design, the quality of lending under NRLM should be much better.
- iv. Frequent dismantling of SHGs and its capture by the elite poor might affect sustainability of SHGs. Overall, the pace and quality of formation and linkage of SHGs should be sustained and strengthened under NRLM. A large number of households continue to remain outside the NRLM fold, and are under different phases of institutionalization and linkage with banking system. The transition management of SHGs from SHG-BLP to NRLM should be handled by the authorities prudently.
- v. Emphasis has not been given on proper formation of rural SHGs and participation of members in the decision-making process. Increasing participation in development may leave the marginalized as mere beneficiaries of the programme without control over the decision-making process⁷. PIP should be more meaningful and a top-down approach should be avoided. The participation of SHG members remains limited to being the receiver of services, without even understanding why they needed them.

- vi. Auditing of community level organizations has been lagging behind as also the practice of social auditing.
- vii. While considerable data on physical progress under various facets of the programme are shared with the public through website, etc., adequate and regular information on impact, quality of the programme through independent evaluation, social audit and field study/ feedback should be made increasingly available to the general public. Existing data does not appear to include number and types of livelihoods that are supported and how many graduated above poverty line. National Institute for Rural Development & Panchayat Raj (NIRD&PR) has been involved in various studies, besides capacity building interventions in the programme. However, more of evaluation studies and social audits should be carried out, considering size and diversity of the country.

The Mission has been fairly successful in creating enabling environment for the SHGs, VOs and CLFs for managing the given funds under the programme. However, the programme needs to direct more efforts to orient the entities for sustainable enterprise creation and management. It's expected that the programme interventions would transform the institutions-SHGs, VOs and CLFs, into business driven entities by leveraging their strength, for facilitating enrichment of livelihood of the poor.

SKILLING INDIA MISSION

54% of Indians are below 25 years of age and around 62% of the population are within the working age group. Among the persons of age group of 15-59 years, only about 2.2% are reported to have received formal vocational/skill training and 8.6% to have received non-formal vocational training. Only 4.69% of the population had received formal skills training. By the year 2025, around 1 in 5 of the working population in the world is estimated to be from India, which constitutes 18.3% of the working age population⁸.

103 million incremental human resources will be acquired across 24 key sectors by 2022⁹. 93% of India's workforce work in the unorganised sector and acquire skills through informal channels, lacking formal certification. There are considerable gaps in the capacity and quality of training infrastructure as well as a mismatch between demand and supply, insufficient focus on workforce aspiration and informal sector, declining labour force participation of women, multiplicity in assessment and certification system and lack of impetus to innovation driven entrepreneurship. Skill and entrepreneurship interventions were being carried out in a sporadic manner, in as much as 40 Skill Development schemes were being implemented by 20 Ministries/Departments of GOI. Thus, in the context of economic, demographic and social factors, there was an emerging need for a focused policy, strategic interventions and appropriate reorganization of institutional infrastructure for skill development and entrepreneurship promotion, for facilitating improved livelihoods.

In the above backdrop, the National Skill Development Mission was launched by GOI on 15 July 2014; with a mandate to consolidate and coordinate efforts for skill development as also expedite skilling across sectors to achieve skilling with greater speed, efficiency and standards. A new Ministry of Skill Development and Entrepreneurship (MSDE) was set up by the GOI in November 2015 with key reorganized institutional architecture for fulfilment of the objectives of the Mission. A comprehensive National Skill Development and Entrepreneurship Policy was announced in 2015, replacing the policy of 2009. The three tier structure under the Ministry consists of Governing Council for policy guidance at apex level, a Steering Committee and Mission Directorate (along with an Executive Committee) as an executive arm of the Mission. Mission Directorate will be supported by 3 other institutions-National Skill Development Agency (NSDA), National Skill Development Corporation (NSDC), and Directorate General of Training (DGT), all having horizontal linkage with the Mission Directorate. Seven sub-missions have been created to act as building blocks to achieve the objectives of the

Mission (i) Institutional training, (ii) Infrastructure (iii) Convergence (iv) Training of Trainers (v) Overseas employment (vi) Sustainable livelihoods and (viii) Public infrastructure. As decided in the Union Cabinet on 10 October 2018, the National Council for Vocational Education & Training (NCVET) will be formed as the overarching regulatory authority, by subsuming NCVT and NSDA. NCVET will regulate the functioning of entities engaged in vocational education and training both short term and long term and establish minimum standards for functioning of such entities. MSDE with its core focus on converging all skill development initiatives in the country under one National Skills Qualification Framework (NSQF), will make skill development quality-oriented, sustainable and inspirational.

The new Skilling India Programme aims at providing training and skill development to 500 million youth of the country by 2020, covering each and every village. Common norms for skill development were evolved and introduced. The revamped policy, programmes and institutions aimed at providing training and skill development to target youth and to identify/develop the existing, new and potential sectors for skill development. Programmes of various Ministries could be clubbed together. Certificates would be issued to those who complete a particular skill, including those from overseas organizations. The existing programmes were remodelled / revamped and new programmes introduced. Major schemes include PM Kaushal Vikas Yojana (PMKVY), PM YUVA Scheme, UDAAN, STAR, Polytechnic Schemes, vocationalization of education. Institutions like RESTIs, RUDSETIs,

National Skill Development Corporation (NSDC) Indian Institute for Entrepreneurship (IIE), National Skill Development Agency (NSDA), National Institute for Entrepreneurship and Small Business (NIESBUD), ITIs, Polytechniques, Director General for Training (DGT), Regional Directorate of Apprenticeship Training (RDAT), etc. are engaged in skill development and entrepreneurship space. National Skill Certification and Quality Assurance Framework (NSQF), STAR (Standard Training Assessment and Rewards), and international engagement of NSDA are in vogue.

Budget and Expenditure

Although there has been substantial increase of budget and related expenditure of the MSDE for the last 3 years, the expenditure continued to be short of the budget, as illustrated in Table 3.7:

Progress under Schemes

PRADHAN MANTRI KAUSHAL VIKAS YOJANA (PMKVY)

NSDC has been implementing PMKVY in the country since 15 July 2015 with a vision to impart training to 10 million youth with an outlay of Rs.12,000 crore during 2016-20. It is a centrally sponsored, centrally managed (CSCM) programme. PMVKY aims to incentivise young persons to enrol in skill development programmes & seeks to create new job opportunities for them to acquire key skills for employment. PMKVY enables prospective youth to take Short Term Training (STT) and Recognition of Prior Learning (RPL) through accredited and affiliated training partners/ Training Centres. The schemes run across 331 job roles- related to 37 Sector Skill Councils, involving 8464 Training Centres and 2250 Training Partners, including 21 Universities, as on 31 July 2018¹⁰.

The number of candidates trained till December 2018 was 24.62 lakhs of which 19.53 lakh candidates have been certified for the

Table 3.7: Year-wise budget and expenditure of MSED

Item	2016-17	2017-18	2018-19
Budget (Rs. Cr.)	1843.46	3016.04	3400.00
Expenditure (Rs. Cr.)	1553.09	2198.01	770.29*
Percentage of Expenditure to Budget	84.24	72.87	22.65
Grant-in-aid to States/UTs/Others (Rs. Cr)	1127.03	1907.18	710.00*

*The major items of expenditure were for development of skill, model ITIs/apprenticeship & training, Polytechniques and NSDA programmes

**June 2018

Source: Quarterly Report of MSDE in the Ministry website

skill. However placement was possible for only 9.41 lakh candidates. This worked out to 48% placement of those certified. But as a proportion of those who were trained, placements accounted for 38%. With six out of ten people trained not getting a job, the effectiveness of the PMKVY is being questioned.

NSDC plays a key role in skill development and works with 235 training partners and 38 approved SSCs. These SSCs have created 2147 qualification packs, with 5684 unique occupational standards and 1513 qualification packs that have been approved by NSDC. SSCs are expected to bridge the gap between industry demand and the skill ecosystem. Model curriculum, skill content, participant handbook and facilitator guides with training delivery plan and assessment criteria have been evolved. The IIEs have been established to provide “hands-on” training in advanced courses such as energy efficient construction, industrial electronics, automation, etc. Total budget of Rs.476 Crore has been laid down for building IIEs. The IIEs have trained 3672 participants in collaboration with various reputed development agencies. Their programmes include Entrepreneurship Development Programme (EDP), Management Development Programme (MDP), Skill Development Programme (SDP), Entrepreneurship Awareness Programmes (EAP) and Training of Trainers (TOT), etc. These could be accomplished through 112 programmes during 2017-18 IIEs have signed MOUs with all the agencies.

Long Term Training

Under the Long-term training module, a total number of 13,912 Industrial Training Institutes (ITIs) are being utilised of which 557 have been established in the year 2017. The training capacity has been increased by 77,040 over the last one year, leading to 22.82 lakh seats in total till date. In 2017, a total of 12.12 lakhs candidates passed out from the (ITI) ecosystem. ITIs under the Ministry of Labour and Employment were transferred to MSDE. Additionally, 34 ITIs and 68 Skill Development Centres are also being set

up in 34 Left Wing Extremism (LWE) affected areas. Directorate General of Training under the aegis of MSDE has launched a grading exercise for ITIs to provide “Star Rating” to the performing institutes. The grading framework envisages 43 defined scoring parameters. The grading of ITIs is voluntary in nature. A total of 5090 ITIs (both Govt. and Pvt.) have done online self-rating. The final rating approved by a Core Grading committee will be announced after physical verification/data validation by third party external auditor for the self-rated ITIs. ISO 29990 Certification system has been put in place.

SANKALP AND STRIVE

In October 2017, MSDE got the approval of the Cabinet Committee on Economic Affairs for 2 programmes, the Skills Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP) and Skills Strengthening for Industrial Value Enhancement (STRIVE), which are all set to boost the Skill India Mission in the country. SANKALP is Rs 4455 Crore centrally sponsored project, which includes Rs. 3300 Crore support from the World Bank; whereas STRIVE is a Rs. 2200 crore central sector project, with half of the project outlay as World Bank assistance. SANKALP and STRIVE are outcome focused projects marking a shift in government’s implementation strategy in vocational education and training from inputs to results building in a strong shift to an outcome based skill ecosystem.

Strategic partnerships

Strategic partnerships through MOUs have also taken place between MSDE and various ministries such as the Ministry of Social Justice and Empowerment (Department for Empowerment of Persons with Disabilities), Health and Family Welfare, Steel, Mines, Railways, Defense, Chemicals and Fertilisers (Department of Chemicals and Petrochemicals).

Future Plans for Skill development and livelihoods

The future plans include:

- i. Initiative for livelihoods business incubator in various regions
- ii. Hubs for Start-up entrepreneurs
- iii. Setting up of Nodal agency for entrepreneurship education
- iv. Setting up World Bank Class Training Centre
- v. Multi-disciplinary livelihood incubation centre for food processing, readymade garments, handicrafts
- vi. Common Livelihood Centre in the District Headquarters
- vii. Increasing entrepreneurship interventions through PPP mode and CSR route

Issues and recommendations

A good amount of initiatives and efforts in terms of policy, programmes and institution building has been taken under the Skilling India Mission for skill development and entrepreneurship leading to livelihood enrichment during the recent years. A number of safeguards need to be taken to address the implementation challenges. With a large number of programmes, participating institutions and target people, there is an increasing need for coordination and convergence, to make the programmes effective and efficient. The new regulatory body NCVET needs to strengthen oversight, feedback mechanism, social audit, etc., to make the system and interventions transparent. Since the mission is now over 3 years, it would be appropriate to have a comprehensive evaluation of the activities by an independent agency, which may facilitate mid-term correction before 2020/2022. The budget and expenditure have been very modest during the last 3 years. Notwithstanding international fund aided programmes like SANKALP and STRIVE, there is need for huge resources to fulfil the vision of providing skill and entrepreneurship for 500 million people by 2020. In the light of a grim unemployment situation for the youth, the quality, scale and pace for all the interventions should be carried in such a way

that demands and supply gap is minimized. The efforts in the direction should be redoubled. The NSDC, NIESBUD, IITs, etc., did exist before the setting up the Mission; considering the Mission's ambitious goal, these institutions should be reengineered to cope up with the emerging tasks.

Real Time Data

Considering a wide spectrum of interventions, institutions and individuals involved in the plethora of the programmes, there is an emerging need for real time data for monitoring, review, evaluation, comparison and mid-term corrections. NITI Aayog study observes, "Skills and knowledge are driving forces of economic growth and social development for any country. Given that developing skills requires huge investments, it is necessary to have availability of real time data (SDI-Skill Development Indicators) on what constraints skill development in a region/area/district/state; identification of sectors where skill development is most needed; how well the skills of individuals match those required in the labour market, and the outcomes of various interventions undertaken thus far." The first such effort to create indicators for skill development has been made by the OECD that established the World Indicators of Skills for Employment (WISE) in close collaboration with the World Bank, Exchange Trading Forum (ETF), International Labour Organizations (ILO) and United Nations Education Scientific and Cultural Organization (UNESCO). The Skill Development Indicators (SDI) would bring the available data from different sources at one place as a single resource, for the purpose of evaluation of skill development initiatives across the country"¹¹.

NATIONAL SOCIAL ASSISTANCE PROGRAMME

Social Security defined by ILO as "protection which society provides for its members through a series of public measures to prevent the social and economic distress that would otherwise

Box 3.3: Provisions in NSAP Operational Guidelines

MORD has brought out an NSAP Manual in 2017, spelling out various institutional safeguards as under

- i. Constitution of State Level Committees & District level Committees
- ii. Performance Review
- iii. National Level Monitors
- iv. State Nodal Department - identification of State Nodal Officer
- v. Grievance Redressal machinery at Gram/ Municipality/ Ward levels
- vi. Vigilance Arrangements
- vii. Monthly / Quarterly Reporting-transparency and disclosure
- viii. Social Audit system
- ix. Timely disbursement of pensions

be caused by stoppage or substantial reduction in earnings resulting from sickness, maternity, employment, invalidity, old age and death". With this perspective, several schemes have been implemented by GOI and State Governments. Article 41 of the Constitution of India directs the State to provide public assistance to its citizens in case of unemployment, old age, sickness and disablement and in other cases of undeserved want within the limit of its economic capacity and development. National Social Assistance Programme (NSAP) which came into effect from 15 August 1995 is an important step towards the fulfilment of the Directive Principles of the Indian Constitution (Art 41). This programme is being implemented by the Ministry of Rural Development, and covers the whole country - both rural areas as well as urban areas. The programme introduced a national policy for social assistance for the poor and aims at ensuring a minimum national standard for social assistance in addition to the benefits that the states are providing or might provide in future. Under the NSAP, the Government is committed to extending direct transfers to over 30 million old age, widow and differently abled beneficiaries belonging to below poverty line (BPL) families. NSAP comprises of five schemes as under:

- i. Indira Gandhi National Old Age Pension Scheme (IGNOAPS): Under the scheme, BPL persons aged 60 years or above are entitled to a monthly pension of Rs.200 upto 79 years of

- age and for those who are 80 years and above, the pension amount is Rs.500 per month
- ii. Indira Gandhi National Widow Pension Scheme (IGNWPS): Under this scheme, the BPL widows aged 40-59 years are entitled to a monthly pension of Rs.200
- iii. Indira Gandhi National Disability Pension Scheme (IGNDPS): Under this scheme, the BPL persons aged 18-59 years with severe and multiple disabilities are entitled to a monthly pension of Rs.200
- iv. National Family Benefit Scheme (NFBS): Under the scheme, a BPL household is entitled to lump sum amount of money on the death of primary breadwinner aged between 18 and 64 years. The amount of assistance is Rs.10.000
- v. Annapurna: Under the scheme, 10 kg of food grains per month are provided free of cost to those senior citizens who, though eligible, have remained uncovered under NOAPS (National Old Age Pension Scheme)

The cash transfers being facilitated under the NSAP are an important subset of the overall social security net, including food security and health insurance, extended by the Government to families facing deprivation.

The principles enshrined under the NSAP are as under:

- i. Universal coverage of eligible persons and proactive identification

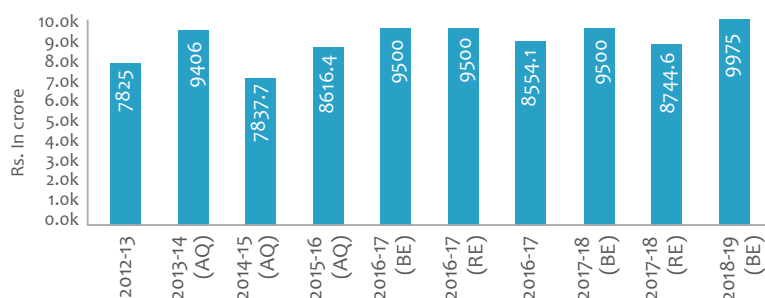


Figure 3.7: Budget Provisions for NSAP

- ii. Transparent and people-friendly process for application, sanction, appeal and review
- iii. Regular monthly disbursement of pensions and benefits preferably at the door step of the beneficiaries
- iv. Electronic Transfer, IT based MIS
- v. Robust Social Audit and annual verification
- vi. Key role for local self-government institutions
- vii. Automatic convergence with other related livelihood schemes

In 2016, a strategic decision was taken to bring the NSAP scheme within the umbrella of 'Core of Core' scheme and move towards digitization of all data on beneficiaries and to introduce Aadhaar based payment mechanism to facilitate end-to-end digital transactions. Aadhaar based payment will facilitate payments to the old, widows and disabled in their own village through a Business Correspondent/Post Office.

Budget Provisions

For the year 2018-19, an amount of Rs.9975 crore has been allocated to NSAP schemes, which is 38% more than the budget allocation of 2014-15 which stood at Rs.7241 crore. An amount of Rs.8696 crore has been released to the States/UTs under NSAP during 2017-18, which is 23% more than the releases of 2014-15. Data of all the beneficiaries under NSAP has been digitized over NSAP-PPS. Further, 173 lakh beneficiaries have got their dues through the system. A graph presentation on budget allocations from year to year is given in Figure 3.10.

Participation of States

As on March 31st 2018, twenty States/UTs i.e., Andhra Pradesh, Assam, Bihar, Chhattisgarh, Daman & Diu, Dadra & Nagar Haveli, Delhi, Gujarat, Haryana, Jharkhand, Lakshadweep Madhya Pradesh, Maharashtra, Meghalaya, Pondicherry, Rajasthan, Tamil Nadu, Telangana, Tripura and Uttar Pradesh, have reported total transactions of Rs.10.73 crore through DBT mode. In the year 2017-18, value of digital transactions stood at Rs.6791.70 crore, which is about 78% of the total releases in the year.

Other Facilities for Disabled

Apart from extending monthly assistance to the tune of Rs.300 to 500 per month under National Disability Pension Scheme, special provisions have been made for the persons with disabilities in other rural development programs as well. For providing drinking water at work sites, management of crèche etc., priority is given for handicapped persons under MGNREGA. Disabled workers are paid wages equivalent to other workers. Other priorities set for disabled persons are special discount in rates, selection of suitable work for them and organization of groups for disabled persons. Under MGNREGA in FY 2017-18, around 4.7 lakh disabled workers were provided employment; thereby generating 1.57 crore person days.

DDU-Grameen Kaushal Yojana

The Guidelines mandate each State to ensure that at least 3% of State target for skilling should be earmarked for persons with disabilities (PwDs). DDU-GKY Guidelines also provide that PwD projects may have separate training centres and the unit costs may be different from those for regular projects. Accordingly, the Ministry has notified a separate Framework for projects for PwD under DDU-GKY in alignment with Common Norms for Skill Development Schemes. Currently, a total of 243 projects have been sanctioned under DDU-GKY in the country in

which PwD candidates have also been proposed to be trained. Apart from this, 5 projects have been sanctioned exclusively under DDU-GKY for skilling 1500 PwD candidates. In 2017-18 upto February 2018), 912 PwD candidates have been trained under DDU-GKY projects, as against 662 candidates in FY 2016-17. Pradhan Mantri Awas Yojana (G) also has the provision for States to ensure that at least 3% beneficiaries are disabled persons. Under PMAY (G), 5682 houses were sanctioned for differently-abled persons, of which 1655 have been completed. Rs.100 crore annual budget has been provided in response to public demand.

Issues and Recommendations

Notwithstanding the provisions and digitization efforts, the efficient functioning of the above institutional architecture is necessary for ensuring effectiveness of the programme. Meanwhile, a Public Interest Litigation (PIL) has been filed before the Supreme Court by the former Union Law Minister, Ashwini Kumar, questioning the gaps in the Scheme with reference to social audit, constitution of bodies dealing with monitoring and evaluation system, and grievance redressal mechanism. The Supreme Court has on 9 October 2018 sought for information about the gaps in the implementation of the NSAP. Meanwhile, the GOI has decided to mount a study to assess the impact and find ways and means to improve the NSAP. The study will cover the period from 2015-16 to 2017-18 with 600 beneficiaries from 10 selected states¹². According to the Melbourne Mercer Global Pension Index (MMGPI) 2018 by the Australian Centre for Financial Studies (ACFS) in partnership with Mercer, among 34 countries providing retirement benefits covered under the study using three sub-indices of adequacy, sustainability and integrity, only Mexico, China and Argentine lag behind India. Therefore, considerable scope exists for improvement under NASP.

Besides the NSAP, there is multiplicity of pension schemes by multiple agencies including State Governments, leading to lack of clarity, middlemen indulgence and leakages. There is considerable gap in the awareness of scheme,

leading to low utilization among the BPL elderly. The National Policy for Senior Citizens, 2011 had been framed for protection and welfare of the elderly. In various platforms and studies, more social security measures are advocated. These include increasing pension amount under NSAP (up to Rs.1000 per month), income security, constitution of National Commission for Senior Citizens, Welfare Fund for the elderly poor, special and direct service for their health and food security by dedicated personnel, efficient delivery system, etc. These proposals should be considered by the policy makers and implementing agencies with empathy and sense of urgency.

Notes and References

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Agricultural Livelihoods - Need for Re-imagination

Dr. Richa Govil

4

Field studies and surveys by government and non-government organisations have been indicating for over a decade the fact that agricultural households are seeing a decline in incomes and an increase in vulnerability with few options or resources for respite and relief. It is not surprising then that we are witnessing repeated farmer agitations as farmers attempt to draw attention to their plight.

Indian policy makers since the time of independence have largely viewed agriculture through a food security lens, with food security defined narrowly through quantity measures. In the mid-60s, India faced cereals shortages which compelled it to cave into US political pressure in exchange for wheat supplies. As a result, the young nation sought food sovereignty and adopted a set of policies and interventions (such as crop research, price support and public procurement of food commodities) which constituted the so-called 'Green Revolution'.

The Green Revolution policies viewed agriculture primarily through the lens of production and productivity. These efforts were effective in achieving the intended goal, namely that of increasing food grain production and productivity rapidly, eliminating the need for large scale import of grains for food security purposes. With the aim of increasing cereal production as quickly as possible, policy-makers had set aside questions of equity and livelihoods and chose to introduce new seeds to regions with sufficient irrigation, high rainfall and often better-off farmers who could invest in

input-intensive agriculture required by the high-yield varieties^{1&2}. And, although the negative environmental impacts of high-input agriculture were highlighted by researchers and activists early on, the Green Revolution policies continued largely unchanged.

In the intervening years, the reality of food demand and farmers' livelihoods has changed dramatically. Indian food patterns have shifted towards greater consumption of vegetables, fruits, dairy and meats. Consumer awareness and concerns about chemical residues in food have risen in recent years. At the same time, farmers' incomes have not kept pace with economic growth. Their farm sizes have shrunk, and their costs and risks have increased. Agrarian distress has deepened in many parts of the country. And, social sector organisations working with farmers are finding it challenging to improve farmer well-being on a sustained basis due to various structural and operational challenges.

These new realities should make us reconsider our imagination of agriculture in contemporary India. Fifty-two percent of India's working workforce is engaged in cultivation, agricultural labour, livestock rearing, fisheries and other related activities³. Should we give greater importance to farmers' welfare, and what changes would that entail in our policies and social interventions, including towards the agro-ecological systems on which farmers depend for their life and livelihoods?

This chapter explores some of these questions. The chapter starts with a brief overview of the

some of the key trends and patterns affecting agricultural livelihoods across India. Next, we examine three aspects of agricultural livelihoods which are often overlooked, namely, link between agriculture and ecology and household nutrition and the increasing risk and vulnerability of small producer households. Then we discuss recent policy thrusts and their ability to address the challenges highlighted earlier. The chapter ends with attempts to offer some suggestions for the way forward.

MAJORITY OF AGRICULTURAL HOUSEHOLDS EARN LESS THAN WHAT THEY NEED FOR SURVIVAL

Ninety one percent of agricultural households are small, marginal or landless, owning 2 hectares or less of land⁴. Every intergenerational transfer and division makes the landholdings even more unviable, despite increasing cropping intensity (number of crop cycles per plot of land).

It has been evident for some time that farming has become economically unviable for the majority of farmers in India. The average monthly income of farming households in the country is Rs. 6426 (from all sources, cultivation, including daily wage

work, livestock, etc.). Figure 4.1 shows the average income and expenditure of agricultural households in India by landholding. For households owning less than one hectare of land, average monthly income is insufficient to cover even the most basic of expenses for human survival for a typical family of five in rural India. These households constitute the vast majority (82%) of agricultural households in India⁴. While on average, small farmers' incomes just about cover their expenses, their incomes can be much lower due to on agro-ecological zones, soil quality, level of water control and other factors.

Increasingly, the majority of the income of small and marginal farmers comes from daily wage work – both agricultural and non-farm – not cultivation of own land. As shown in Figure 4.2, marginal farmers (less than 1 hectare landholding) derive most of their income from daily wage work. The proportion of income from cultivation is higher for farmers with larger landholding. A more recent survey by NABARD also confirms these trends⁵.

Today, India has more people working as agricultural labour than cultivators on own land; this includes those who are landless but also those with marginal landholdings. Households with marginal landholdings derive the majority of their income from labour; this is reflected in both national level data (Figure 4. 2) as well as small field studies⁶.

In fact, in the ten years between the 2001 and 2011 Census, the number of “main” worker cultivators declined and there was a significant increase in number of agricultural labour. Table 4.1 shows the decadal change in livelihood activities of those classified as male “main” workers. The decadal growth rate of male agricultural labour was greater than that of male main workers, implying that some of the increase could be due to shifting of workers from cultivation to agricultural labour. This shift is evident in narratives from the field as well. More and more marginal farmers are shifting to agricultural wage work and deriving their primary livelihood from labour rather than cultivating their own marginal farms.

The livelihoods of agricultural workers are extremely precarious: The vast majority of agricultural workers get employment for less than

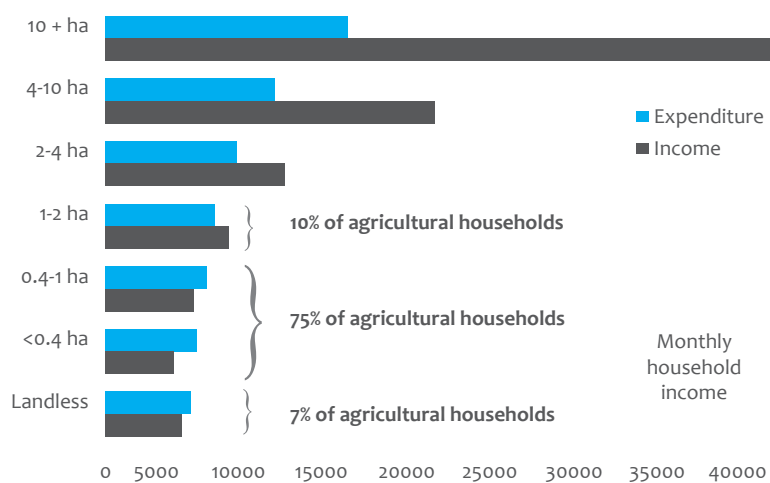


Figure 4.1 Monthly income and expenditure of agricultural households (national average)

Source: NSS 2014

six months of the year and are paid less than the stipulated minimum wage. One field study estimated that such wage workers would need to work for 1.5 years to earn enough to simply reach the poverty line⁷. In addition, workers often have to wait for full payment, as employers hold back wages to guarantee “loyalty” of workers. The situation is worse for women workers due to their weaker social status.

Despite such issues, agricultural workers have little choice but to continue working under these conditions as alternative non-farm work opportunities are not available in or near many villages and even where they are, they are available almost exclusively to male workers⁷. Agricultural wage workers are thus compelled take credit from larger landholders in exchange for committing labour to the lenders’ farm, often at lower-than-market rates.

For women engaged in agricultural livelihoods many of the challenges mentioned above converge. As workers on own-family farms, women typically engage in the production of crops and activities that are different compared to men (for example, greater focus on livestock, crops for household consumption, and farm activities such as weeding and harvesting). Their contribution is usually unacknowledged, their agency in making decisions is highly limited and very few own or co-own the land they cultivate⁸.

As workers on others’ farms, women’s labour is often underpaid and exploitative. Not only are they paid lower wages, but often they are asked to do additional work, such as cleaning cattle sheds or domestic tasks, without extra pay. As they do not have other options for work, they are easy to

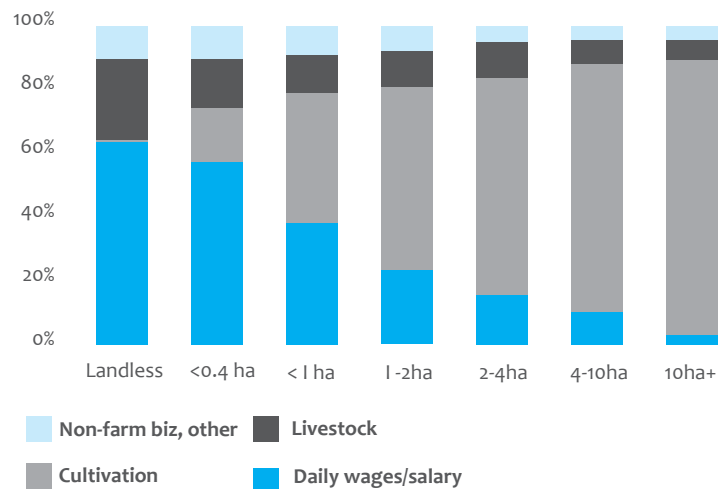


Figure 4.2 Average monthly income of agricultural households by source and landholding size-class

Source: NSS 2014

subdue and exploit. And, they have little agency in determining the nature and terms of their work; often commitments are made on their behalf by male members of the family⁶.

Limited attention has been paid to women’s agricultural work by policy makers as well as most social sector organisations. Women’s role in and contribution to agriculture is grossly underestimated in national data due to enumeration methodologies which undercount their participation in the workforce^{9,10&11}. And, not surprisingly, the roles and needs of farm women have largely been ignored in program design^{1&12}.

Agricultural workers and own-farm cultivators (both male and female) face precarious and insecure livelihoods, exacerbating their vulnerability to economic shocks. With average incomes persistently less than expenditures required for household survival, it is no wonder that agricultural households (landholding or landless) turn to formal and informal debt. Nationally, more than 50% of agricultural households have outstanding debt. Comparing the amount of household debt to household incomes reveals that debt to income ratio for most households is quite high. For small and marginal landholders the debt to income ratio is 1 or greater, bringing into question agricultural households’ ability to repay the debt on an ongoing basis (Table 4.2).

Table 4.1 Decadal change in male main workers

Male main workers	Change from 2001 to 2011 (in millions)	Decadal growth (%)
Cultivators	-5.2	-6.6%
Allied activities	-1.1	-16.0%
Agril labour	14.1	34.4%
All agricultural	7.9	6.2%
All male main workers (any occupation)	33.3	14%

Source: Census 2001 and 2011

Table 4.2: Average debt and income by landholding size-class

	Ave debt per account (2011-12)*	Average income per year (2012)**	Debt to income ratio
Marginal (<1ha)	76K	-6.6%	1.4x
Small (1 - 2ha)	88K	-16.0%	1.0x
Other (> 2ha)	146K	34.4%	0.86x

*RBI 2015 "Handbook of Statistics of Indian Economy"

**Estimated from NSS 2014, "Key Indicators of Situation of Agricultural Households in India", Statement 12

It is now widely accepted that low incomes from small landholdings are trapping households in a cycle of debt, leaving them highly vulnerable to economic shocks due to crop failure, market volatility, family health issues, and other reasons.

It is no wonder that 40% of farmers surveyed by the NSSO in 2003 stated that they would prefer to leave farming if an alternative existed¹³. Farmers with lower landholding, lower access to irrigation or credit are more likely to dislike farming. Younger farmers or those with higher education or access to non-farm jobs dislike farming more than others¹⁴.

Continued agrarian distress and absence of solutions on the horizon is forcing farmers into ever-more precarious situations through increased dependence on loans, greater reliance on insecure wage work and migration. This distress is manifesting itself in increased demand for government support and public agitations, most recently those in Mumbai and New Delhi. Popular discourse and government response to farmers' plight is usually limited to financial mechanisms such as increase in Minimum Support Prices or loan waivers, which are partial remedies. It is, therefore, worthwhile to examine some of the structural drivers of agrarian distress, which we do in the next Section.

NEED TO RE-LINK AGRICULTURAL DISCOURSE WITH NUTRITION, ECOLOGY AND HOUSEHOLD VULNERABILITY CONCERNS

Most of the discourse on agriculture is focused primarily on household incomes and debt. Missing in this discourse is a discussion of the relationship between ecological and economic distress, the link between agriculture and household nutrition, and the risk and vulnerability of small producers. We examine these below.

Agriculture-Nutrition Connect¹⁵

Today, India is considered to be a food sufficient country. Across the country, there has been a significant reduction in self-reported hunger: National Sample Surveys show that the percent of households reporting insufficient food for "two square meals a day" dropped in rural India from 18.5% in 1983 to 2.4% in 2005¹⁶. Yet, the proportion of the population getting the FAO recommended minimum of 1800 calories per day was 40% in 2009-10¹⁷. The current challenge in India is less about hunger per se and more about sufficient intake of calories, macro- and micro-nutrients required by the human body for health and vitality.

With rapid economic growth of the last two decades, one would expect significant improvement in nutritional indicators. However that has not been the case: Despite economic growth and reduction of poverty, the per capita consumption of calories and protein has been decreasing in India. Between 1988 to 2005, while real per capita expenditure increased by 15%, real expenditure on food remained stable despite an increase in real cost of calories¹⁸. The per capita consumption of calories dropped by around 10% and proteins slightly more, while per capita

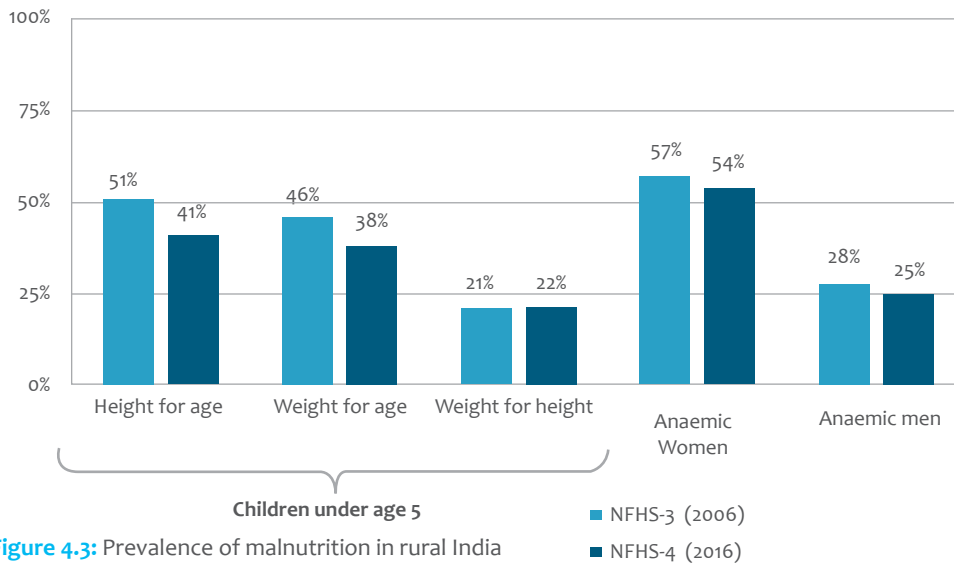


Figure 4.3: Prevalence of malnutrition in rural India

Source: NFHS-3 20

consumption of fats increased by about 25%. This reduction in caloric intake happened despite food production growth outstripping population growth.

It is not surprising then, that surveys report staggering levels of under-nutrition in the country. Although malnutrition levels in India have been decreasing, the rate of decrease is not commensurate with the economic growth. Under-nutrition among children is usually measured against World Health Organization (WHO) standards for height-for-age, weight-for-age and weight-for-height. Under-nutrition among adults is typically measured against international standards for Body Mass Index (BMI) and prevalence of anemia. An alarming proportion of Indians suffer from under-nutrition: In rural India, 41% of children under the age of 5 are stunted (low height-for-age), 54% of adult women are anemic and 25% of adult men are anemic¹⁹.

The direct causes of undernourishment are inadequate dietary intake and diseases which diminish the human body's ability to absorb nutrients. Inadequate dietary intake and diseases are, in turn, caused by poor access to affordable food and clean water, sanitation, health services and inadequate care of individuals within a household²⁰.

Below, we examine the various factors that drive dietary intake in rural India and the sources

of food, namely markets, self-production and Public Distribution System (PDS).

As shown in Figure 4.4, markets constitute the biggest source of food in rural India: roughly half of the wheat, rice and milk and the majority of other food items consumed by Indians are purchased from markets. While farming households may consume some own-produced foods, they are also largely dependent on markets for their food intake. Thus, reducing under-nutrition requires that nutritious foods be available and affordable in local and national markets.

The link between under-nutrition and low incomes and agricultural productivity have been established by various studies^{21&22}. However, there is another aspect of agricultural markets which demands attention. Indian food value chains are primarily rural to urban: crops produced in villages are aggregated and brought to larger agricultural markets and ultimately to urban centres. For example, one NGO working in Madurai district found that vegetables produced in villages were first taken to Madurai wholesale market and then sold to small traders who brought them back to different (often nearby) villages in the same district, leading to not only incurring of unnecessary cost but also spoilage and depletion in nutritional value, as many vegetables arrived a day later having travelled about a hundred kilometres round trip²³.

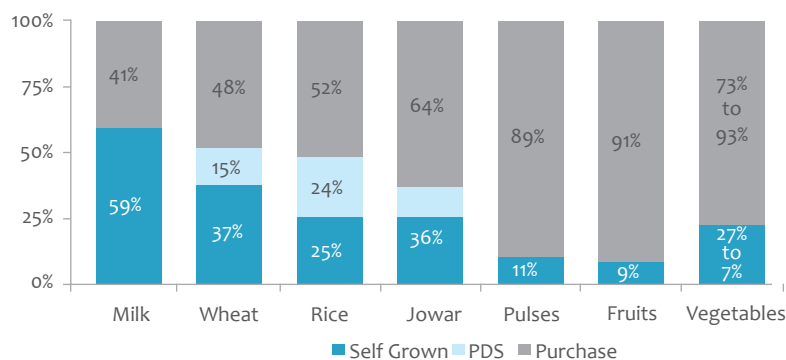


Figure 4.4: Rural household's sources of food (by quantity)

Source: NSSO 2013

Promoting and supporting more rural-to-rural value chains has the potential to not only improve farmer incomes (less spoilage and less transport cost) but also improve nutritional outcomes (see Box A).

Another source of food is the Public Distribution System, which focuses on procurement and distribution primarily of wheat and rice, as a result of green revolution policies and institutions. Wheat and white rice are some of the least nutritious food grains produced in India. While the Food Security Act of 2013 attempted to correct this oversight by including a provision for millets in the PDS, procurement and distribution of millets has commenced only in certain states. A few states have added pulses and other items to the PDS as well. These are small beginnings. Addressing the nutrition gap requires a strong emphasis on providing more nutritious foods through PDS, which despite leakages, cost and other issues, continues to provide essential food security to vulnerable households*.

As shown in Figure 4.4, another important source of food for rural households is self-production: 37% of wheat and 25% of rice consumed by rural households is self-grown. And, 59% of milk and 36% of *jowar* (sorghum) is self-grown. For various vegetables, the self-grown

proportion ranges from 7% to 27%. These are very significant figures. As would be expected, small and marginal farmers retain a larger percentage of their production for household consumption than larger farmers.

The link between production and consumption runs even deeper: Nationally, households which produce a crop consume much more of that crop than non-producers²⁹. For example, vegetable producers consume 30-60% more vegetables than non-producers. Therefore, if households produce more nutritious crops (e.g. millets and vegetables instead of wheat and rice) they are likely to improve their nutritional status through consumption of their own production. A survey of roughly 1400 women cultivators and livestock keepers in Raichur and Chamrajnagar districts of Karnataka also reported similar findings. The producer-women reported consuming the self-produced food items more frequently than women who did not produce the item. For example, 90% of producers reported consuming millets almost daily (at least 5 times per week), compared to only 77% of non-producers³⁰.

In fact, women are more likely to be involved in consumption-related farming and livestock than men. Women's involvement in production is higher for nutrient-rich produce such as vegetables, millets and dairy. Almost all women who engage in any kind of agricultural work produce some food items for household consumption³¹. Therefore, agricultural interventions which work with women could work towards dual objectives of enhancement of household income as well as nutrition. While a handful of interventions do have such dual objectives, much more needs to be done in this regard.

The majority of agricultural interventions and policy in the country continue to ignore such links between agricultural production, gender and nutritional outcomes. Admittedly, agriculture-nutrition related programmes are not sufficient

* As there has been recent interest in replacing PDS with cash transfers, it is worth noting that multiple studies and meta-studies show that this would be inadvisable from the perspective of nutritional outcomes. A 2011 meta-review by DFID of cash transfer schemes around the world showed that cash transfers can reduce income inequality and increase ability to pay for health and education (if there is local supply and access). However, the report concluded that there is insufficient evidence for the ability of cash transfers to improve "final outcomes in health or education" per se²⁴. A 2013 study in India showed that the increase in calorie intake due to PDS was, in almost all cases, much larger than the cash value of PDS transfers as a percentage of MPCE. In fact, if PDS were to be replaced with cash transfers, it would need to be replaced by approximately 3.5 times the cash value of PDS grain^{25&26}. Additionally, one cannot ignore the local context: Another 2013 study found that in areas where PDS is working well (e.g. Tamil Nadu), people prefer to receive in-kind food support whereas in states where PDS is not working well (e.g. Bihar), people prefer to receive cash instead²⁷. A study commissioned by the Niti Aayog in 2017 reached similar conclusions²⁸.

Box 4.1: Insights from a pilot intervention in Tamil Nadu

After harvest, most vegetables undergo high rates of respiration resulting in moisture loss, nutrient degradation, and potential microbial spoilage. For instance, Vitamin C degrades rapidly during storage, with losses ranging from 15% for green peas to 77% for green beans if stored at 4°C for 7 days. The losses are much greater for higher temperatures³².

In 2014, an NGO in Tamil Nadu piloted an intervention to develop a rural-to-rural value chain for improving farming incomes and nutritional outcomes. Prior to the intervention, vegetable vendors in the pilot village replenished stock from the urban wholesale market only once a week. Thus villagers had access to fresh and most nutritious vegetables such as green leafy vegetables for only 1-2 days in a week, less fresh vegetables for 2-3 days and only a few (less perishable) vegetables such as onions for the rest of the week. In contrast, the local aggregation centre replenished its stock daily for highly perishable vegetables and 2-3 times a week for less perishable ones. Thus the pilot intervention of local aggregation and distribution was able to provide greater variety of vegetables, with higher nutritional content, without increasing cost for consumers.

Local aggregation also resulted in cost savings due to lower transport costs: Cost savings were estimated to be approximately Rs. 4/kg for farmers and Rs. 6/kg for local vegetable vendors (head-load vendors) for a variety of vegetables. Roughly half the cost savings were used for running the local aggregation centre while the remaining were passed on to farmers and head-load vendors. Additional funding for centre operations was being provided through grants³³.

in themselves to improve nutritional outcomes, because nutritional outcomes are also linked to open defecation, diseases, access to health care, timely breastfeeding, and even family food habits, culture, and differential investment in children by birth order or gender³⁴. However, it is important to recognize that household agricultural production is an important contributor to household access to food and nutrition, and as such, requires attention by policy makers and social sector practitioners.

Cycle of Ecological and Economic Distress

Overall, about 60% of agricultural land is irrigated in India³⁵. Irrigated land area has been increasing over the years due to increased investment in bore wells across the country. Over the last 25 years, as the government has reduced its investment in public irrigation systems, groundwater has become the most important source of irrigation. As a result, the area irrigated by groundwater has increased dramatically, and is now more than double that of the area irrigated by canals³⁶.

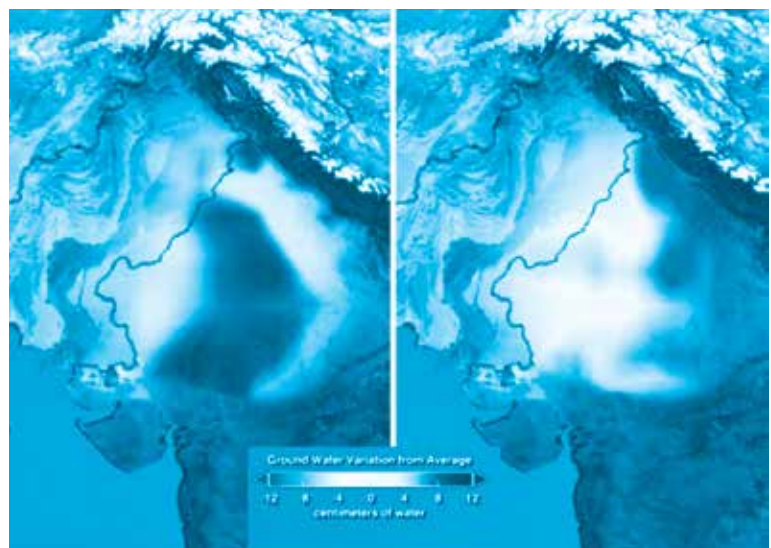


Figure 4-5: Groundwater levels calculated by NASA

Source: Adapted from <http://pmm.nasa.gov/education/videos/indias-disappearing-water>

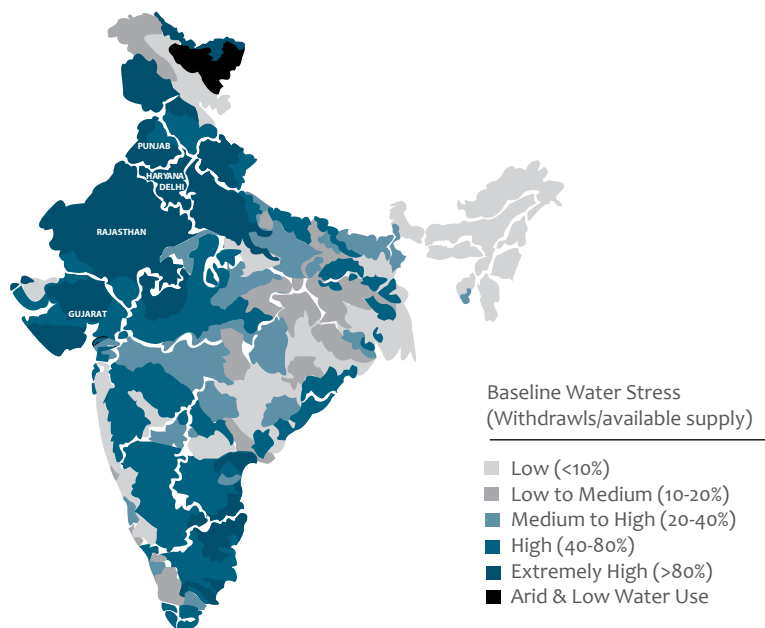


Figure 4.6: Estimation of water stress in India

Source: <https://www.wri.org/blog/2015/02/3-maps-explain-india%E2%80%99s-growing-water-risks>

With the explosive growth in groundwater extraction, has arrived a new reality of severe water distress in many regions of India. As shown in the NASA images (Figure 4.5), in just six years between 2002 and 2008, north-western India saw a significant reduction in water tables. It is not surprising then that the Water Resources Institute now designates more than half of India as facing high or very high levels of water stress (Figure 4.6).

Making things worse, India uses about twice the amount of water to grow crops such as wheat, rice, sugarcane and cotton, than the global average³⁷. Exacerbating the problem further, decisions about which crops to cultivate and number of crops to be grown per year on a farm (i.e. cropping intensity) are made independently of the ability of the local groundwater and ecological systems to support such cultivation.

Many other factors also contribute to over-exploitation of water resources such as free-power for pumping water for irrigation and a lack of financial incentives for turning off pumps in farms which are distant from homes. According to a report by PRS Legislative Research³⁷:

“The practice of providing power subsidies for agriculture has played a major role in the decline of water levels in India. ... Since power is

a main component of the cost of ground water extraction, the availability of cheap/subsidised power in many states adds to the greater extraction of this resource. Moreover, electricity supply is not metered and a flat tariff is charged depending on the horsepower of the pump.”

Obviously, reliable access to water offers an important method for reducing production risk faced by farmers. However, in the absence of scientific mapping of aquifers, and judicious management and monitoring of water resources, frequent monitoring of groundwater levels in sufficiently granular detail and control of over-extraction; it is difficult for farmers to predict whether water will be available from one season to the next. As noted by PRS Legislative Research, “Additionally, landowners are not legally liable for any damage caused to the water resources as a result of over-extraction. The lack of regulation for over-extraction of this resource further worsens the situation”. Therefore, this technology which could have become a life-line if managed well, is unable to deliver reliable access to water and worse, in some regions, has become a high-stakes game of chance.

Excessive dependence on groundwater is also a result of inadequate care and maintenance of traditional irrigation tanks and the lack of management of watersheds through state or community mechanisms. Inadequate attention to surface water bodies has resulted in increasing farmers’ dependence on ground water as the primary type of water control.

New forms of water exploitation continue to arise, such as solar cooperatives in Dhundi in Gujarat which are using subsidies on solar systems to power water pumps and selling excess water to other farmers. Such developments in technology adoption and institutional frameworks are likely to lead to further over-exploitation of groundwater systems in the absence of regulation for limiting over-exploitation.

Risks for small and marginal farmers increase not only due to practice of more intensive forms of cultivation but also due to shift from public irrigation to groundwater sources described above. First, this shift increases cost of irrigation for farmers who sink multiple bore wells in the hope of accessing water, despite some bores failing to

deliver. In case of bore well failure, farmers may not recover even the cost of the bore well. Second, bore wells enable farmers to produce water-intensive crops which may not be suitable for the local agro-ecology. An example of this is the long-debated production of sugarcane in Marathwada, a debate which intensified during the drought of 2016. Thirdly, the shift from public to private irrigation individualizes irrigation risk as bores relatively close to each other may yield different amounts of water, without any means of recourse or relief.

The challenge of over-exploitation of resources is not limited to water but extends to other inputs such as fertilisers. Farmers who use fertilisers tend to overuse urea in very significant amounts. The quantity of fertilizer used per hectare in India (national average) is greater than that in USA. The overuse appears to be concentrated in states such as Punjab, Andhra Pradesh, Haryana, Bihar, Uttarakhand, Uttar Pradesh and others³⁸. Such overuse is resulting in severe distortion of nitrogen balance in the soil, away from the ideal Nitrogen (N), Phosphorus (P) and Potassium (K) ratios. It is also contributing to deteriorating soil quality across large parts of the country, leading to widespread decline in soil fertility and crop production response to fertiliser application, as shown in Figure 4.7.

Excessive use of fertilizer is not only detrimental to soil quality but run-off from over-fertilized fields can also cause eutrophication in local water bodies. Nutrient-rich run-off causes significant rise in algae in water bodies. When the algae die and decompose, there is a dramatic drop in oxygen levels which, in turn, causes loss of water quality and even fish death.

Excessive use of pesticides also results in pesticide residue in soils, water bodies and some edible crops. It also causes detrimental health complications among farmers, who typically do not use any protective gear when handling strong chemicals.

In addition to high use of inputs, farmers have also increased cropping intensity on their fields, which has increased from 1.1 in 1950-51 to over 1.4 in 2013-14³⁹. Crop choice over the years has shifted towards high-yield varieties which require greater inputs and mono-cropping without crop rotation⁴⁰. These factors are also contributing to

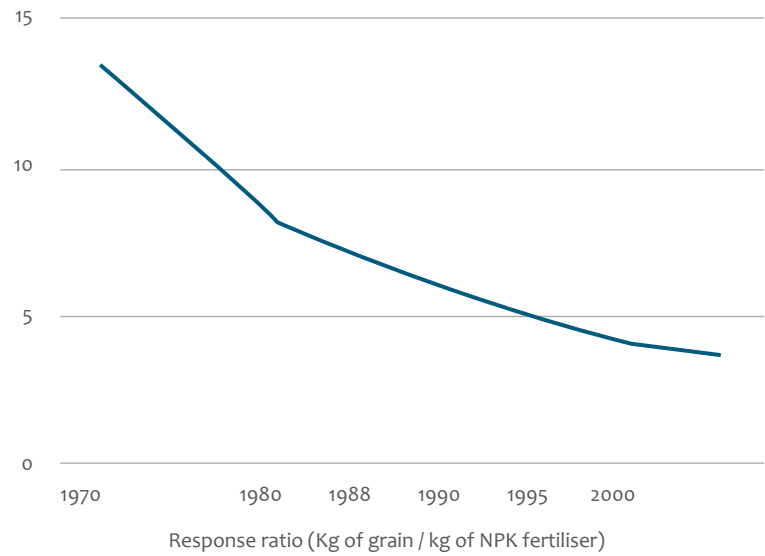


Figure 4.7: Crop production response to fertilizer in Irrigated Areas

Source: Adapted from Economic Survey 2015-16

deterioration of soil quality, greater water stress and overall ecological stress, which, in turn leads to low productivity and, ironically, greater interest in more intensive forms of cultivation.

It would be imprudent to assume that most farmers are not aware of the link between their own individual and collective groundwater extraction to reduction in water levels in subsequent years, or to assume that farmers are not aware of the cause of deteriorating soil quality in their farms. Yet, year after year, they continue to follow the same harmful practices such as more intensive forms of cultivation, mono-cropping, ecologically-unsuitable crop choices, among others.

Farming households facing distress have diminished capacity to absorb the risk of trying alternative practices of production, reducing the intensity of cultivation or experimenting with lower amount of inputs. As a result, they are trapped in a cycle of ecological and economic distress, which in turn impact household food security and health, as depicted in Figure 4.8.

In response to consumer health and ecological concerns and with an aim to increase farmer incomes, many social sector organisations and some state governments are promoting organic farming practices, such as System of Rice Intensification, Sustainable Sugarcane Initiative,

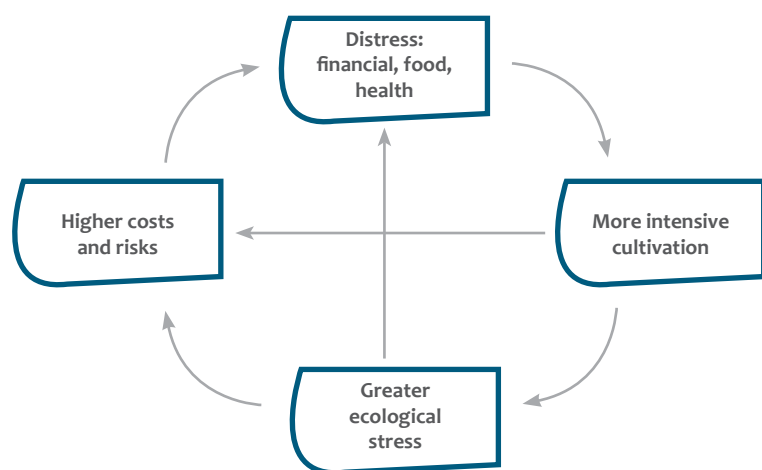


Figure 4.8: Conceptual illustration showing links between agrarian distress and ecological stress

Non-pesticide Management, multiple variants of organic farming, zero-budget farming, etc. Such efforts have contributed to better ecological health with same or greater income for farmers in their respective locations.

The state of Sikkim declared itself to be the first fully organic state in India after a 13 year journey from idea to full implementation. Andhra Pradesh has recently launched an ambitious effort to convert all its farmers to zero-budget natural farming methods by 2022. These are exceptions; the reach of most sustainable agriculture initiatives is quite limited.

Each sustainable cultivation approach has its own limitations as well. For example, some variants of organic farming do not necessarily address the issues of water resource depletion or crop rotation. Other farming methods vary in the degree of care taken in selecting crop varieties for suitability for local ecology. And while such initiatives may improve the local agro-ecology, they may not improve the net income of marginal farmers unless parallel efforts are made towards market reform.

Doing this well would require a strong understanding of the different types of sustainable agriculture practices, their suitability for different agro-ecologies and their potential for climate resilience and generating sufficient incomes; such an approach may find that different

regions/ crops require different solutions rather than one state-wide or region-wide approach. There would also be a need for providing financial support for losses incurred during the experimentation and transition period. Such a context-specific approach would need to balance the multiple objectives such as improving agro-ecological systems, improving farmer incomes and reducing risk for farmers.

Increasing Risk and Vulnerability of Farmers

Agricultural livelihoods have always been dependent on the vagaries of weather and markets. Farmers face production risks due to variations in monsoons, weather, pests, etc. and market risks due to unpredictability of market prices. However, in recent decades, farmers' ability to cope with these risks has diminished due to overall agrarian distress across most parts of the country.

This is particularly important because the vast majority of India's farmers are small and marginal farmers. While this has been true for a long time, of particular concern is the fact that continued inter-generational transfer of land is resulting in division of land in smaller and smaller plots, which are inadequate for supporting a typical rural family of five. Average landholding in India is currently 0.6 hectares⁴¹, while the minimum size required for survival of a family is 1-2 hectares, where monthly income is marginally greater than monthly expenses (national average, see Figure 4.1). These national averages do not capture the wide differences in productivity due to agro-ecology and differential access to resources. Farmers in semi-arid, water-stressed regions, or those with poor quality land would require even greater landholdings to be able to meet their needs. As land continues to be fragmented further, this problem is only going to become worse.

While state and social sector interventions have largely been focused on increasing incomes, they have paid inadequate attention to increasing risks due to sub-survival holdings. The deteriorating quality of soil and depletion of water resources discussed above, make their

livelihoods even more fragile. For many farmers, even the years with good monsoon are difficult to survive and any deficiency in water availability makes them extremely vulnerable.

Common property resources are an integral part of adaptation to risk in semi-arid tropics, providing fuel, edible and medicinal plants/trees, pastures, water resources, groundwater recharge, watershed management and “unused” land for seasonal activities such as drying of harvested crops. However, the enclosure of common property resources through seizure (by state or private entities) or encroachment compels small and marginal farmers to find substitutes through markets. Thus, the disappearance and degradation of commons not only takes away access to these resources, but, more important, makes critical risk absorption resources and mechanisms inaccessible to highly vulnerable families.

Male migration (due to ‘pull’ factors or involuntary migration due to distress or natural disasters) often leaves women behind to cope with rebuilding family life and livelihoods. In the aftermath of extreme-weather events, women’s dependence on agriculture increases due to dearth of alternate livelihood options. Their socio-economic situation worsens and they face greater possibility of exploitation. As climate change intensifies, extreme-weather events are expected to increase in frequency, exacerbating the already precarious situation of those dependent on cultivation, livestock rearing, fisheries or forest produce for their life and livelihoods.

Besides extreme-weather events, climate change is also going to change the production environments for many producers. Some studies have examined the adverse impact of climate change on yields of rice and wheat production in different regions. One policy brief posits that climate change will have even greater impact on high-nutrition crops such as millets. This is because even though millets are more tolerant of adverse weather conditions, they are generally grown on more marginal lands by small and marginal farmers⁴². Thus the impact will be greater for those cultivating marginal lands.

State and social sector interventions have largely ignored such questions of risk and vulnerability of small producers. Recent initiatives to discover or develop drought-resistant and other types of seed varieties are a welcome start. But much more remains to be done. We must evolve multiple solutions, ranging from local interventions to policy responses, to address challenges related to farmers’ risk and vulnerability which are already formidable and are expected to be exacerbated further as climate change impact intensifies.

In the next section, we examine a few recent policy and social sector thrusts aimed at mitigating the challenges faced by farmers.

FOCUS ON FARMER INCOMES AND PRODUCER COMPANIES IS WELCOME BUT INADEQUATE

Despite the above structural issues underlying agrarian distress, the focus of state interventions has been largely financial (loan waivers, subsidies, etc.). Such solutions not only fail to address the structural issues, they also overlook the social context in which agriculture take place, where questions of caste, class, religion, gender and political networks, among others, have a significant impact on livelihood outcomes. Recent push towards large industrialisation projects such as industrial corridors and continuing urbanisation puts additional pressure on already stressed systems.

In recent years, the government has responded with two broad policy responses: a) a push towards doubling farming incomes and b) promotion of farmer producer companies. We examine these next.

Doubling Farmer Incomes, Operation Greens and other Recent Policy Responses

Since soon after independence, in addition to prioritizing food security and low food prices, the Indian state has recognized the need for generating adequate remuneration for farmers. One key component of green revolution interventions was the Minimum Support Price (MSP) for several commodities, which continues to be updated twice a year. The present government announced that it will set MSPs at 150% of the cost of inputs in line with its earlier stated aim of doubling farmers' incomes by 2022.

However, the impact of MSP in improving the incomes of majority of India's farmers is questionable. In addition to paid-out costs for inputs ('A2' by Commission for Agricultural Costs and Prices), a comprehensive cost calculation would include the imputed cost of family labour, imputed rental value of owned land, depreciation of assets, etc (called 'C2'). These costs were not taken into account when setting MSP, making MSP not remunerative for most crops and farmers. Moreover, there are significant variations in production costs across different

parts of the country. An approach which relies on national averages is inherently inadequate for many producers.

Furthermore, a 2015 report of a High Level Committee estimated that only about 6% of India's farmers are able to sell their produce at MSP⁴³. This is because procurement is focused primarily on wheat and rice and is concentrated in certain regions. And, not surprisingly, most of the beneficiaries are medium and large farmers in more agriculturally developed districts. The MSP has also been largely unsuccessful in its market signaling role of influencing market prices: farm prices for most commodities and in most states remain below MSP⁴⁴.

The focus of agriculture policies in India has largely been on rice and wheat. However, over the years, farmers have shifted to production of more horticultural crops. Until 2009, food grains constituted the majority of food production in the country (by quantity). Between 2009 and 2013, the situation changed. Today, Indian farmers produce greater quantity of horticultural crops than all foodgrains combined, with vegetables making up about 60% of the output⁴⁵.

Perhaps in accordance with this, in February 2018, as part of his budget speech, the Finance Minister announced the launch of "Operation Greens" on the lines of "Operation Flood" (Figure 4.9). To address the price volatility of these crops, the government aims to focus on setting up processing facilities and logistics industry across the country. With a budget allocation of Rs. 500 crore, "Operation Greens" aims to promote Farmer Producer Organisations and develop better processing and logistics value chain for tomatoes, onions and potatoes (termed "TOP").

Tomatoes, onions and potatoes constitute about 50% of the vegetable production in the country⁴⁵. When prices of these crops surge, they draw public attention due to sky-rocketing consumer prices and when they drop they capture the public's imagination due to wide-spread dumping of these crops (especially onions) on roads and highways by farmers and traders.

Although they have been clubbed together under Operation Greens, the three crops are

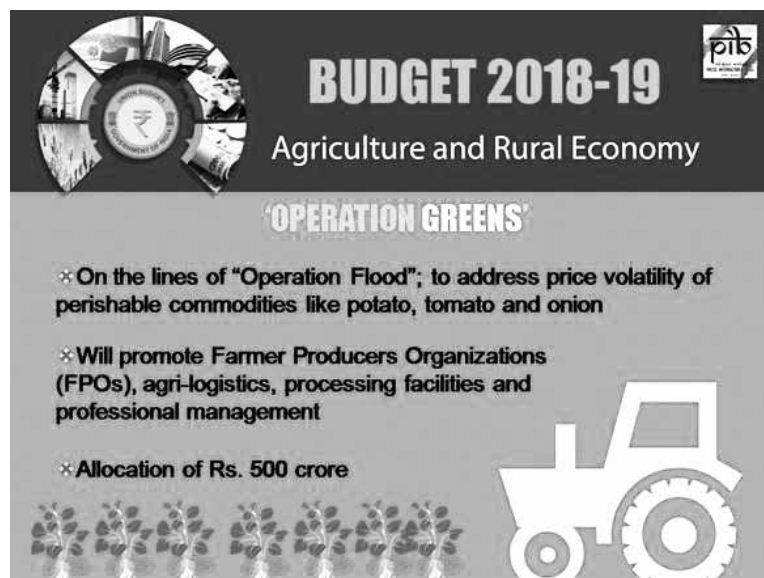


Figure 4.9: Illustration from Government of India's announcement of Operations Greens in 2018

Source: <http://www.pib.nic.in/PressReleaseDetail.aspx?PRID=1518563>

different in terms of perishability, landholding size-class of producers, the nature of value chains and degree of price volatility. The top three producers of tomatoes are Madhya Pradesh, Karnataka and Andhra Pradesh, of onions are Maharashtra, Karnataka and Madhya Pradesh and of potatoes are Uttar Pradesh, West Bengal and Bihar.

The three commodities are also different in terms of the size-class of their producers. A comparison of distribution of landholdings shows that by and large, potato producers mirror the overall landholding across India – mostly sub-marginal, marginal and small producers. However, onion producers have a much greater representation of larger producers (Figure 4.10). The relatively stronger social and political position of onion producers is one of the reasons that price volatility of onion prices has captured the popular imagination more than price volatility of tomatoes, despite their higher perishability.

Various interventions have been tried in the past for improving farmer incomes and reducing price volatility. In 2015, onions and potatoes were added to procurement under the Price Stabilisation Fund with the aim of stabilizing prices for consumers through direct procurement from farmers. However, improving incomes requires more than procurement interventions, as acknowledged by Ramesh Chand, member of NITI Aayog: “The primary factor for triggering abnormal hike in [onion] prices is production shock generally caused by weather related events. Studies show that this situation is aggravated by further exploitation by a section of traders and middlemen through stocking and market manipulations. Discussion with various experts and stakeholders reveals that multi-pronged strategy involving technology, extension, public stocks, and market intelligence is needed to address excessive volatility in onion prices.”⁴⁶. Perhaps guided by this, Operation Greens aims to establish processing and storage facilities for tomatoes, onions and potatoes.

Existing cold storage facilities in India are used primarily for storage for potatoes. A study of how potato farmers use cold storage revealed that large farmers avail of cold storage for storage

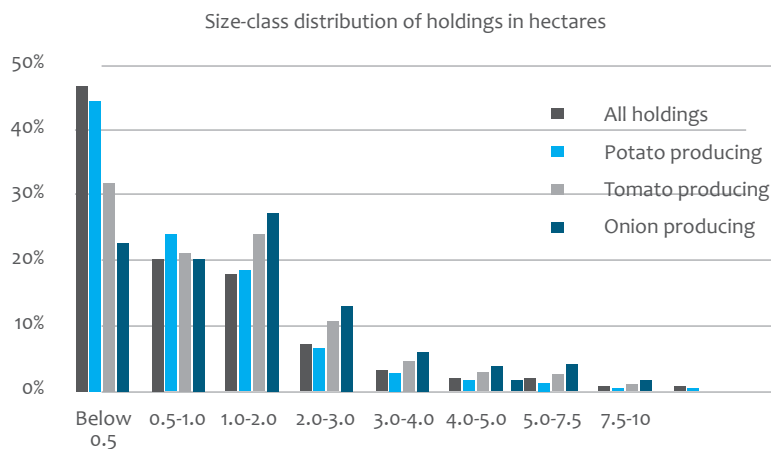


Figure 4.10: Size-class distribution of producers of tomatoes, onions and potatoes

Source: Horticultural Statistics at a Glance, 2017

of potatoes for delayed marketing and seed potatoes for next season. However, most small farmers are unable to forego immediate returns and use cold stores mostly for seed potatoes. Even farmers who do not use cold store could benefit from price stabilisation effects of long-term storage by other farmers⁴⁷. In Maharashtra, the state producing the majority of India’s onions, onions are stored on raised bins under shades called “kanda chawl”. Losses due to such open storage can be reduced from about 25% to less than 10% through better temperature control and air circulation in cold storage⁴⁸. Even farmers growing perishables such as tomatoes can benefit immensely from short-term storage (1-2 days) facilities to avoid spoilage during grading, sorting and storage.

As for processing, less than 10% food consumed in India is highly processed with added ingredients. Another 20-40% is processed with no added ingredients, into foods such as curd, sugar, pasteurised and packed milk⁴⁹. Tomatoes, onions and potatoes can be processed into not only highly processed “ready-to-eat” products such as chips and ketchup (which require growing different varieties of these crops), but also as chopped, pureed or frozen “ready-to-cook” produce for household or restaurant kitchens.

However, enthusiasm for processing should be tempered by two realities: One, processors

procure different crop varieties which are more suitable for mechanized processing than table varieties; also, they procure when prices hit rock bottom, to minimise their procurement cost. Second, Indian consumers have been slow to adopt frozen foods with a few exceptions, partly due to quality concerns arising from uncertainty of temperature control during storage and transport.

It is also important to note that while Operation Greens focuses on the top 3 vegetables, these vegetables make up only half of the total vegetable production of the country. Small and marginal farmers also produce a large range of other vegetables – these vegetables have a greater share of marginal farmers as producers, offer more nutrition than “TOP”, and in some cases, have less price volatility than onions and tomatoes. Therefore, while it is commendable that the new policy focuses on usually overlooked vegetable producers, it should go beyond the “TOP” vegetables and aim to support producers of all vegetables.

As discussed earlier, the distress faced by India's farmers is caused by multi-layered structural issues. However, so far the national policy response has largely been financial in nature, focusing on fertiliser and power subsidies, direct procurement for price support, loan subsidies and waivers, etc. Although such subsidies provide immediate relief, they cannot address the larger structural issues described above. On the market side, most states in India have attempted some degree of market reforms in the last 10-15 years. Andhra Pradesh, Chhattisgarh, Karnataka, Maharashtra and a few other states have amended their Agricultural Produce Marketing Regulation acts to allow direct marketing of produce (outside of government regulated wholesale markets), contract farming, and establishment of private markets. This has allowed private companies to procure directly from (usually medium-to-large) farmers and enter into contract farming agreements, which has eased the stranglehold of licensed agents at wholesale markets.

Such market reforms and the recent focus on three vegetables are a good start for improving farmers' incomes and reducing risk. In addition to such reforms and policies, in recent years

Farmers Producer Companies have been also envisioned another mechanism for this purpose, and we examine them next.

Farmer Producer Companies (FPCs)

As mentioned above, Operation Greens envisions the use of Farmer Producer Companies (FPCs) for achieving its objective of improving price-realisation by farmers through better processing and storage facilities.

FPCs were created as a new organisational form in 2002 through an amendment of the Companies Act of 1956. FPCs have the potential to help small producers by procuring better quality inputs, providing market-linkages, pooling resources and realizing economies of scale as well as facilitating value addition which commands a better price in the market. Many promoters also view FPCs as local institutions promoting greater inclusion, voice and agency of marginalized social groups in economic and social spheres.

Indeed, such producer enterprises, when designed and operated well, bring several benefits to small producers, not only in terms of reducing uncertainty of income, enhancement of income through aggregation and value-addition but also through improved household resilience to economic shocks and ultimately by fostering dignity of work.

Per various estimates, more than 5000 FPCs have been started since the provision of the Act, most of them in the last five years. FPCs have been promoted by NGOs, Social Enterprises, other FPCs, and in some cases, well-to-do medium to large farmers themselves. Most of these FPCs get funding for the initial years from a combination of NABARD and SFAC, philanthropists and other grant-makers. The vast majority of these FPCs have 100-1000 shareholders and require significant technical, business management and financial support⁵⁰.

On the input side, many FPCs are aggregating farmer demand and procuring inputs in bulk, thus offering easier availability and lower cost for members. Some FPCs partner with input manufacturers and become licensed distribution agents of certain brands of inputs not only

for their own members but also non-member producers.

On the market side, many FPCs have been successful in establishing reliable market-linkages, selling either directly to consumers through online or direct-to-home delivery mechanisms. Many others are selling to corporate buyers for processing and marketing of their produce, including some FPCs working with NTFP (non-timber forest produce). Some FPCs have been able to start processing their produce: e.g. pulping of fruits, such as custard apples, mangos, etc., processing millets into flakes, ready-to-cook mixes, etc. or producing organic colours for 'holi'. A few FPCs (usually of larger, well-educated and often well-connected farmers) are able to raise significant funds for construction and operation of processing facilities (see, for example, Figure 4. 11).

An ongoing study of FPCs indicates that a few promoters are able to generate adequate income for producers through savvy business choices. For example, one group of FPCs was able to get accredited as an agency for procurement of pulses under Price Stabilisation Fund. This generated tremendous volumes and good profits for farmers. Another FPC registered itself as an agent for crop insurance, a move which offered it significant revenues. Some FPCs engaged in value-addition activities for fruits and vegetables are able to generate significant margins for their members⁵¹.

However, barring such exceptions, most FPCs fail to provide substantial benefits to member producers. Most FPCs lack the basic operational processes and capabilities required for managing business operations. Many farmer producer organisations operate from season to season, incurring financial losses year after year, which result in erosion of their meager shareholder capital. Less than a dozen out of over 2000 FPCs formed between 2012 and 2015 were successful in mobilising 1,00,000 members and/or reaching an annual business turnover of Rs. 100 crores⁵². Many FPCs' continued existence depends on operational and financial support from NGOs and private philanthropies, besides grants from NABARD and SFAC.

FPCs struggle with a variety of operational issues. They struggle to manage their operations and finances. Most promoters aim to increase farmers' incomes by "cutting out the intermediary" and capture the intermediaries' margins. They often face difficulties in building member and equity base, access to loans, understanding the complexity of procurement, quality management, trading, processing and financial management of the enterprise. However, many promoters do not have adequate knowledge, contacts and operational expertise in these aspects. They have to learn the basics of procurement, quality management in production, trading, processing and financial management through 'trial-and-error' which requires multiple procurement cycles (years)⁵³.

FPCs also face challenges related to their strategic capabilities and choices. They find it difficult to analyse and decide on the best choice of customer segments, whether or not to build own brand and distribution channel. The financial depth of FPCs is determined by their promoters' and management's ability to raise sufficient working and fixed capital for business needs, through their personal and professional networks.



Figure 4.11: Mango pulping unit being constructed by an FPC in Tamil Nadu

Image credit: Richa Govil, field visit, 2018

Such operational and strategic challenges are not unique to FPCs; urban start-ups also face similar challenges. However, in contrast to well-connected urban start-ups, the promoters of FPCs are often social sector entities with little experience in developing viable business strategies, and hence struggle with such decisions.

No successful business operates in isolation nor is it expected to. Urban start-ups engage vendors to provide services such as accounting, packaging, transport, marketing and regulatory compliance. They also rely on developed talent markets to hire managers and consultants with appropriate knowledge and skills for setting up robust business processes. On the other hand, Farmer Producer Companies are expected to work in regions with under-developed business ecosystems and have little choice but to manage all aspects of their business activities themselves.

This results in longer-than expected ramp-up of business, which doesn't fit in the usual 3-year grant cycle of most grant-makers. Urban start-ups take years to discover (and often re-discover) a profitable revenue stream and business model, despite having highly educated founders with access to an ecosystem of incubators, investors, business service providers, consultants and trainers. Therefore, it is quite untenable for policymakers and grant-makers to expect FPCs operating in much more difficult environments to become self-sustaining in 3-5 years.

Moreover, preliminary findings from an ongoing study show that barring a few exceptions most producers view FPCs essentially as service providers offering certain services for a one-time fee. In other words, the payment towards their share capital is perceived as a fee rather than buying a stake in the company. Those involved in procurement or processing operations also view themselves as employees. These perspectives persist despite capacity building efforts by well-intentioned promoters. In exceptional cases, where the CEOs/ promoters are well-educated farmers, they demonstrate an understanding of the FPC as a business enterprise, with its own opportunities, challenges and risks⁵⁴.

The above discussion highlights the need for building capacity of FPCs promoters to better

manage operations and finances, understand the strategic nature of certain decisions and understand the roles and responsibilities of board members. FPC promoters also require a reliable ecosystem of providers of financial services for different types of needs such as working capital, setting up of processing facilities, etc. Some of these needs have been highlighted by others too in recent years^{33,50,55&56}.

Besides the above, there are additional kinds of needs which require attention, such as developing inventory insurance products for FPCs, support for promoting the development of a business services ecosystem in rural areas (more on this in next section) and the need for strengthening governance processes to better protect farmer-shareholders.

Some FPCs, as well as NABARD, are advocating for FPC premises to be treated as wholesale markets, thus allowing FPCs to access market infrastructure development funds under various government schemes. Some FPCs have already come together to form state-level FPC federations. It is important to develop policy and operational guidelines for such FPCs to pre-empt the tendency for such federations to become primarily lobbying and political entities and guide them towards a more constructive and sustainable path. In fact, such FPC federations would be ideal contenders for providing business services to member FPCs such as shared accountants, setting up operations systems, capacity building on business management, etc. Indeed, some FPCs are already implementing such ideas.

The above discussion highlights the need for greater support of FPCs in terms of longer duration of incubation through financial, technical and managerial support and developing business services catering to their needs. It also highlights the importance of recognising that FPCs must be run as businesses (in addition to their social purpose) and therefore aspiring promoters should be wary of starting FPCs unless they have the capabilities required for incubating profitable small businesses. Furthermore, promoters must be particularly cautious of burdening already vulnerable farmers with the cost and losses incurred while "learning the business".

In parallel, there is a need to develop a clearer shared understanding of the purpose of FPCs among social sector stakeholders and policy makers. To what extent should we envision FPCs primarily as business entities and to what extent should we expect FPCs to forego business imperatives in favour of social objectives such as inclusion, equity and environmental sustainability?

Lastly, despite the tremendous potential of Farmer Producer Companies, we should acknowledge their limitations too: While Farmer Producer Companies can help increase farmer incomes and mitigate vulnerability, they must operate within the current market and social structures, and as such, their ability to address structural issues highlighted in previous sections is limited.

WAY FORWARD

The distress faced by India's farmers is caused by multi-layered structural issues. These are complex issues which are extremely difficult to tackle and will require years of concerted efforts.

As highlighted above, broad policy and social sector discourse should pay particular attention to:

- i. Mitigation of risk and vulnerability of producer households, in addition to income enhancement. This may entail developing policies and interventions to address rural distress holistically, going beyond an exclusive agricultural lens.
- ii. Greater attention to linkages between agricultural production and nutrition security of producers, esp. women and children
- iii. Acknowledging and acting upon the linkage between agricultural livelihoods and health of agro-ecological systems in which they operate

While the above are long-term objectives requiring multi-year programs, the contemporary agriculture sector also presents many opportunities in the short-run. There are opportunities for creating value-chain intermediaries for providing services for long-distance transport and logistics, quality testing and assurance, warehousing, information technology for traceability and supply-chain management, accounting services, and others.

Multiple approaches could be utilised for this. One possibility is to promote entrepreneurship among adult children of farmers, many of whom are unemployed due to mismatch between their capabilities and urban jobs, and their lack of interest in working on family farms. Another approach would call for developing capacity of FPCs for managing business operations, or for FPC-federations to offer such services to member FPCs; some enterprising FPCs which have promoted other FPCs are already attempting this. A few NGOs have also experimented with setting up agri-clinics in a franchisee model, with varying degrees of success.

As demand for processed foods increases, there is an opportunity to set up small, local processing facilities. As discussed earlier, processing facilities need not necessarily cater to unhealthy snack food industry but also to growing demand for various types of minimally processed foods, including ready-to-cook foods for household and institutional buyers. Processing foods closer to the farm rather than in distant production units makes not only economic sense but also provides an avenue for creating jobs at a large scale across the country and possibly increasing price realisation for farmers. While this may not address widespread agrarian distress, it has the potential to reduce vulnerability of producer households to economic shocks due to price volatility and over-production.

This highlights the need to create the environment for greater entrepreneurship by adult children of farmers to start businesses which cater to the needs of their farmers through a range of small enterprises offering primary processing, secondary processing, market linkage, agri-advisory, agro-ecological services, among others.

Risk mitigation strategies would require increasing the up-take of crop insurance products through better outreach, and timely and adequate compensation for loss. In some parts of the country, it may not be possible for insurers to offer such insurance products profitably and may require the government to run such insurance programs as farmer welfare schemes.

Overall, there has been a lack of vision for imagining long-term solutions for the large numbers of people engaged in agriculture as cultivators or agriculture labour, especially women. A re-imagination of agricultural livelihoods beyond production activity can offer opportunities not only for income enhancement for farmers but also addressing agrarian distress as it continues to intensify with greater fragmentation of landholdings.

In addition, the increased challenges presented by changing weather patterns due to climate change require urgent attention. India is expected to be one of the countries most affected by global climate change, with the most marginalised communities expected to suffer greater impact.

Current and upcoming challenges of agricultural livelihoods require long-term strategic thinking. They require mitigating farmers' risk and vulnerability, addressing ecological stresses, reducing the alarming levels of malnutrition and creating economic opportunities for rural youth. Most of all, they require a re-imagination of the role of agriculture and the role of farmers in India's future. We did it once soon after independence to tackle a food security challenge. We must do it again to face new challenges of the 21st century.

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Women and their Livelihoods

Girija Srinivasan

5

INTRODUCTION

Rural women face persistent challenges in access to resources, knowledge and services, all underpinned by denial of equality in rights. Women lag behind in every indicator of Sustainable Development Goals. For several decades, women have been unequal citizens in the country which constitutionally guarantees them equality. In the last decade there are visible changes in the status of women in India. Personal, social and political status of women has improved and in several spheres women have been able to advance significantly. This chapter traces some of the key developments in the sectors the rural women depend on for their livelihood, presents some initiatives that are being successfully implemented in scale and also the continuing challenges that need focused attention.

For the first time, the Economic Survey for the year 2017-18 has devoted a separate chapter delving into the status of women. The analysis in the chapter is based on the Demographic and Health Survey (DHS) datasets from 1980 to 2016 on 17 indicators relating to agency, attitude, and outcomes. The analysis shows that the progress is most notable in the agency women have in decision-making regarding household purchases and visiting family and relatives. There has been a decline in the experience of physical and sexual violence. Education levels of women have improved dramatically but incommensurate with development. However, on 10 of 17 indicators, India has some

distance to traverse to catch up with its cohort of countries. The major area of concern is women's employment has declined over chronological time, and to a much greater extent, in development time.

Currently, however, Indian women spend 9.8 multiples more time on unpaid work¹. Globally, this figure is 3 multiples. Thus, despite working for longer hours, women in India are primarily engaged in "invisible" work. Several factors contribute to this phenomenon, including limited flexibility with respect to work options, unavailability of childcare facilities, lack of safe transport options and maternity breaks, among others. While Government has taken some important steps mandating 26 weeks of maternity leave for women as well as provision of crèche facilities in every establishment with more than 50 employees, a more enabling environment for women include part-time work options, technology-enabled work-from-home options, reliable and safe crèche facilities, safe transport options etc. The survey could go further than just talking about taking collective responsibility, but also recommending affirmative policies that the government can take up in order to reduce gender inequality. An increase in allocation of widow and old age pension, stricter implementation of the requirements for crèches at workplaces, disclosure regulations about the gender composition of workforce and average wages by gender at different levels in public and private sector, support for paternity leave legislation pending in parliament could have been

suggested as policy changes by the Economic Survey². Gender analysis with the intention of advocating suitable policy directions should be a regular feature of the survey. The survey should define a set of reliable and comparable indicators that reflect changes in the status of women at the national and sub-national levels over time. Gender Well-Being Index can also be derived from the data and tracked periodically².

FEMALE LABOUR PARTICIPATION RATES

India ranks 136th among 144 countries in women's labour force participation rate. The annual employment – unemployment surveys have been discontinued and the last survey conducted for 2016-17 (sixth in the series) has not yet produced a report and data on labour force participation. CMIE in its report for the period May-August 2018, has indicated that the LFPR for women was 10.3 in urban areas and 10.8% in rural areas, with an overall rate of 10.7%. Overall, for every seven men participating in employment only one woman participates, indicating severe gender disparities in relation to employment.

The SOIL report 2017³ pointed out that *less than a third (27 percent) of women 15 years or older are working or actively looking for a job. Three of every five prime working age Indian women (26-45 years) are not economically active, meaning that they are neither working on a farm or in businesses nor are they earning any wage. Only few countries such as Afghanistan, Pakistan and Saudi Arabia rank lower than India.*

Across states (Figure 2) the comparisons reveal that in 16 states, female labour participation is less than 25%. Only in six states the LFPR is 40% or more. In general North Eastern states and southern states fare better in female participation in Labour force. Central and Northern India seem to pose significant problems for women to become employed.

The LFPR rates show that the discriminatory nature of employment situation in the country when it comes to women. The problems that they face are the limited opportunities available, unsuitability of vocations and workplaces, paucity of skilling and competency building arrangements, inadequacy of workplace safeguards and inequitable wages. The larger problems of unemployment in general and a patriarchal society that prioritises employment of men are severe blocks to women gaining reasonable - if not equal- space in employment related policies and strategies.

As per an estimate⁴, reduction in gender gap in India by half over the period 2008-2017 and then by half again over 2018-2027 would result in a per capita income that would be higher by around 13 per cent in the year 2030. McKinsey Global Institute estimates⁵ that in a “full potential” scenario in which women participate in the economy identically to men, India would experience an additional 1.4% GDP growth. Three drivers can bridge the gender gap. First, increasing the labor-force participation of women, Second, women work fewer hours than men (in the labor force) because many are in part-

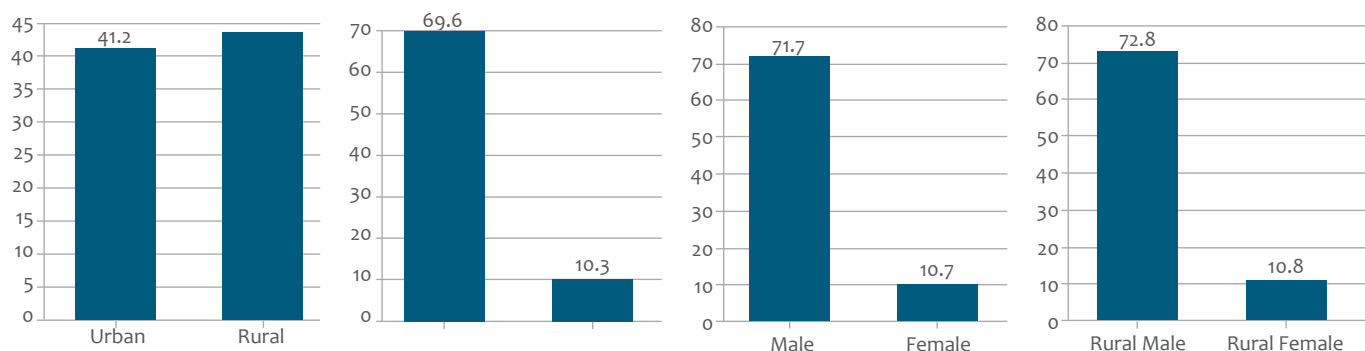


Figure 5.1: Labour Participation Rate (LPR)(%)

Source: Unemployment in India – A statistical Profile May – August 2018, published by CMIE

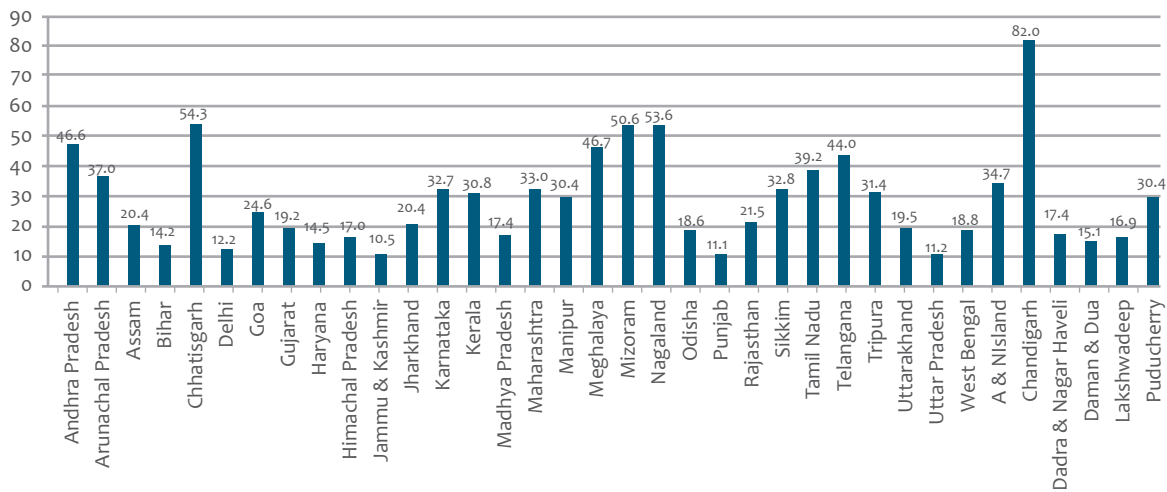


Figure 5.2: Female Labour Force Participation Rates – state-wise

Source: Employment-unemployment survey 2015-16, Volume I, Labour Bureau, Government of India 2016

time jobs; this could be driven partly by choice and partly by their inability to do full-time work given family- and home-based responsibilities. Third, women are disproportionately represented in lower-productivity sectors such as agriculture and insufficiently represented in higher-productivity sectors and shifting women into work in higher-productivity sectors on par with the employment pattern of men would increase their contribution to GDP.

WOMEN LABOURERS

Rural women who depend on wage labour for their livelihoods are largely working under Mahatma Gandhi National Rural Employment Guarantee Scheme, (MGNREGS), of Government, in agriculture sector and also as construction labourers. Mahatma Gandhi National Rural Employment Guarantee Act ensures participation by women in the economic activity by stipulating minimum 33 per cent participation by women. The Act includes multiple provisions that are supportive of women in the workplace; requiring that at least 33 percent of participating workers are women; stipulating that equal wages be paid for men and women; and providing for facilities, such as worksite childcare, that reduce barriers to women's participation. The stipulation that work is to take place within five kilometers

of an applicant's residence has enabled women to earn wages in their own gram panchayats.

The additional guidance issued by the Ministry to ensure that women participate include a) individual bank/post office accounts must compulsorily be opened in the name of all women MGNREGS workers and their wages directly credited to their own account for the number of days worked by them, b) to identify widowed women, deserted and destitute women and ensure that they are annually provided 100 days of work, c) to give less strenuous works nearer their dwelling to the pregnant women and lactating mothers (at least up to 8 months before childbirth and 10 months after childbirth), d) to conduct time and motion studies to formulate gender, age, level of disability, terrain and climate sensitive Schedule of Rates and to ensure accurate capturing of work done by women at worksites, e) to ensure that at least 50% of the worksite supervisors (mates) at all worksites are women, f) participation of women groups, including Self Help Groups in awareness generation, capturing of demand, planning, implementation, monitoring and maintenance of works.

With the budget allocation of Rs 48,000 crores under MGNREGA during 2017-18, about 4.6 crore households were provided employment for 179.44 crore person days⁶ during 2017-18. Women generated 53.9 per cent person days.

Trends from 2013-14 to 2017-18 show that participation by women in the total person days generated has been more than 50 per cent.

Some states like Jharkhand are introducing shelves of work in the agriculture and allied sectors, which employ women workers in large numbers. Moreover, states like Kerala, Tamil Nadu and Himachal Pradesh are employing more women as mates in positions of decision making thus enabling more skilled women workers in MGNREGS. However, the employment of women as skilled workers under MGNREGS is lagging behind with 45% of semi-skilled labour employed being women and 20% of skilled workers being women⁷.

While cultural aspects can be the reason for poor women participation in Jammu and Kashmir (at 30% during 2017-18), the other states with less than 40% include Uttar Pradesh, Arunachal Pradesh and Jharkhand. The reasons of lower women participation include a) high demand and limited supply of work opportunities wherein women are forced to compete with men for employment, and the latter are usually favoured for manual labour, b) social norms against women working outside the household, c) Non-availability of work-site facilities like crèches, is also a huge disincentive for women⁸.

A key issue is the wage rate offered under MGNREGS. Government has indexed the MGNREGA wage to the price level by using Consumer Price Index for Agricultural Labourers (CPIAL) with 1 April 2009 as the base. CPIAL is a measure of the retail inflation faced by farm workers. Since the price of many agricultural products is low because of food subsidy, the CPIAL is low too, leading to an insignificant increase in the wage rate. MGNREGA workers of several states have been working at less than their state's minimum wage at various points in time. The Government had constituted a committee in 2017 on the alignment of MGNREGA wages with the minimum agricultural wages and the report is yet to be made public⁹.

Agriculture is the other sector, which employs large numbers of women as labourers. The climate change with smaller window of agricultural operations, increasing mechanisation and also package of practices demanding more skilled labour are resulting in lower numbers of

wage labour for women agricultural workers. The skilling of women for improved package of practices, for operating machines needs to be ensured by Government. Moreover, the parity of agricultural wages between men and women has not been achieved and some small surveys on the position of agricultural women labourers indicate that the wage discrimination is rated by them as the biggest issue¹⁰.

Dev Nathan et al note¹¹ "On the impact of the switch from conventional to SRI rice cultivation on women's labour in Odisha, there has been an increase in the requirement of skilled labour, whether in line transplanting or in weeding, and such skilled work gets shifted into the domain of men's work, while women are displaced from such work. The wage cost of weeding one hectare is a maximum of Rs. 2,400 with a cono weeder, with eight men paid Rs. 300 for a day, as against Rs. 7,500 with manual weeding, with 50 women paid Rs. 150 for a day. Therefore, there is a tendency for them to be displaced when the task requires labour that is somewhat more skilled.

In contrast to the observed displacement of women in Odisha when the skill level of the task rises, in Kerala, where women themselves undertook the purchase and ownership of machinery, a similar displacement of women from skilled work did not occur. This was in the case of mechanisation of milking and washing of buffaloes in dairy farming. Women's groups invested in the equipment and they themselves operated them, acquiring the skills needed, with men playing a supporting role, at best". More needs to be done in terms of recognising women as a skilled labour force. Responsibility lies not only with farm households, but also with government agricultural departments, which usually concentrate all their extension and training activities on men.

WOMEN IN AGRICULTURE

Agriculture, which contributes 16% of the GDP is increasingly becoming a women's activity. Agriculture sector employs 80% of all economically active women; they comprise 33% of the agricultural labour force and 48% of

self-employed farmers. About 18% of the farm families in India, according to NSSO Reports are reported to be headed by women.

Agriculture especially small farms are no longer perceived as viable occupation and households have been diversifying income sources including male outmigration. Male occupational mobility has made women to shoulder increasing responsibilities in agriculture¹². However, women in agriculture are generally not able to access extension services as most of them are not recognised as farmers for want of ownership of land; various government programmes do not consider them as beneficiaries for the same reasons and hence their access to seeds, implements, agriculture credit, subsidy etc. are limited.

A number of initiatives are being taken by Government of India and State Governments to improve the access of women to trainings and extension services and Government schemes and programmes on agriculture. About 14 schemes and programmes¹³ of Department of Agriculture and Farmers Welfare have provisions for flow of funds to the tune of 30% for the women farmers. During 2017-18, Rs. 3,857 crores have been allocated for women farmers and the budget estimates for 2018-19 are Rs. 4,791 crores. Rashtriya Krishi Vikas Yojana and Pradhan Mantri Krishi Sinchai Yojna -Per- Drop More Crop account for 50% of the budget allocation for women. *However, the actual fund flow and outreach of women farmers under the various schemes are not being tracked.*

CASE 1 - MAHILA KISAN SASHAKTIKARAN PARIYOJANA

Mahila Kisan Sashaktikaran Pariyojana (MKSP) is one of the unique initiatives of Ministry of Rural Development which is women farmer focused and implemented at scale. The Department of Rural Development, Ministry of Rural Development is implementing the programme as a sub-component of National Rural Livelihood Mission (NRLM) with the objective to strengthen smallholder agriculture through promotion of sustainable agriculture practices. Two interventions have been promoted under MKSP viz., (i) sustainable agriculture

based livelihoods since 2011; (ii) Non-Timber Forest based livelihoods for poor and vulnerable tribal women since 2012; and (iii) livestock based intervention are integrated with both. MKSP is implemented in a project mode and the Ministry in total is implementing 80 projects covering about 33 lakhs mahila kisans (women farmers) in 21 states and one union territory of the country with the total central Government share for the years 2011-12 to 2017-18 being Rs. 830.97 crores out of which Rs. 514 crores have been released.

The key outcomes aimed at by MKSP are; a) at least two sources of livelihood out of agriculture, livestock and NTFP are strengthened. b) all households have backyard kitchen gardens for household food and nutrition security. c) reduction in the cost of cultivation along with an increase in productivity through adoption of improved practices. d) drudgery reduction for women in agriculture through use of gender friendly tools / technologies; e) an increase in the annual income of each household by Rs.30,000-Rs.50,000 through a continuous engagement for 3 years. Another key outcome expected is increased levels of decision making by women regarding agriculture with skills acquired leading to their economic and social empowerment.

Though MKSP has been implemented in a project mode, the measurement of outcomes has not been uniform across partners. NRLM has commissioned an evaluation study of MKSP¹⁴. MKSP with the support of PRADAN has documented¹⁵ 11 best practices under MKSP under different themes¹⁶; the case studies illustrate clearly a) the adoption rates of sustainable agricultural practices by the women are high, b) integrated livestock promotion is yielding good results in management of livestock resulting in high income, c) a number of improved tools are emerging that is helping women farmers to complete their agricultural operations in time with considerable cost savings. However, the case studies show that there are hardly any activities that yield significant income gains of Rs. 30,000 and above per annum. The initiatives which have addressed a basket of activities instead of just one activity have yielded substantial income to women farmers.

The programme has invested heavily (about 50% of the budgets) in identifying and training of community resource persons (Krishi Sakhis, Pashu Sakhis, Vana Sakhis, etc.) drawn from the community. Many of the CRPs are also best practitioners. About 22,000 CRPs are functional acting as the key agents of change. While CRPs are providing last mile delivery of services, two aspects will need attention; adequate remuneration in the form of services fees and continued updation of their skills and knowledge beyond the project phase so that they provide effective services. For way forward, NRLM has planned for one CRP per 100 to 150 households delivering all crop, animal husbandry and NTFP related services thus making their work more remunerative. The number of households covered has to be increased from 500 to 1000 households depending on density of population to make it remunerative for the CRPs. CRP services will need to be embedded in the federations who should monitor their work, ensure their payments and also arrange for their capacity building.

Bringing about shift in the perception of women that they are farmers can be considered as a high point of MKSP intervention. Enabling them to be decision makers in agriculture related activities is another important outcome pursued. However, the success is not uniform and the report recommends *“Since most women do not consider themselves as farmers, large scale high impact sensitization and visioning exercises need to be conducted so that they proactively participate so that they individually and collectively assert themselves as farmers. Interventions designed should ensure that income earned comes in the hands of the women by ensuring procurement and selling points closer to villages. CRPs need to be provided gender orientation so that they consciously pursue the participation of women in decision making.”*

Several Non-Governmental organisations are also implementing projects for improving the livelihoods of women farmers with funding from Government programmes, donors and increasingly from CSR funds. They are responding to the needs of women who are shouldering increasing responsibilities for farming and household nutrition security.

CASE 2 – WOMEN IN THE FOREFRONT IN ADOPTING CLIMATE RESILIENT AGRICULTURE PRACTICES

Swayam Shikshan Prayog (SSP), a NGO, started working on health and nutrition aspects in 2008 and found that anaemia was a prevalent health issue among women and girls in the villages in Marathwada region, Maharashtra. Marathwada, is one of the driest regions in India experiencing 44 percentage lesser rainfall than the national average; only 20 percentage of the cultivable area is irrigated. Recurrent droughts and often for two consecutive years is a reality¹⁷. Still small and marginal farmers in the region have continued to grow water-intensive cash crops using inefficient channel irrigation. Lack of crop diversification, and focus on cash crops with chemical inputs has degraded the soil and increased economic risks. Water scarcity has further affected crop productivity in these regions. Although women were extensively engaged in farming, they had no say in the choice of crops based on household need and men were more interested in growing cash crops instead of food crops and the consumption of vegetables by them is very low. Repeated droughts and uncertain rains took a toll on the household income. Listening to women, SSP realised women prioritised uncertain income and food insecurity.

Since 2011, SSP has partnered with different funding institutions¹⁸ to promote climate resilient women led agriculture and farming Interventions. Sustainable agricultural practices aimed at reducing risks and also costs of production are promoted. The approach is to identify and train community cadres/leaders who would then work with farmer groups, to spur new thinking, new practices and a new culture of building nutrition and food security solutions in their villages. Farmer's groups lead the local action in climate resilient farming practices; they also address issues of health and nutrition and sanitation. Market linkages are facilitated. SSP aims to reposition women as farmers and decision makers with increased role, influence and decision making of women in farming, household and community level.

The key features of the initiative are;

- i. Women farmers and entrepreneurs taking up new roles as change makers
- ii. Shift from cash crops to diversified food crops, with women and households having food from their own farm
- iii. Enhanced income security by diversifying into livestock and agri-allied enterprises
- iv. Protection of soil, water and land through bio-farming, water harvesting and afforestation

The major interventions are;

- i. Agriculture – low cost techniques, organic fertilizers and pesticides, indigenous seed collection and preservation,
- ii. Health and Nutrition – importance of nutrition rich food, vegetables, importance of kitchen garden
- iii. Water management – water conservation structures like farm ponds, bunds, recharge structures-wells, bore wells and irrigation facilities like drip, sprinkler, rain water pipe
- iv. Enterprise – agri-allied business such as dairy farming, goater, poultry, sale of vegetables, fertilizers, pesticides, fodder, etc.
- v. Producer groups and market linkage – formation and importance of farmer groups for input sharing, labour sharing, procurement of inputs and sale of outputs

Demonstration of preparing pesticides, fertilizers, bio-compost, vermi-compost, soil testing, seed treatment, germination test, cattle feed supplementary, own seeds selection and storage system are widely carried out and women are intensively trained in the package of practices. SSP has partnership with Krishi Vigyan Kendra, Agriculture Technology and Management Association (ATMA) and Agriculture Universities at block, district and state levels to transfer required knowledge to women farmers and trainers.

Outreach- Starting with 3,000 women farmers in 2011, the initiative now covers 41,000 women from small and marginal farming households.

Switching from cash to food crops was not easy since women do not own land and to convince families to agree to give women a small piece

Table 5.1: Coverage of women under different initiatives

Aspect	% of women covered
Diversified crops	85%
Diversified livelihoods through allied activities	60%
Enterprises set up	1100
Adopted micro irrigation	41% ¹⁹

Source: Swayam Shikshan Prayog

of land to practice the new farming model took time. Moreover, women are generally not counted as farmers and not recognized as beneficiaries for Government sponsored subsidies, extension services, training and credit. These linkages had to be worked upon intensely.

Key outcomes include improved agricultural productivity, improved food and nutrition security and resilience;

- i. Increase in average yield of food crops by 25% through intercropping and mixed cropping techniques. 30,000 acres under bio-farming through soil conservation by use of bio-inputs
- ii. Sample studies show average annual savings of INR 35,000 per household by consuming farm grown food and using natural farm inputs
- iii. Elimination of chemical-infused food through bio-farming; Cultivation and consumption of traditional food crops like local cereals, pulses, fruits and vegetables; Increased consumption of milk, chicken and eggs by integrating livestock in farming model
- iv. Diversified livelihoods through agri-allied businesses
- v. Steady cash-flow by selecting shorter duration crops than cash crops like sugarcane, cotton and soyabean
- vi. 41,000 marginalized women recognized as farmers and agriculture decision makers by their family, community and government
- vii. Water conservation by micro-irrigation and selecting less water-intensive local crop.

Many of the large programmes that are targeting women farmers are responding to their needs for recognition as farmers by improving their skills and knowledge in agriculture and enabling

them to take informed decisions on farming which has so far been a man's prerogative. There are three aspects that need to be addressed that can be gender transformative in nature a) assets in the names of women, b) market linkages that enables women to have access and control over the income, c) women friendly mechanisation that increases productivity and income.

Land ownership: While several programmes are aiming to improve the skills of women in agriculture, the fundamental issue of lack of ownership of the productive assets in the names of women is not getting adequate attention. Without the asset in their names, the perceived value of women's contribution to agriculture is negligible even in women's mind. Many women, involved extensively in cultivation and other income earning activity linked to land, continue to see themselves as housewives²⁰.

There is little reliable data on female ownership of agricultural lands. As per the Agriculture Census, 2010-11²¹, the total number of operational holdings in the country has increased from 129.22 million in 2005-06 to 138.35 million 2010-11 i.e. an increase of 7.06 %. The percentage share of female operational holders has increased from 11.70 in 2005-06 to 12.78 in 2010-11 with the corresponding operated area of 9.33 to 10.34 in percentage. The average size of operational holding has declined to 1.15 ha. in 2010-11 as compared to 1.23 ha. in 2005-06. Increase in percentage of female operational holders during different Agriculture Censuses indicates participation of more and more women in operation and management of agricultural holdings in the country. However, the census does not capture the data on ownership of land²².

Property rights of women in India are governed by a complex set of personal laws with separate provisions for Hindus (including Buddhists, Jains, Sikhs), Christians, Muslims and Tribals. There is no single common right to property law for women in India. Moreover, both the Centre and States can legislate on right to property. This complex legal structure results in lack of clarity as to which authority is accountable for enforcement. The problem is further aggravated by a largely patriarchal social structure where men are considered as the

heads. There are very few strategic initiatives to address the ownership of land in the names of women. One such initiative by Mahila Arthik Vikas Mahamandal (MAVIM) in Maharashtra in facilitating joint ownership of land and house in the names of both men and women is presented below;

CASE 3 – JOINT OWNERSHIP OF LAND, INITIATIVE BY MAVIM

Government of Maharashtra passed a resolution 1094/3625/10-08-1994, declaring that every married woman has the right to an equal share in her husband's property. However implementation of the rule has been an issue. MAVIM, the women empowerment organisation of the Government of Maharashtra²³, in 2013 decided to raise awareness among women regarding their rights to their husband's property and facilitating registering of joint ownership of the house in the names of husband and wife.

Ghar Doghaanche Abhiyan: The initiative 'Ghar Doghaanche Abhiyan' or the 'Joint ownership' campaign, is unique in that the State has taken an active and targeted approach towards the enforcement of women's property rights. The initiative began in 2013 in Parbhani district now covers the entire state.

MAVIM focused not only on generating awareness but also on translating the awareness into actual registration of joint ownership, with the husband and wife registering their property as co-owners at the Panchayat office. However, the challenge of tackling patriarchy by attacking one of its foundations - male ownership of private property - was formidable. There was also a clear relationship between the size of property involved and the difficulty in ensuring registration, with zamindar families having stronger feudal mindsets and reluctance to share property with women and even in cases where property would be registered along with women, it would be generally for the purpose of avoiding taxation and not for real empowerment. Therefore, the implementation strategy adopted was to focus on families with small property holdings who were majority in numbers. Owing to the caste system, the families

with small property holdings invariably belonged to the Scheduled Castes, Scheduled Tribes, other Backward Castes and minority communities. There was also a significant overlap between them and Below Poverty Line families.

The initiative was implemented by the three tier women owned institution structure {self-help groups, Village Level Committees (VLCs) and federation of self-help groups also known as Community managed resource centers (CMRCs)}, promoted by MAVIM. SHGs had a reputation of contributing positively to the society and thus SHGs were the chosen vehicles to disseminate information on gender awareness through focused trainings. As part of these trainings, aspects such as the unequal distribution of work, access to and control over resources of women and men, the need for property in the names of women and the Government Resolution, which gives them a right to joint ownership of their husband's house and land were shared.

Instead of explaining to men the concept of joint ownership as a 'right', which would be immediately interpreted as a lack of trust in the husband and his family, male members of the village are invited to SHG meetings and instances of plight of their mothers and sisters who are disempowered are shared. The need for joint ownership to secure their future is highlighted. This softens their approach and sensitises them to the need for women's empowerment including their wives. To coopt male participation, the advantages accruing from empowered women to the household and community are highlighted. They are also complimented for supporting their wives in SHG endeavours and are urged to continue the good work and make their wives co-owners of property.

Key officials such as Sarpanch and Gram Sewak are made aware of the Government Resolution and its legal status through trainings and also through a well-defined communication strategy of providing repeat information. Ghar Doghaanche Abhiyan is also publicised at Gram Sabha meetings.

Once demand has been generated and there is an agreement, the husband and wife jointly register as co-owners of the house at the village

Panchayat office. Joint name plates are displayed in the houses, proclaiming their equal status as owners.

Husbands who register along with their wives and supportive Sarpanchs and Gram Sewaks, are felicitated at public functions. MAVIM has organised study tours/exposure visits to successful villages to afford an opportunity in peer learning. Local newspapers have covered the successes of the initiative giving further publicity.

Drive for Joint ownership of house and Land Property: Government of Maharashtra launched a week long campaign named "Laxmi Mukti Yojana" in the month of August 2016 for Joint ownership of house and land. Building on the experience of Ghar Doghaanche Abhiyan, all CMRCs were involved to identify the eligible families to be covered in joint ownership campaign. CMRCs facilitated forms to be submitted to tehsil offices (revenue department).

Total enrollment as of June 2018, has been 52,472 members for House ownership and 45,793 are enrolled for Land ownership. Out of that, 46,997 member's applications have been sanctioned for House ownership and 14,597 member's applications are sanctioned for land ownership.

Enabling factors: Presence of women owned institutions in large numbers and their history of successful initiatives help gain the community's trust and make it possible to initiate the dialogue on women's right to property. The success of the initiative largely depends on the credibility of SHGs.

- i. Women in the village must be made aware of their rights for effective demand generation.
- ii. Men must be seen as partners in the process and made to appreciate the issue of women's vulnerability and exploitation from a position of empathy. Negative communication that accuses men of villainy and exploitation, or takes a legalistic approach to the enforcement of joint ownership of property has a low chance of success as it might have the counter-productive effect of antagonizing men.
- iii. Local government machinery must be involved in the entire process. Efforts must be made to maintain maximum coordination between the Village Level Committees, Gram

- Sewaks and Sarpanches. The latter two often face hurdles from powerful local vested interests and, therefore, must be assured that they have higher level administrative support.
- iv. The Government will also have to strengthen monitoring systems

Market linkages: Women farmers often lack timely market information, face challenges in negotiating prices with buyers and have difficulty in physically accessing markets due to limited transport opportunities and restrictions on their mobility. Traders reach door step of households, but the terms of trade are often not fair. Due to these constraints, the men often take up the marketing of produce.

The formation of Farmer Producer Organisations (FPOs) is seen as a solution for enabling market linkages. Though reliable data is not available as to how many women members are in FPOs, interactions with FPOs promoting institutions show that it ranges between 10 to 100%. Promoting institutions find that including women especially in the governance structure brings in the necessary balance and stability. Of late, exclusively women FPOs are also getting formed especially in livestock sector; the usual approach is women who have been part of self-help groups are formed into producer groups and then into FPOs. Most of the FPOs are nascent, yet to prove their sustainability and robust market linkages are yet to be set up.

Vijayalakshmi Das, CEO, FWWB, which has been financing FPOs in their early stage, finds that women FPOs that are nurtured well can transform the gender relations in market place. Enabling the market linkages has to be one of the key focus areas in future programmes to ensure not only adequate income for the women but also to ensure that they get to have a say in how the income is utilised at household level.

Women friendly mechanisation: Agricultural mechanisation is a major Government programme for enabling farmers to own equipments and tools that increase farm productivity, enable judicious use of inputs, cut down costs on labour and reduce drudgery. 30% of programme funds are earmarked for women. About 30 identified gender-friendly tools and

equipment developed by the Research and Development Organization for use in different farm operations have been notified by the Ministry of Agriculture and Farmers' Welfare. These are largely drudgery reduction tools.

Dev Nathan et al²⁴ based on their study find that "A lot of agricultural equipment is bought with subsidies provided by the government. Our investigations with agricultural engineering departments in Odisha, Kerala and Tamil Nadu showed that, in each case, such subsidies are given to those who can provide land title deeds to show that they are farmers. Women, who generally, do not own land, are excluded from owning the agricultural equipment bought with subsidies. In Odisha, we discovered a novel way employed to get around this problem. In order to be able to claim the higher subsidy usually available for women, men were transferring ownership of a small plot of land to their wives, to meet the eligibility criteria. With this land in their names, women could be classified as farmers and were thus eligible for this higher subsidy".

Custom hiring centers managed by women's groups are gaining ground in different locations. The experience of MAVIM²⁵ and also MKSP²⁶ shows that where ever well-functioning women's institutions have been identified, trained and provided machinery they are used well. While many programmes are providing tools that reduce drudgery of women, there is vast potential for designing women friendly machines that increase productivity and thus incomes.

WOMEN IN ENTERPRISES

Women entrepreneurs make a significant contribution to the Indian economy.

As per the sixth economic census²⁷ 2016, enterprise establishment has increased from 41.25 million to 58.5 million with 60 percent enterprises in rural areas over an intervening period of eight years since the previous survey. There has been a significant growth in agri-establishments (92 percent of which are in rural areas) – with livestock related enterprises leading the pack.

The sixth Economic Census, has observed that 8.05 million out of the total 58.5 million establishments were run by women entrepreneurs in India which is around 13.76 % of the total number of establishments. About 65.12 % of the total establishments were located in rural areas and the remaining in urban areas. The percentage of establishments without hired workers in rural areas was 86.85% whereas, in urban areas, it was 76.33%.

Total workers engaged in women owned and run establishments were 13.48 million persons, which is 10.24% of the total. The number of women establishments involved in agricultural activities was 2,761,767 constituting 34.3 % of the total number of establishments owned by women. About 89% of the women owned establishments were perennial, 9% seasonal and remaining 2% casual. The top five economic activities as per establishments owned by women entrepreneurs were: i) Agriculture (34.3%), ii) Manufacturing (29.8%), iii) Trade (18.23%), iv) Other Services (5.38%) and Accommodation and food services (2.77%).

As per the NSS 73rd Round of NSSO²⁸, on non-agricultural enterprises, there are a total of estimated 12.39 lakh Women owned proprietary MSMEs in the country. More than 20 percent of proprietary MSMEs in the country are owned by women. West Bengal, Tamil nadu, Telengana and Karnataka have high share of women owned enterprises.

While there are large programmes aimed at promotion of livelihoods of women, comparatively there are very few programmes for enterprise promotion among women. One pathway for many rural women to gain confidence and improve their risk taking ability is to start small Income generation activities and expand businesses based on experience gained. Self-help groups have enabled many first time entrepreneurs to grow their activities into enterprises through access to credit and enabling the women to borrow at their own pace and comfort, and expand their operations. However, there are very few SHG based programmes which systematically build women entrepreneurs. Though SHG movement is more than 26 year old, one does not hear enough systematic

interventions to spawn the entrepreneurship among women. Many women entrepreneurs are constrained by their membership in SHGs. While they appreciate the platform SHGs provide and the kinship of other women in the groups, their growing credit needs cannot be met by SHGs. In spite of strong credit history demonstrated by repeat loans, the banks are not keen to finance individual women. While different verticals within banks managing SHG and individual financing portfolio could be a reason, there is reluctance among banks to finance individuals. Apart from access to finance, there are technical and advisory services these enterprises need – accounting, market linkages, advice on branding and packaging, inventory management etc.

Kudumbashree

Kudumbashree, poverty eradication and women empowerment programme of Government of Kerala is the first Government promoted SHG based programme that paid focused attention to micro enterprise development among SHG women members. Between the period 1998 to 2010 facilitated by credit, women started household enterprises in the traditional sectors like tailoring units, Hotel Units, masala units etc. Post 2010, Kudumbashree developed a strategy to support the micro enterprises with business planning, market linkages and also financial packages under different grant funds. New micro enterprises beyond the conventional ones were initiated enabling women to explore other opportunities. The year wise formation of MEs is given in the graph below;

There has been quantum jump since 2016 due to targets set; at least one individual and one group ME per Community Development Societies (CDS) per year. Kudumbashree now implements two schemes a) Rural Micro Enterprise Scheme for group and individual enterprises, only for women and b) Yuvashree programme for youth from NHG families for both men and women. Total Micro Enterprise Units as on June 2018 is 17,271 and Individual Micro Enterprises are 9,805 and Group Enterprises are 7,466.

The major interventions for ME development include provision of grants and also interest

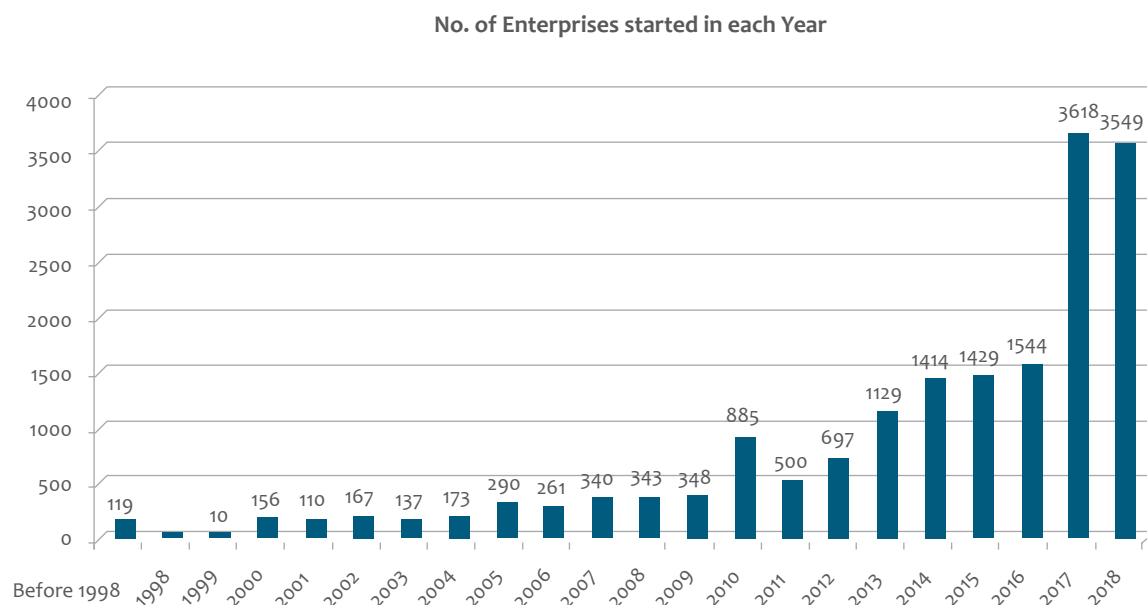


Figure 5.3: Number of Enterprises started in each year

Source: ME Survey 2017-18, Kudumbashree

subvention for the enterprises and skill training for the entrepreneurs. Two types of training are offered for the entrepreneurs; general orientation training and sector wise and business specific skill building trainings to the prospective entrepreneurs. The grant funding including startup funds, second dose assistance, revolving fund for working capital, technology fund, technology upgradation fund and interest subsidy. Innovation funding is also available for innovative ideas. With such liberal grant funding available from Kudumbashree, there is little need for bank loans for the enterprises. The crowding out of bank loans by state support has negative implications for sustainability in future when government funds cease.

Kudumbashree organizes a number of exhibitions and fairs and also sponsors the enterprises for other such events organized by other departments/states. More than 75% of sales of the enterprises are through these events organized by Kudumbashree; this manner of sales hinders regular flow of incomes throughout the year and can create liquidity stress. Kudumbashree is planning an on-line marketing portal for increasing sales.

The major implementation strategy of Kudumbashree in promoting micro enterprises

is development of a cadre of micro enterprise consultants (MECs) for offering a range of business development services to micro enterprises. The MECs are selected from Kudumbashree network and provided systematic training from reputed training institutions. MECs provide the entire range of services from general orientation about enterprise opportunity till marketing of products and services to the entrepreneurs. One MEC is responsible for all the ME related activities in three rural CDS. As the ability of each MEC varies according to the individual skills and exposure, the Mission encouraged them to form groups as self-supporting enterprise.

Since Kudumbashree has been enlisted as National Resource Organisation by NRLM to support 6 states in enterprise development, some of the cadre of MECs have been deployed in other states. There has been some turnover of MECs as well. Since the revenue model of payment of services by micro enterprises is not imbibed, the MECs are dependent on Kudumbashree for their income. Since the success of enterprises largely depends on the capacity and robustness in provision of services by MECs, Kudumbashree is actively encouraging formation of MEC Groups which would evolve into local level business entities themselves generating revenue through

promoting and supporting micro enterprises. The logic of MEC Group is pooling of multiple skill sets among MECs; MEC Groups are expected to be viable entities rather than individual MECs.

About 25% enterprises formed become sustainable over 5 year period. 60% of the units remain household level micro enterprises that face considerable challenges in scaling up. Kudumbashree has decided to revamp the system of monitoring and offering need based support by conducting surveys of MEs and developing a software and mobile application for collecting data about ME units so that evaluation of ME and MEC can be better-done. Revival of sick units is also a primary concern of Kudumbashree.

Kudumbashree is the first Government funded SHG programme aimed at promotion of women enterprises. There are innovative enterprises that have been promoted aimed at Government sector and construction groups, However, the challenges being faced also provide valuable lessons for other programmes aiming at enterprise promotion such as Start-up Village Entrepreneurship Programme (SVEP).

Start-up Village Entrepreneurship Programme [SVEP]

Start-up Village Entrepreneurship Programme, the sub-scheme under the National Rural Livelihoods Mission has been implemented since 2015. SVEP's focus is in creating an enterprise eco-system by capacity building for entrepreneurship including business management skills, need based financing, facilitation for bank linkage and continuous nurturing support for running viable village enterprises. The cadre of Community Resource Persons – Enterprise Promotion (CRP-EP), provides support services to entrepreneurs in a geographical area. The cadre of CRP-EPs, usually youth from the community who are literate, fluent in local language, ideally resident of the block, having working knowledge/aptitude in mathematics and business understanding etc. are identified, trained and placed in blocks.

SVEP's aim is to promote 1.8 lakh enterprises in 125 blocks across 24 states and create

employment for 3.78 lakh rural poor in the four-year duration till March 2019. As on 31st March, 2018, 21,070 enterprises were formed across 46 blocks, in 19 states. Bihar, Andhra Pradesh, Madhya Pradesh are the top three states in terms of numbers of enterprises. More than 60% of enterprises under SVEP are that of women.

SVEP process of enterprise promotion starts by preparation of a Detailed Project Report of the identified block. The possibilities are explored in three categories – enterprises to meet existing demand, exploring potential of existing local resources and those supporting government schemes. The report provides a clear roadmap for the different types and number of enterprises that could be promoted under SVEP.

SVEP processes ensure that various tiers of SHGs, Village organisations, Federations are involved in identification of potential entrepreneurs, appraisal of business proposals, sanctioning of loans, providing support services through system of CRPs, monitoring of enterprises performance, loan repayment etc. The additional mechanism set-up under SVEP is the Block Resource Centre in the federations that acts as a single point solution for providing the community with information, counseling, application processing and documentation support. The centre has representation from various CBOs and is supported by various sub committees for loan appraisal, monitoring etc.

SVEP has developed training and capacity building strategy for project team, CRP-EPs and entrepreneurs. National Resource Organisations support SVEP implementation in the States²⁹. Besides placing human resources like mentors and BPMs in the block, these agencies train CRP-EPs, provide handholding support to them in the field, develop systems for monitoring activities.

CRP-EPs help the entrepreneurs to understand the strengths and weakness of enterprises, gauge the market requirements, potential to diversify, make small improvements in existing practices. They work together to develop a performance improvement plan for the existing enterprise, the requirement for additional funds is prepared and proposals submitted to CBO structure.

Of the entrepreneurs, 61% of the entrepreneurs are women while the remaining 39% are men who are relations of the SHG

members. Of all the enterprises supported, 44% are existing while the remaining 56% are new enterprises. As far as the specific sectors are concerned, 58% are in trading, 34% in services and 8% in manufacturing. The main driver of enterprise promotion has been financing of the enterprises from the Community Enterprise Fund set up at the block level. While this can be the initial funding strategy, SVEP will have to link with banks for further investments and for working capital. Bank finance has been negligible so far. Moreover, market linkages and also appropriate technology for efficiency of operations are areas that need more work. Continuous capacity development of CRPs is critical to enable them to provide need based services to the enterprises even as they scale up and encounter higher order challenges.

Enterprise facilitation through CSR

There are some interesting initiatives by civil society players in enterprise promotion. Hand in Hand India, a NGO, has been mobilising rural poor women into SHGs with the goal of job creation for them. Though rural women are predominantly dependent on agriculture, about 30% of the women have shown interest to diversify their income and establish small businesses. Local markets are usually small sized, fraught with lack of information, unfair competition and women lack of power in negotiation for better terms. Rural women's access to markets has been limited and many of the first time entrepreneurs articulate reliable market linkages as their priority need.

Case 4: B2B market place - Hand In Hand's innovation

Hand in Hand India with the CSR partnership with Vodafone foundation and Indus towers, has undertaken a 3 year project (from April 2016 to March 2019) to empower 50,000 women entrepreneurs in Tamil Nadu and Puducherry by facilitating them to do Business to Business transactions (B 2 B) online. B2B Marketplace that enables SHG women Entrepreneurs to transact business among themselves has been created. The

aim is to increase in incremental average income levels (from both off-line and on-line businesses) of the SHG women entrepreneurs by 50%.

The key features of the initiative are to facilitate the following services:

- i. First, SHG women entrepreneurs of Hand in Hand India transact business among themselves (the internal market or the Hand in Hand Ecosystem); As they transact with each other, they become aware of effective sales and marketing techniques, build business networks, learn better manufacturing techniques, improve the quality and range of their products, optimize their businesses to reduce costs. Thus, their capacity to run an expanding business and strengthen their managerial ability is increased.
- ii. Next, the women conduct business with entities outside the Hand in Hand Ecosystem. As a handholding measure, Hand in Hand India identifies, conducts due diligence and then introduces these external entities to the SHG entrepreneurs.
- iii. Concurrently, the technical infrastructure comprising a SMS based alerts system, an e-commerce mobile app and an e-commerce website that would enable business transactions over the Marketplace are developed and transaction support infrastructure, processes and procedures that would enable business to be transacted efficiently on the Marketplace are established.

Identification of SHG women entrepreneurs:

About 57,000 SHG women entrepreneurs have been identified after screening 75,000 entrepreneurs. They include both producers as well as traders and service providers. The producers include handicrafts, garments and organic food products. Services include mobile repair, computer training, and electrical services. Traders who operate retail outlets, street food kiosks, stationery shops, garment shops etc. have also been included. While anchoring the initiative, Hand in Hand India supports the capacity building process by providing enhanced training on finance and marketing to change the mind-set of SHG women and build their business acumen.

Table 5.2: Service providers for the Hand in Hand initiative

The service providers for the initiative include	
Vodafone India ³⁰	Mobile services for entrepreneurs through a special scheme “Smart Snehid!”
Helping Hands Trust	Hosts the online marketing platform, ensures the e-commerce regulatory requirements
Atom and CCAvenue	Payment Gateways
Delhivery and India post	Third party logistics companies
Boon Box	Infrastructure facilitator for establishing business outlets
Dairy Companies - Ponnait, Parag, KS Dairy, Sri Gold and Gokul Dairies	Technical and marketing support for Dairy farmers associated with the project
Waitrose	Retail outlet space provider for products of entrepreneurs

Source: Hand in Hand

Partners in this process: While grounding the unique initiative, Hand in Hand has roped in other service providers.

The key implementation steps have been:

- i. There are three phases for technology development to ensure women’s comfort in adopting technology in business transactions viz. the business facilitation using the SMS, Mobile app and E-portal in a phased manner. The rural women entrepreneurs are trained to transact through the digital media.
- ii. 55087 SHG women entrepreneurs have been trained on enterprise development³¹, improving quality parameters (products, services and processes), MSME registration, e-mobile app and e-market portal.
- iii. Marketing strategies were developed through Market Research for manufacturing, services, Trade, agri and handicraft products and retail.
- iv. Transaction support systems have been established;

CRM Centre: A full-fledged call centre to address the queries, follow up the orders and support the entrepreneurs for closure of the transactions.

Logistics Infrastructure: Though SHG entrepreneurs can choose the logistics partner, absence of such partner can be a hindrance for timely delivery. Hence, logistics infrastructure tie-ups have been created with professional third party logistics services providers.

Payment Gateways - Cash transactions, mobile based as well as system based are supported through the platform using online transfer mechanisms. Tie ups with payment gateway providers has been utilised for this purpose.

Quality Assurance Systems for efficient conduct of transactions - To ensure entrepreneurs produce and sell quality products, quality assurance systems and compliances procedures have been developed

15 companies / business entities have been enrolled to increase business opportunities for the SHG Women entrepreneurs.

Challenges: While the concept of a marketplace for entrepreneurs has been expected to be useful, existing relationships with business partners was an aspect to be tackled. Hand in Hand India demonstrated that by moving entire relationships to the Marketplace with the promise of more business yielded better results. Awareness and comfort level with technology has improved among the women. However, expertise on new technologies to ensure smooth operations of online business platform are limited. Hand in Hand India is focusing more on training the women on new technologies. Other e-commerce websites compete with the SHG Marketplace. Hand in Hand however has a unique selling proposition that offers capacity building, expansion of business, and higher income. Competition with other e-commerce websites is not seen as a negative feature, since they also

Table 5.3 Outreach year on year

Activity	Mar 31, 2017	Mar 31, 2018	Jun 30, 2018
Screening of SHG members	75,000		
Registration of SHG Members	41,177	52,454	57,000
Enterprise Refresher training	40,304	50,489	55,087
RISE APP Training		13,128	17,702
Due Diligence of SHG members	40,304	50,489	55,087
Gross Marketed Value in Crores (Cumulative till June 2018)	21.01	107.05	129.79

Source: Hand in Hand India.

provide a window for improving business of SHG women entrepreneurs.

The businesses of SHGs do not face heavy regulations in India. However, Hand in Hand India is hand-holding all businesses to comply with required best practices and regulations including Udyog Aadhaar, GST, Income Tax, maintenance of accounts, audit of accounts and regulations on quality and packaging as laid down by FSSAI and ISI. Development of mobile App and Portal took more time than expected as it involved many partners. Though migration of business was delayed, business was progressing well on SMS platform. It was envisaged that many women entrepreneurs would require new phones and mobile connections, Vodafone Foundation requested Vodafone India to develop new product to support the project. "Smart Snehidi" was developed, under which Hand in Hand India developed a loan product for women to purchase and own mobile handset and Vodafone India provides free SIM card with 250 MB free internet connection.

Contributing factors for the success:

- i. Detailed planning - Before kick starting the project, a detailed logical frame work analysis has been made with specific activities mapped with outputs and outcomes, where in all risks and risk mitigation mechanisms have been planned along with timeframe for every activity.
- ii. Structured Approach - Three parallel processes ran namely, software development, Social Mobilization and Business Development. Regular reviews by the implementing team and senior management of Hand in Hand

India ensured key decisions were made in a timely manner.

- iii. Regrouping into Value Chains - As the project progressed well it was decided to regroup the manpower into value chain positions there by creating verticals that would focus on specific products creating expertise with in the trade. There by, Agri value chain, Dairy Value chain, FMCG Value chain, Handicrafts Value chain and Beautician value chain has been created.
- iv. App training project - Hand in Hand India started another project on digital training with support of Vodafone Foundation to train 50,000 women on utilisation of modern technology including mobile devices and apps.

Per member cost of the initiative: The project cost is Rs.602 lakhs and as 30,000 women are expected to do the online businesses transactions, the per member cost is Rs.2000.

Income increase for the entrepreneurs: As the rural women entrepreneurs' mobility is limited, many women entrepreneurs marketed their products only in nearby villages but mobile enabled online marketing has widened their scope and opportunities and demand is coming from far off places. As against the goal of increasing average income by 50%, as of June 2018, the average income of SHG women at base line June 2016 Rs.7,870 has gone up to Rs.11,281 in June 2017 over the one year period recording an incremental income by 43.34%

Sustainability of the initiative: The project envisaged that capacity building component will be parked in Hand in Hand India and the commercial transactions oriented activities related to online / digital transactions will be through Helping Hands Trust, group entity exclusively dedicated to support marketing of SHG products including exports. Helping Hands plan to charge a user fee of 1 to 2% once the e-portal is stabilised to sustain the operations.

To conclude, women in in the past have had few livelihood options and opportunities. But the livelihoods ecosystem for women is changing for the better for the more educated and more enterprising. Women form the bulk of workforce both in paid and unpaid livelihood sustenance and they need a much better ecosystem to

support their effort. The very low and declining labour participation rates are a reflection of severely limited opportunities and poor working conditions of women at the bottom of the pyramid. The goal of women empowerment is a challenging one and the journey is arduous.

Governments through structured schemes, corporates through well-designed programmes, NGOs through empowerment oriented interventions have enabled women occupy a larger space in enterprises and employment and women through their group and self-driven self-improvement efforts are making progress. However, with the progress being slow and limited to some segments of women, much more needs to be done, as seen from significant impediments to their getting an equitable share of opportunities and benefits. Policies aimed at improving female labour participation rate, better working conditions, fair and transparent compensation policies, expanding the range of vocations available for women (breaking the stereotypes in job classification) and introspection by corporate managements of glass ceiling issues would go a long way in realizing the full potential of women's contribution to household and national economic progress.

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Working with the Poorest of the Poor through the Graduation Approach

Dr. Ajit Kanitkar and Bikalp Chamola

6

INTRODUCTION

Poverty in India is a theme that has been researched extensively by a number of Indian and international researchers over the last fifty years. Beginning with one of the earliest monographs in the early 1970s by Profs. V.M. Dandekar and Nilkantha Rath to the current debate on cash-transfers and basic universal income, the discourse has covered causes, consequences and also remedial measures^{1&2}. The audience of these research studies has always been the policy makers and government functionaries. The vibrant civil society sector working with the poorest of the poor by choice has been a significant contributor in identifying solutions to the problems of poverty. This chapter elaborates on one such experiment, the graduation approach for working with the poorest of the

poor that was implemented in India along with ten other countries under the advice and grant support from the Consultative Group to Assist the Poor (CGAP) of the World Bank (WB) and the Ford Foundation (FF). Since the focus of this chapter is on discussing the graduation approach, we have deliberately limited the discussion on poverty. That merits a separate space and is not under the preview of the current scope of the chapter. However, we do bring in passing some highlights of the efforts of the Government of India in addressing issues of poverty.

Poverty Statistics and Methodology

The methodology to gauge poverty in India has in itself traversed through multiple phases. Globally, the measures of poverty have been

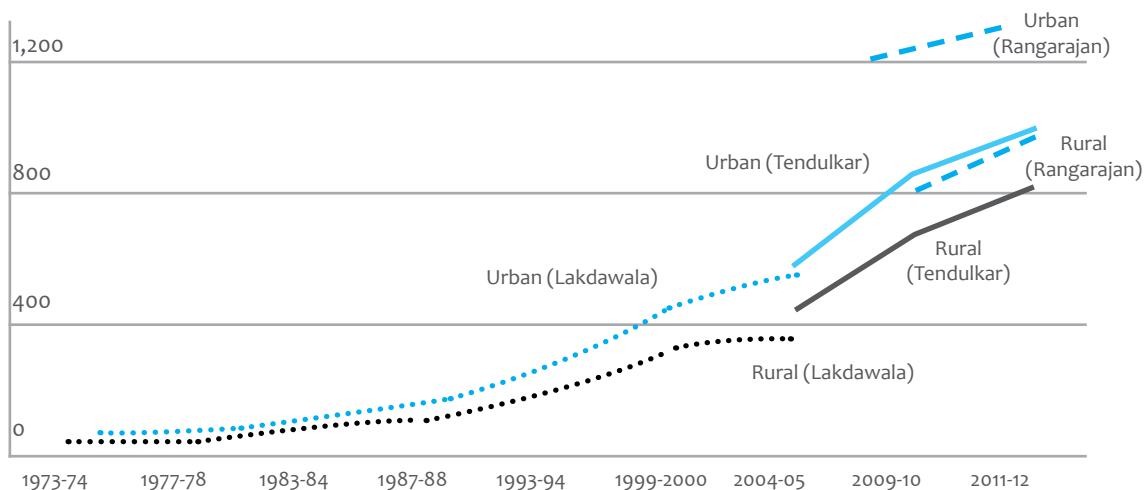


Figure 6.1: Evolution of India's poverty Line (Per capita monthly expenditure rupees)

Source: Social Cops

determined on the basis of consumption. A basic measure of the amount of calorie intake is estimated and is corresponded with an equivalent monetary estimate, which is captured through expenditure. In the Indian context, several surveys have been designed in order to estimate the absolute number of poor (or the Below Poverty Line population) on similar lines. These surveys have been implemented on the recommendations of different committees, using which the eponymous estimates have been calculated. Figure 6.1 captures the different poverty lines and estimates across the last four decades.

While the figures for poverty were estimated using these consumption-based methods, the process of identification of the poor was carried on through census conducted by the Central Ministry of Rural Development. This was imperative in order to implement flagship poverty alleviation programs. The last such BPL census was conducted in 2002 and had 13 parameters used to score households. The questions, meant to understand the quality of life for each family, covered topics on food, housing, work, land ownership, assets and education. Each question was scored between 0 and 4, therefore leading to a score range of 0-52. A cut off was determined based, which varied across states, between 16 and 25³.

Due to several methodological issues in this exercise for identification of poor, the Ministry of Rural Development set up a new committee, which submitted its report in August 2009 and suggested dividing all rural households into three categories, which are as below:

- i. Families who need to be automatically excluded, such as those owning three or four wheeled motorised vehicles, or mechanised farm equipment, or drawing a salary of more than Rs. 10,000 per month, or employed by the government, or paying income tax
- ii. The poorest such as the homeless, destitute households, PTGs, households with disabled persons as bread-earners, and bonded labourers to be automatically included
- iii. The rest of the households to be graded on predetermined deprivations and ranked accordingly⁴

The Chairman of this committee has argued that while the 'Ministry of Rural Development' accepted this categorisation in some form, it ignored the more important suggestion of conducting the census and collecting information in filmed proceedings of the Gram Sabhas. Instead, a door to door survey was conducted⁵. This was the Socio-Economic Caste Census (SECC).

The SECC marked a shift from previous censuses by ranking households in three stages:

- i. Households meeting exclusion criteria (like a motorised vehicle, Kisan Credit Card, etc. were automatically excluded)
- ii. Households satisfying inclusion criteria were included (manual scavengers, households without shelter, etc.)
- iii. The remaining households were identified through a seven-item binary scoring criteria, using deprivation indicators like households with only one room, female-headed -households with no adult male member between 16 and 59, etc.⁶
- iv. The absence of any singular indicator to exclude/include households into the BPL list made it convenient to identify the beneficiaries on the basis of derivation in respective categories.

Key Findings from SECC

The Socio-Economic Caste Census (SECC) was an important milestone in understanding the nature of poverty in the country. SECC 2011 is a unique paperless Census. The enumeration of the data was done using over 6.4 lakh electronic handheld devices. Household data was taken from the National Population Register (NPR) along with the Temporary Identification Number (TIN). At each stage, there was an opportunity for transparency and grievance redressal. A total of 1.24 Crore claims and objections were received of which 99.7% have already been resolved. Gram Panchayats and Gram Sabhas were involved in this process, besides School Teachers and Data Entry Operators as enumerators. The districts and State Governments have carried out the SECC with the Ministry of Rural Development as the nodal Ministry. Ministry of Housing and

Table 6.1: Key Findings from Rural India

1.	Total Households in the Country (Rural Plus Urban)	24.39 Crore
2.	Total Rural Households	17.91 Crore
3.	Total Excluded Households (based on fulfilling any of the 14 parameters of exclusion – i. Motorised 2/3/4 wheeler/fishing boat; ii. Mechanised 3 – 4 wheeler agricultural equipment; iii. Kisan credit card with credit limit of over Rs. 50,000; iv. Household member government employee; v. Households with non-agricultural enterprises registered with the government; vi. Any member of household earning more than Rs. 10,000 per month; vii. Paying income tax; viii. Paying professional tax; ix. 3 or more rooms with pucca walls and roof; x. Owns a refrigerator; xi. Owns landline phone; xii. Owns more than 2.5 acres of irrigated land with 1 irrigation equipment; xiii. 5 acres or more of irrigated land for two or more crop season; xiv. Owning at least 7.5 acres of land or more with at least one irrigation equipment.)	7.05 Crore 39.39%
4.	Automatically included (based on fulfilling any of the 5 parameters of inclusion – 1. Households without shelter; ii. Destitute, living on alms; iii. Manual scavenger families; iv. Primitive tribal groups; v. Legally released bonded labour)	16.50 Lakh .92%
5.	Households considered for deprivation	10.69 Crore
6.	Households not reporting deprivation	2.00 Crore
7.	Households with any one of the 7 deprivation	8.69 Crore

Source: Socio-Economic Caste Census 2011

Table 6.2: Deprivation Data

D1.	Households with only one room, kuccha walls, and kuccha roof	2.37 Crore 13.25%
D2.	No adult member in the households between age 18 and 59	65.15 Lakh 3.64%
D3.	Female-headed households with no adult male member between 16 and 59	68.96 Lakh 3.85%
D4.	Households with a differently able member with no other able-bodied adult member	7.16 Lakh 0.40%
D5.	SC/ST Households	3.86 Crore 21.53%
D6.	Households with no literate adult above age 25 years	4.21 Crore 23.52%
D7.	Landless households deriving a major part of their income from manual labour	5.37 Crore 29.97%

Source: Socio-Economic Caste Census 2011

Table 6.3: Sources of Household income

1.	Total Rural Households	17.91 Crore
2.	Cultivation	5.39 Crore 30.10%
3.	Manual Casual Labour	9.16 Crore 51.14%
4.	Part-time or Full-time Domestic Service	44.84 Lakh 2.50%
5.	Rag Picking, etc.	4.08 Lakh 0.23%
6.	Non-Agricultural Own Account Enterprise	28.87 Lakh 1.61%
7.	Begging/Charity/Alms	6.68 Lakh 0.37%
8.	Others (including government service, private service, PSU employment, etc.)	2.50 Crore 14.01%

Source: Socio-Economic Caste Census 2011

Urban Poverty Alleviation carried out the survey in urban areas and the Registrar General, Census of India carried out the Caste Census⁷.

Some Major Points

While the discussions around SECC have focussed mainly on the methodology adopted, some key insights obtained from it highlight the forms of deprivations. Very few of the households in rural areas fall under the purview of income tax (less than 5%). It can be easily corroborated with the fact that in only 8% of the households the primary bread earner makes an income of more than Rs. 10000. Although, we could argue that surveys only capture the cash incomes of the households, and tend to ignore the non-cash receipts such as vegetables, crop-residue, etc. Such a discussion would, however, again fall in the purview of the design of such censuses. A vast majority of the households do not have access to formal employment. Over 90% do not have salaried jobs. The SECC too highlights the east-west development deficit in the country. The significance of SECC was its attempt to capture land holding and net irrigated area at the household level. Roughly 50% of the households do not own any land at all and of those who have, 40% do not have any irrigation. The total percentage of farmers with irrigation equipment is abysmally low at 10%^{8&9}.

Interventions in Poverty Alleviation Efforts: A Brief Overview and the Timeline

For more than four decades several poverty alleviation interventions have been tried out in the country with varying degrees of intensity and impact. The discourse on poverty came to the national limelight with the catchy slogan of '*Garibi Hatao*' (Abolish Poverty) coined by late Prime Minister, Indira Gandhi during 1971. This was 21 years after India's attaining independence on 15th August 1947 and during the formation of the fourth five-year plan for the country by the Planning Commission (Now Niti Ayog) of the country.

The 20 Point Programme became the flagship programme of the then government with the first point of that document clearly mentioning *Attack on rural poverty*. Launched in 1975 by the ruling Congress party, the other agenda in that document encompassed diverse sectors such as rain-fed agriculture, irrigation, land reforms, health, education etc.

The Integrated Rural Development Program (IRDP) was the most significant intervention that followed 1975. Launched in 1978-79 all over the country, it had both subsidy and grant component that were designed to help poor households to buy assets, subsidised to the extent of 25 to 50%. Five million milch animals were distributed during the sixth plan period as an implementation strategy under IRDP. N. C. Saxena has written an elaborate review of the impact of the IRDP¹⁰. To quote from his research, "although some poor have made moderate gains, not more than one in five have succeeded in crossing the poverty line as a direct result of IRDP.... Intermediation by objectives, the lending policy under IRDP tends to be driven by the availability of subsidised funds rather than by the effective demand for credit.... There is a wedge between the long-term poverty alleviation goals and its immediate transfer function." There are a number of studies evaluating IRDP intervention pinpointing the failures of IRDP and examining the causes of failures. Those learnings have some bearing on the design of the subsequent interventions. Saxena in the same article reports that 24% of assets did not generate any income and another 50% of the assets did not make any contribution to the net disposable income of the beneficiaries.

Affinity Groups that later became more popularly known as the Self-Help Group (SHG) movement is another important milestone in the history of poverty alleviation in the country. Aloysius P. Fernandez has extensively documented the origin of the SHG movement beginning with MYRADA's initial foray into affinity groups during 1985-1990 and the same becoming later a national movement of SHGs, the movement championed and supported by NABARD since 1992¹¹. In the review article referred above, the same author mentions several reasons for subsequent weakening of the SHG movement

such as weak capacity building of institutions, over-emphasis on setting and achieving targets by the government, undermining role of SHGs as autonomous institutions, viewing them in a limited framework of mechanism for last mile delivery and undervaluing empowerment potential of the institution at the cost of over-reliance on financial functions of the group alone.

The Emergence of Microfinance Institutions (MFIs) is another major milestone in the country in its efforts to address rural poverty. Inspired by the fledging success of Grameen Bank in neighbouring Bangladesh, many MFIs commenced their activities in India, BASIX¹² established in 1996 was one of the earliest entrants. Its livelihood triad underlined the need for an integrated approach of credit, livelihood and institutional support if the poor were to be helped to come out of poverty and earn a sustainable income. This approach was reiterated later in the foundation of the graduation approach that we discuss later.

Targeting the Ultra-Poor (TUP) Program of BRAC in Bangladesh in 2002 was the earliest attempt to reach out to the poorest and help them to move out of poverty. The website of BRAC summarises the salient philosophy of TUP as under, “The Graduation Approach is a comprehensive, timebound, integrated and sequenced set of interventions that aim to enable extreme and ultra-poor households to achieve key milestones towards sustainable livelihood and economic resilience, in order to progress along a pathway out of extreme poverty”¹³. The BRAC intervention was noteworthy because of several reasons. The intervention that began in 2002 as a small pilot reached 1.77 million households by 2017, indeed a massively scaled up operation. Its 2017 program brief informed that close to 80,000 ultra-poor households were enrolled in the TUP in 2016. Another feature was that it was a holistic approach compared to the earlier single entity intervention relying heavily on credit infusion alone. The third aspect was that unlike other NGO interventions, BRAC invested significant energies in researching the process and the outcomes, by inviting national and international researchers who evaluated the outcomes of the programme by introducing Randomised Control Trial (RCT) methodology.

Deendayal Antyodaya Yojana – National Rural Livelihood Mission (NRLM) is the largest anti-poverty program of the government of India that was launched in June 2011. With the successive governments, the program continues to be implemented across 600 districts of the country aspiring to cover 70 million (7 Crore) rural poor households. In November 2015, the program was renamed Deendayal Antyodaya Yojana (DAY-NRLM).

Details of the DAY-NRLM

The following section draws heavily from the information provided on the website of Aajeevika Programme of the Government of India, the DAY-NRLM. The programme is based on following pillars:

- i. Universal Social Mobilisation
- ii. Participatory Identification of the Poor (PIP)
- iii. Provision of Community Resource Funds
- iv. Financial Inclusion
- v. Livelihood Promotion and Convergence and Partnership with Other Development Interventions

The programme document also mentions the creation of a sensitive support structure at the state, district and block level to supervise the implementation of the programme. The programme document also narrates the journey of the programme over ten year time period starting with a few blocks and then gradually expanding

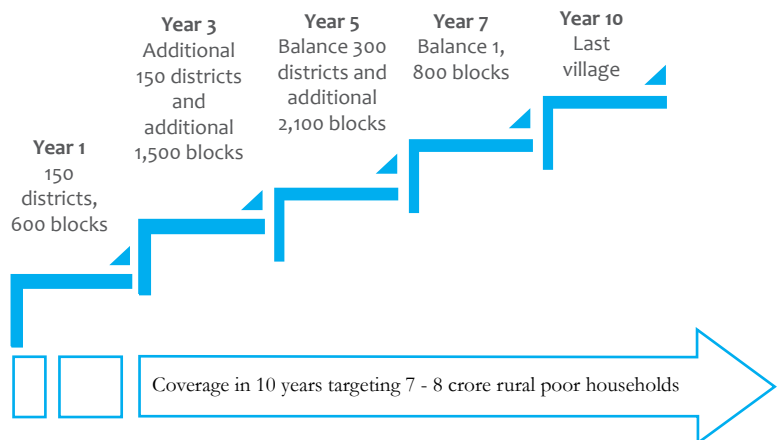


Figure 6.2: Phasing of NRLM

Source: <https://aajeevika.gov.in/content/implementation>

the coverage to all the households in the districts. The design is noteworthy because it does not rely on the Below the Poverty (BPL) lists prepared and used by the government in other programmes. The BPL lists were always contentious for errors of omission and commission. It was always seen that the names of the most deserving and genuine households were missing in the list and others whose names were included as a result of political pulls and pressures. To overcome this serious lacunae, the NRLM relied on Participatory Identification of the Poor (PIP) where the community identifies the households whose names are later vetted by the Gram Sabha.

Under the Universal Social Mobilization agenda, at least one woman member from each identified rural poor households, is expected to be brought under the Self Help Group (SHG) network in a time-bound manner. NRLM provides Revolving Fund (RF) and Community Investment Fund (CIF) as resources in perpetuity to the institutions of the poor, to strengthen their institutional and financial management capacity and build their track record to attract mainstream bank finance.

NRLM focuses on stabilising and promoting existing livelihood portfolio of the poor through its three pillars—‘vulnerability reduction’ and ‘livelihoods enhancement’ through deepening/enhancing and expanding existing livelihoods options and tapping new opportunities in farm and non-farm sectors; ‘employment’ - building skills for the job market outside; and ‘enterprises’ - nurturing self-employed and entrepreneurs (for micro-enterprises).

NRLM was designed for implementation over 10 years, the indicative phasing for which can be seen in Figure 6.2.

In 2017, a comprehensive impact assessment of the program was done by the Institute of Rural Management, Anand (IRMA, 2017)¹⁴.

The Genesis of the Graduation Approach in India: Some Critical Learnings

What is different about the graduation approach? After all, beginning 1970, similar efforts have been going on all across the country

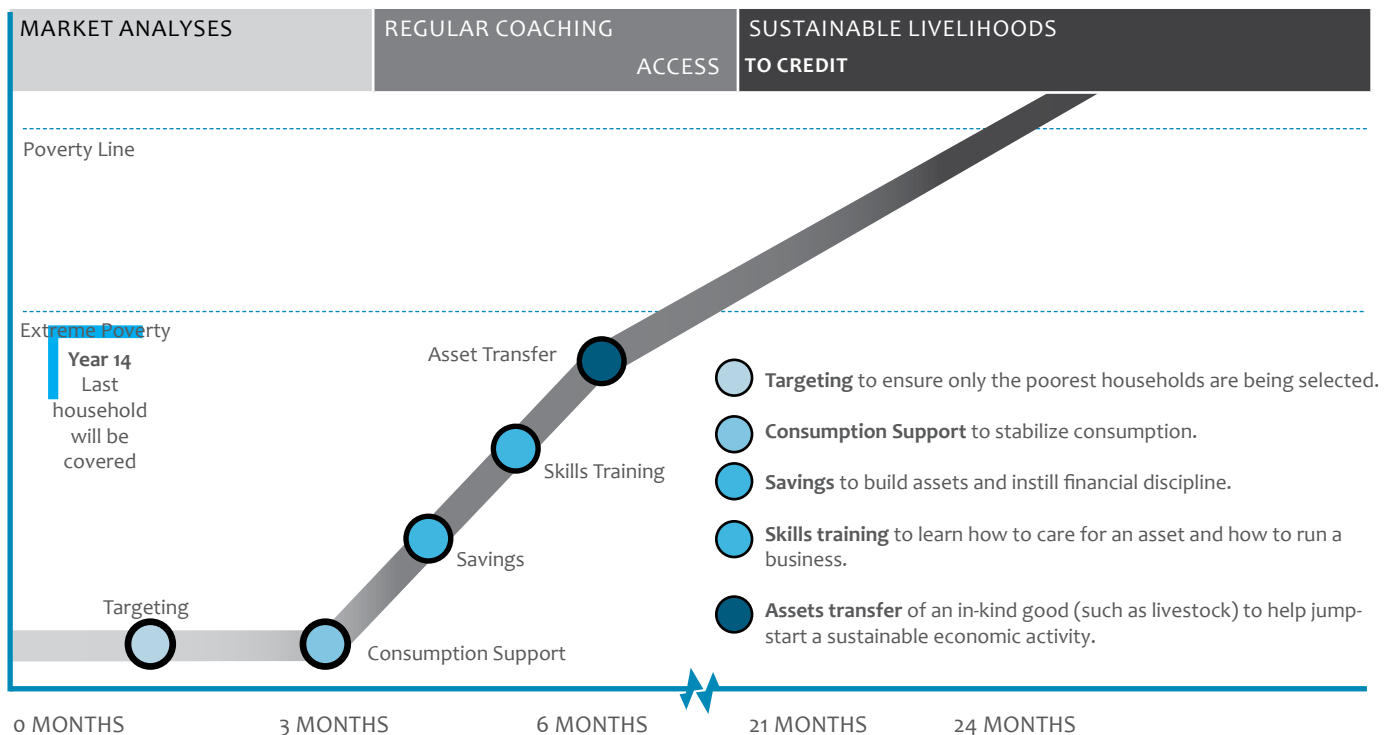


Figure 6.3: Reaching the Poorest: Lessons from the Graduation Model

Source: Syed M. Hashemi and Aude de Montesquiou, CGAP Focus Note No. 69, March 2011

as outlined in earlier pages. The genesis of the graduation approach that first led to a pilot and subsequent replication, first in Bangladesh and later in many countries across the world, can be traced to some critical learning and reflections among the civil society as also the government functionaries.

The first and the foremost learning was that while in the initial years, microfinance interventions were being perceived as a panacea for poverty alleviation, soon practitioners realized the definitive limitations of microfinance, credit intervention in particular as the ultimate tool for overcoming poverty. Credit alone cannot help poor households to move out of poverty. Many additional interventions were needed to support the movement of poor from poverty traps. This approach then broadly came to know as micro-finance plus or the need to support credit intervention with livelihood interventions. In addition to the provision of credit, poor households needed advice on livelihood opportunities, market access and some mechanism to reduce risks in terms of provision of insurance services. It also became evident that the poor needed to be organised and required to provide some form of institutional support from groups, cooperatives, loose networks that can help them to develop a sense of solidarity. As a result of the above learning, many microfinance institutions diversified their offering of services.

The second and probably more significant learning from the microfinance activity was that in spite of the tall claims made by many MFIs, poorest of the poor (or whatever terminology is used in literature- Ultra-poor, the hard-core poor, bottom of the pyramid) were difficult to reach. The poorest of the poor had rarely time on hand to participate in group meetings week after week or had the social and political capital to access a new scheme ostensibly promoted for their own benefit. The poor were excluded if not deliberately but by default in Self-Help Group (SHG) meetings as more often than not they also belonged to caste groups considered 'lower' in the social milieu they lived. The nexus of poverty and social hierarchy created barriers even in the well-designed development program of both the government and the NGO sector. Poor did

not have adequate resources for saving regularly, voice to participate in social platforms and above all, a psychological block (also called as lack of 'agency') that they can come out of poverty. As if poverty was accepted as fate and will of God to be followed without questioning. The 'exclusion' of poorest of the poor needed focused and deliberate efforts for inclusion, as also exploring different pathways for progress out of poverty.

Pillars of the Graduation Model

In one of the papers on the Graduation Model, Hashemi and Montesquiou discuss five building blocks or the core elements¹⁵. According to them, these were:

- i. Targeting the poor
- ii. Offering consumption support
- iii. Facilitating savings
- iv. Transferring an asset to the poor households
- v. Providing regular coaching and monitoring support

From Figure 6.3, it is evident that the graduation pathway is conceived as a series of well-thought through and coordinated steps that would facilitate movement of the poor household out of poverty. The sequence of activities is also critical in its logic.

The intervention does not start with a deadline of reaching X or Y number of families before a designated timeline artificially imposed, such as typically end of a financial year of a government when the available budgets have to be somewhat 'utilised' and 'spent'. The graduation approach is clear about the timeline that should be devoted to the process and has well-articulated milestones during the 24 months journey.

The model builds on deliberate and careful targeting of the poorest. The issue of exclusion of the poorest either as a result of omission and or commission has to be addressed squarely. The methodology adopted for targeting thus assumes significance thereby clearly steering away from those who should not be part of interventions. This is easier said than done. Well-established methodologies such as Participatory Rural Appraisal (PRA) and wealth ranking, and with an active participation of the community (unlike a top-down approach in a government-designated

scheme) do lend to a purposeful inclusion of the poorest in the program.

The program offers consumption support as lack of food security and associated vulnerability prevents all poor households from pursuing opportunities for their well-being. The present is more pressing than a distant future how so ever promising it might be. Hence, the intervention needs to address the challenge of vulnerability and means to overcome that with either cash or in-kind support for consumption.

Providing a safe saving place is the third building block. This principle challenges the popular belief that poor people cannot save. Poorest of the poor, even those in most vulnerable situations, make it a point to save as that is the only mechanism available to them to cope up with financial emergencies. The graduation approach works on this leaning that poor also save. What they need is a safe, accessible and flexible place to save. The legal framework in countries like India does not allow organizations to collect savings (if those are Non-Bank Finance Companies—NBFCs). However, in the SHG model, women do build up their own capital through regular savings of even small denominations of Rs.5 or Rs.10. Financial literacy training coupled within inculcating the habit of regular saving, thus, is a critical intervention in the graduation model.

Two subsequent interventions are then introduced in the graduation pathway. As illustrated in the Figure 6.3, once substantial efforts are taken to identify the 'right' households, supported with necessary consumption support and offered a facility of regular savings, the households are 'ready' to receive Assets. Transferring an asset is the central pillar of the graduation approaches. In absence of an 'asset', poor household has a remote chance of generating income on a routine basis. As discussed in the mainstream accounting principles, 'Asset' is a 'stock' and 'income' is a flow. It is the "performing asset" of the poor that will eventually ensure a steady income that can potentially transform lives of the poorest. Therefore, the graduation approach is centered on the transfer of an asset.

The choice of the assets is not determined in advance by the implementing agency unlike in a government poverty alleviation scheme where

everyone gets a buffalo or a cow or a sewing machine. The asset is matched with the socio-economic conditions of the households. It can most likely be livestock (sheep/goat/cow) or seeds or even financial capital to be used for buying goods and stocking them for sale in a *kirana* shop. The choice of the asset depends on the demand for the proposed product/services and the goal is to ensure that the assets provided under the program continue to 'perform', meaning generate income. The transfer of the asset is effected not at the beginning but after 6 to 9 months of the commencement of the project. It is matched by simultaneous coaching and training, to be offered to the household for at least a year.

In many interventions of the past, it was learnt that the work for livelihood promotion and income generation does not end at the completion of asset transfer. In fact, the real challenges begin thereafter. For instance, a household would need training on livestock management, market information, and basic book-keeping for understanding cash-flow, etc. after the asset transfer. This intensive follow-up and accompanying support to families ensure that the graduation approach delivers its goals.

The CGAP focus note referred by us has extensively described the process and the end results of the ten pilot program conducted in six countries including India. The note in its Annex 1 has provided detailed bibliography of academic resources on the graduation approach. We suggest readers refer to that rich resource for further deep dive into this theme.

Costs of Implementation

Implementing the Graduation Approach demands to commit both cost and human resources. Hashemi and Montesquiou¹⁶ have reported that cost of implementation (per participant) varied between \$330-650 in India to \$1900 in Haiti, the selected locations of pilots. These costs included consumption support, asset transfer plus all human resource and program implementation costs. The asset was 25-33% of the total program cost in India. To quote the researchers, "the upfront investment required by the graduation model is high, but economies of

scale may kick-in when program scale up, with some likely cost efficiency gains.” But an initial investment of about \$650 as in India, is not too high a cost considering the family as a whole can come out of poverty on a sustainable basis. The returns on this investment are very high, as explained in a subsequent section. Annual handouts over a long period of time to very poor families could be more expensive than the initial investment costs of the graduation model.

The Global Context of Graduation Programmes

Recently, a knowledge document titled 2018 State of the Sector Report¹⁷ was published by the Partnership for Economic Inclusion (PEI), documenting the findings from a global survey of economic inclusion programmes, targeted to extreme poor and vulnerable households.

PEI is an initiative of the members of the Economic Inclusion Community of Practice - a continuation of the graduation Community of Practice facilitated by CGAP of the World Bank. The Partnership for Economic Inclusion (PEI) is a new global multi-stakeholder initiative hosted by the World Bank’s Social Protection and Jobs Global Practice that brings together leaders

of the global graduation movement and those working in similar targeted economic inclusion programmes. The PIE sector report identified close to 100 programmes that are under implementation across four continents. Together, these interventions reached an estimated 14 million people. The report highlighted the fact that the graduation approach was reaching new segments including young people (43% of programs), people with disabilities (30%), indigenous populations (29%), and refugees (16%).

Bandhan and its Engagement with the Graduation Programme¹⁸

Bandhan Konnagar (henceforth referred as Bandhan) was one of the first two NGOs in the country that piloted the ultra-poor graduation program. While in 2007 it began as a participating NGO and its associated entity Bandhan, the Non-Bank Finance Company (NBFC) continued to operate as a lending institution in the microfinance sector. The NBFC has subsequently become a universal bank (Bandhan Bank) regulated by the Reserve Bank of India (RBI) but the discussion in the subsequent paragraphs is about the NGO, Bandhan Konnagar (and hence,

Table 6.4: Before-after Transformation

Baseline situation	Transformation post intervention
<ul style="list-style-type: none"> Annual average income of beneficiary women headed households was around INR 8,000 The Monthly average income of beneficiary women headed household was around INR 700 <p>There was no saving in beneficiary households</p> <ul style="list-style-type: none"> The average household possession score was 0.3 out of 6 	<ul style="list-style-type: none"> Annual average income of beneficiary women headed households currently is around INR 71,000 Monthly average income of the beneficiary women headed households is around INR 6,000 as against the target of INR 1200. The percentage increase in average incomes of beneficiary households from baseline income is 788% as against the target of 100% Average annual saving in a beneficiary household is around INR 3400 The average household possession score has increased to 3 out of 6 Ability to save and increase in household possessions are indicators of successful implementation of the model

Source: BANDHAN Konnagar

not to be confused with either the NBFC and or the Bandhan Bank.)

There are several features of the Bandhan program in addition to the 'standard' model that was being tested and piloted under the FF-CGAP/WB initiative. Bandhan's area of operation was West Bengal and it drew substantial resources in terms of backstopping and peer-to-peer learning from a leading NGO, BRAC, in neighbouring Bangladesh. BRAC faculty members were deeply involved in helping Bandhan NGO staff to internalize nitty-gritty of the initiative. Language proficiency and similar socio-economic contexts of participating families across the international borders made this 'technical cooperation' fruitful and rewarding for Bandhan.

Bandhan re-christened this initiative as The Hard-core Poor (THP) program. Another noteworthy feature of the Bandhan's engagement is its long-drawn involvement with the overall initiative right from the early years till now. Data as of 2018 September indicated a cumulative outreach of 72000 families covered in THP, about 25000 families still receiving support services and facilitation in the current financial year.

The long-drawn engagement for Bandhan for an initiative that is both cost and human resource wise intensive was possible with several donors, national and international, as also multilateral institutions each contributing substantial resources. The seed funding for the pilot came from the Ford Foundation and CGAP of the World Bank. Axis Bank Foundation contributed hugely for four cohorts, each cohort covering 5000 families thus enabling Bandhan to include 20,000 families. Each funding cycle was renewed for the subsequent cohort thus ensuring continuity as well as widening the scope. Under Corporate Social Responsibility (CSR) projects, companies like Indigo Airlines and ITC extended financial grants. USAID, a bilateral donor, contributed funds for families who were ultra-poor. That grant focused on remedying nutritional deficits for children within such families.

Bandhan's work got picked up at the national level when at least three state governments (Bihar, Jharkhand, and Rajasthan) introduced these ideas in the working of respective their departments

such tribal development department. Tripura Government is exploring collaboration avenues with Bandhan.

The last (but not the least) and very significant aspect of Bandhan's engagement is a third-party assessment/evaluation of the program right since inception. Using Randomised Control Trials (RCT) methodology, faculty members from universities in USA and India have been visiting THP families, some of them even for the fourth time (since 2007 when the program was initiated). This longitudinal tracking, rarely done in either civil society or governmental interventions is a valuable contribution of Bandhan and its external stakeholders to generate insights into the process of graduation of poorest families. Such an evaluation would surely help in not only understanding the process but also contribute to designing and modifying the contents of future interventions.

Does Graduation Approach Work?

While the graduation approach attempts to build on many valuable lessons learnt in the earlier poverty alleviation program, the assumptions that hold this approach more holistic than earlier interventions need to be validated.

There is a large body of literature on assessment and impact evaluation of the graduation model. Most of the researchers have used RCT methodology comparing baseline and end line data.

An independent evaluation of the ultra-poor programme of Bandhan was done by Centre for Micro Finance (CMF) of the Institute of Financial Management and Research (IFMR) Chennai. The evaluation team studied the impact of the programme in the Murshidabad district of West Bengal. The study covered 991 "ultra-poor" individuals in 45 villages in the district of which 512 potential beneficiaries were randomly selected into the treatment group and were offered an asset transfer livelihood training. The study found that the intervention was successful at both improving key dimension of household well-being and graduating households into the regular microfinance program. At the end of

18 months of intervention, the majority of the participants covered under the asset transfer intervention had joined one of Bandhan's microfinance groups and had taken a loan. This was a clear indication of their 'graduation' from a state of the poorest of the poor to someone who is creditworthy. The researchers also found that there was an increase in both food and non-food consumption of treatment households¹⁹.

In 2016, an independent assessment of the Bandhan intervention supported by the Axis Bank Foundation (ABF) since 2011 was conducted by an independent professional consultancy company. The purpose was to assess the outputs and outcomes/changes brought about in the lives of the beneficiaries as a result of the project intervention. The assessment team adopted a research design based on a mixed methodology i.e. both quantitative and qualitative methods. They tracked the entire stakeholder group across the project period of 2011-2014 in the project area covering two districts and including four percent of the total beneficiaries of the project i.e. 800 beneficiaries. The programmatic review concluded that the intervention resulted in a significant transformation for women participating in the programme. To quote from the report, the study found clear changes in the income level and other parameters for the participating households as indicated Table 6.4.

A Ford Foundation study of 2016 reported that the program reached a significant scale in terms of its acceptance indicated by implementation sites in 36 countries covering 58 programs as of September 2016²⁰. Of the 58 projects, one third were by governments, in many situations linking with national social protection programs. The FF reports positive impact of the graduation interventions, "Quantitative and qualitative studies show that, compared to peer groups, program participants were earning more income and achieving stable improvements in their well-being long after the program concluded, with sustained gains in household consumption, assets, and food security..... whether the successes achieved with the graduation approach in Bangladesh could be replicated elsewhere appeared to be a resounding 'yes'."

The above evaluation report has an elaborate case study on Bandhan's work. It reported that the program benefits outweigh the costs. For Bandhan, per participant cost was \$347 (Rs.23000) including asset transfer of Rs.12000. It was the most cost-efficient intervention of the six pilots with 433% return on investment.

Other Experiments

Cash Transfer – A New Pilot in 2018

While the graduation approach to work with the ultra-poor households has more than ten years of history of working in India and other countries, a small pilot is being undertaken in Rajasthan by Agrani India Foundation²¹ report the design of this pilot wherein 34 households in a tribal hamlet in Udaipur district received direct money transfer (not asset) in their respective bank accounts. The amount is equal to two-year average household income and was unconditionally transferred. The pilot is interesting because the researchers have extensively documented the targeting (selection) of the household, initial reactions of mistrust and anxiety demonstrated by both the participating households and the control group in the vicinity and so on. The families all women under the cash relief program received a gift payment of Rs.96000 in their bank accounts by 23rd April 2018.

The interesting dimension in the intervention is discretionary 'use' of one-time gift to families where the researchers hypothesized that such unconditional cash transfer would help families in debt redemption and or capital formation. The intervention does not have facilitation or skill training component as families were free to use the cash once they were included in the program. The researchers also captured, in the baseline, in addition to economic parameters, perceptions such as control over one's future by introducing a 'hope scale'. The details of this pilot are available at <http://www.cashrelief.org/>.

It would be interesting to examine the results of this pilot as the researchers are tracking the results of the intervention.

Gifting of Goats (a livelihood asset) to the Ultra-poor: The Work of Heifer International ²²

Another interesting intervention is by Heifer International and its affiliates in several countries including India. The programme is based on very similar principles like that of the graduation approach where the participants are selected amongst the most vulnerable group. The programme builds social capital base of the identified beneficiaries in the selected village. The families mostly headed by women are then 'gifted' goats, usually two to three or other appropriate livestock that acts as a capital for the family to commence the livelihood activities. The 'gifting' of the asset is matched with imparting of relevant skills through training and facilitation. The interesting dimension of the intervention is that the families who are recipients of the 'gift' move from receivers of the gift to the givers of the gift. Once the livelihood of the families is settled, the families are encouraged as a part of the intervention to 'gift' goat or the livestock to other poor families in the village, ensuring that the gifting cycle continues. In Nepal, it was reported that in one location, the gifting cycle has continued 14 times, meaning the original gift of the livestock then got passed on in a chain to other poor families and then to new participants over 14 times!

Working with the Urban Poor

Similar new experiments are underway in urban areas, especially to work with a large number of urban poor households and actually those who do not have permanent shelter. Equitas Pavement dwellers rehabilitation program is part of Equitas Development Initiatives Trust (EDIT) Chennai. EDIT is an initiative of the Equitas Small Finance Bank, the first private sector small finance bank from Tamil Nadu. The initiative is for rehabilitating pavement dwellers in Chennai. The programme offers housing, food security, healthcare, livelihood skill development, and supplemental education to ultra-poor families. Here, EDIT focuses on

finding accommodation for the family to stay and skills training which provides the adults in the family either employment or self-employment. The income generation generally starts within six months during which period food security is ensured for the family through essential rations. The rehabilitated households start paying rentals for their accommodation within the first year and later repay EDIT the rentals paid by it in the initial period in small instalments. A number of households have become members of joint liability groups and started borrowing their income generating activities from microfinance institutions. EDIT has calculated that the average cost of rehabilitating a family from the pavement into a better accommodation is about Rs. 12000 to Rs.15000. Recently EDIT organised an event to celebrate its successful rehabilitation of 1300 families from pavement across Chennai.

Going Ahead

So what is the future of graduation and similar interventions for a country like India where close to 25 to 30% of the population is still struggling to come out of poverty?

While on one hand, the country has generated a vast theoretical and practical knowledge on how to go about addressing this ever abiding challenge, solutions at scale are still some distance away. While Bandhan's intervention is by far the largest intervention in the civil society sector, the absolute numbers are minuscule compared to the gigantic challenge. The National Rural Livelihood Program and Mission (NRLP and NRLM) of the government is a significant step in taking on the challenge but its impact is mixed. The design of the NRLM and its ambitious outreach plans make it the largest anti-poverty intervention of the government. It certainly has built on the earlier lessons of poor getting excluded and has therefore consciously attempted to build on the inclusion aspects and forming of institutions of the poor, thereby building adequate social capital at the grassroots. The provision of the financial capital to the institutions of the poor also builds on the earlier learnings of lack of financial resources for pursuing livelihood opportunities. However, given the scale and scope of the intervention the

weak links are support and advisory on livelihood services and also the close mentoring of families by trained facilitators that form the core of the ultra-poor programme of the NGOs. For instance, for each field coordinator, the caseload (number of families to be accompanied and counseled) is a non-negotiable in the Bandhan and similar interventions. Such close support and facilitation is the hidden software that makes the building of the social and financial capital work for poor households. In a pan-India intervention, with regional complexities, NRLM infrastructure has probably not given adequate attention to this dimension of the ultra-poor programme. Therefore, while NRLM has been hugely successful in building social capital of the poor households across the country, whether the households in the programme have been successful in crossing the threshold of poverty into greater wellbeing needs to be examined more carefully, there is probably scope for further improvement on that aspect.

As the Ford Foundation report observed, “successfully striking that balance between preserving the essence (of graduation approach) while adapting for scale is probably the most critical overarching challenge facing the community of practice.”

The skill development programme of the government is seen as a means of lifting of poor above their impoverished status by providing them employable skills, which could help them throughout their life. However, the lack of selectivity in skill sets and loose targeting of the candidates and potential employers have hit placement rates, rendering more than 50% of skill building expenditure infructuous.

There are discussions among policymakers on the need to have a mechanism to ensure that the grants and assistance provided in any form to the most deprived sections of the poor are not in perpetuity, are not wasted and are of a facilitative nature. This discussion also sometimes is referred as ‘smart subsidy’, a recognition of the ground reality that subsidy is needed but needs to be targeted as also utilised in a more discrete and ‘smart’ manner to have a catalytic effect. The success of the graduation approach is one such clear example of a smart subsidy wherein the

asset and the assistance that is provided ensures that the participating families are able to cross the threshold of vulnerability and poverty.

The central and recurring lesson is that sustainable poverty reduction efforts need to build both on the ‘Agency’ of the poor (*I can come out of the present situation*) by rekindling of hope and aspiration) and simultaneously building a strong asset base that will continue to generate income flow on a sustainable basis for the households. It is this combination of the building of social and financial asset base for the household that has the possibility of them crossing the poverty barrier. It is an arduous task for all and the lessons from the graduation projects show that except trying relentlessly, there are no short-cuts.

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Social Enterprises – Scale and Sustainability

Dr. Madhukar Shukla

7

INTRODUCTION

While India has a long history of social initiatives by individuals and organisations which address social issues of poverty, inequity, and justice, the idea that these problems can be solved by private entities is a more recent phenomenon. Barring a few examples (e.g., Amul, Lijjat, FabIndia, Aravind Eyecare, etc.), the task of tackling social problems has traditionally been the domain of either the government or the not-for-profit charity organisations. During the last few years, however, social enterprises have emerged as a viable business phenomenon, which provides an alternative approach to address the myriad social and environmental problems. Their relevance is even more for a country like India which is characterised by vast inequities in income, lack of gainful and affordable access to basic societal resources (e.g., education, healthcare, energy, water, markets, etc.), and social justice.

Over recent years, the numbers of social enterprises have increased, and the supporting ecosystem is also increasingly becoming more comprehensive and robust. However, except for a handful of them, most remain relatively small in terms of the widespread social problems they aim to address. Large numbers of them are unable to grow and scale beyond a limited segment of the target population with limited impact. In fact, anecdotal evidence from sector experts suggests that a significant number fail to survive beyond the start-up stage.

This chapter aims to look at the critical challenges for scaling and sustainability of the social enterprises and discuss the status of the

key existing ecosystem enablers which can enable them to overcome these challenges.

A Caveat

Writing anything conclusively about “social enterprises” in the Indian context, however, is beset with three challenges. Firstly, as a sector, social enterprise is relatively a new phenomenon. Intellectap’s Social Enterprise Ecosystem Report noted that almost 80% of their sample had launched their operations in 2007 or later¹. While there are many reports about specific social enterprises, there is a paucity of sector level data and reports. Even the ones which are available are based on a relatively small sample of social enterprises ranging from 60-70 to about 250.

Secondly, as a fast emerging sector, the context of social enterprises itself is also changing rapidly. As with any growing sector, Indian social enterprises exist in a dynamic ecosystem in which new opportunities are being discovered, new entrants are experimenting with different and innovative models, new supporting players and hindering factors are getting added, etc. This dynamic and changing nature of the terrain implies that any status report on social enterprises in the Indian context can only be inexact in nature.

And lastly, and more importantly, while there are many references about social enterprises in reports, articles and news items, there is no official or legal (or even academically agreed-upon) definition of what constitutes a social enterprise in India. Among all the official reports and policy documents, known to the author,

only “National Policy on Skill Development and Entrepreneurship 2015” of GOI has a small section on “social enterprises” which defines them as “*important business instruments to address the issues of poverty, unemployment and inequity in society, through socially oriented business innovations.*”² There is, however, wide divergence among the stakeholders about how they define social enterprises. For instance, for the investors, a for-profit entity with a social purpose is a prerequisite to qualify as a social enterprise. On the other hand, foundations and social incubators that identify, support and facilitate social entrepreneurs and enterprises (e.g., Ashoka: Innovators for the Public, Social Entrepreneur of the Year Awards, Dasra, N/Core, etc.) include both for-profit and not-for-profit ventures with social impact as social enterprises.

To overcome the definitional conundrum, this chapter proposes to use the definition of social enterprise, which is operational in nature and is reasonably agreed-upon, as given by the UK’s Business, Innovation and Skills Department, viz. “*a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.*”³

This definition highlights two distinctive features of social enterprises. Firstly, they follow “double bottom-line” goals and combine social and financial sustainability as their objectives. In fact, since in many fields (e.g., agriculture, health and sanitation, energy, etc.), the social outcomes are contingent on environment, many social enterprises also follow a “triple bottom-line” agenda. Secondly, while to sustain and grow, they need to remain financially sustainable and generate surpluses/ profits, their goal is not “profit-maximising”. In this sense, they are akin to what Mohammad Yunus described as “social businesses” or “no-loss businesses.”⁴

LEGAL ENTITY OPTIONS FOR SOCIAL ENTERPRISES

Unlike in some other countries, the Indian regulatory framework does not provide a specific legal entity option for social enterprises⁵. Rather

social enterprises are registered across a wide array of legal entity options. This is an important point to appreciate, since it defines the peculiar regulatory context of social enterprises in India.

The following legal entity options describe the choices available for registering the venture:

Sole Proprietorship Firm

Though technically not a legal entity, sole proprietorship is the simplest business form which can be registered by any individual by producing PAN card, bank account number and proof of office address. It requires minimal set-up and compliance costs. In some places, it is required to take the license under Shop and Establishment Act. Sole proprietorship firm can also register as a Small and Medium Enterprise (SME) under the MSME Act.

Partnership Firm

Partnership firm can be registered by any 2 and maximum 20 persons with the Registrar of Firms/ Dept. of Industry under Partnership Act, 1932. Like proprietorship, partnership firms are easy to register and operate, and require similar documents as proprietorship firms. A partnership can be for a fixed period of time, may be limited to a specific project and can be dissolved at will. The firm can also be registered as an SME under the MSME Act.

Limited Liability Partnership

This is a recent legal form introduced in India from April 1, 2009. Like elsewhere in the world, an LLP combines the ease of running a Partnership as a separate legal entity with the limited liability advantage of a ‘for-profit’ company. However, unlike corporate shareholders, the partners have a right to manage the business directly.

Public Charitable Trust

Public Charitable Trusts are established for ‘charitable purposes’ under the India Trust Act 1882. Some states (e.g., Maharashtra, Gujarat, Rajasthan, and Madhya Pradesh) have their own

Public Trust Acts. A Trust can be formed to undertake one or more of the following activities the trust will undertake: (i) relief of poor (ii) education (iii) medical relief (iv) preservation of environment (v) preservation of monuments or places or objects of artistic or historic interest (vi) advancement of any other object of general public utility.

Registered Society

A not-for-profit organisation can also register as a Society under Society Registration Act 1860, which is an all-India Act. Many states, however, also have variants on the Act with some minor modifications. Societies are governed by a managing committee, whose members are often elected by the members. Besides charitable purposes, Societies can be also be established for the promotion of science, literature, education and fine arts, diffusion of useful knowledge, establishing and maintaining libraries or reading-rooms, public museums and galleries of works of art, collections of natural history, mechanical and philosophical inventions, instruments, or designs, etc.

While, like Trusts, the Societies too are non-commercial entities, they are permitted to carry out specific business activities (e.g., charging fee for services, business involving poor/ beneficiaries, sale of books and items, rent from property, etc.) which are incidental to their registered objectives. The income from such business (along with grants and donations), however, must be reinvested in the venture for the pursuance of those objectives.

Section 8 (earlier Section 25) Company

A Section 8 company offers a registration option which comes nearest to the definition and spirit of a social enterprise. It can be formed for promoting “commerce, art, science, sports, education, research, social welfare, religion, charity, protection of environment or any such other object”. Like the Trusts and Societies, a Section 8 company also enjoys tax benefits, but it can explicitly and solely carry out commercial activities. The income derived from such activities

and operation, however, needs to be reinvested in the company.

Private or Public Limited Company

Both these are for-profit legal entities, registered as commercial ventures under the Companies Act 1956. Private Limited company can be formed by minimum shareholders (with a maximum limit of 50 shareholders). However it cannot invite subscription of share or debentures, or accept deposits from the public. Public Limited Companies are similar to private limited companies, except that the minimum required shareholders are 7, and have no restriction on maximum number of shareholders, transfer of shares and acceptance of public deposits.

Lack of a specific legal definition and a wide range of options for registering a social enterprise has two implications. Firstly, the regulatory framework (e.g., taxation laws, compliance requirements, etc.) does not distinguish between profitable enterprises with a social purpose, purely commercial ventures and grant-driven NGOs. Thus, the studies and reports on social enterprises are mostly determined by the definition and criteria used by the researcher. Secondly, registering the venture as an appropriate legal entity is often critical choice for the entrepreneurs, since each legal entity defines the boundaries (e.g., nature of activities which the enterprise can undertake, compliance, sources of funding and credit, tax benefits, requirements for governance, etc.) within which the enterprise can operate (Table 7.1 describes the advantages and constraints of different legal entity options).

While specific data on the preferred choice of legal entity by social enterprises is sketchy, a survey of 259 social enterprises⁶ highlighted the following trends:

- i. Majority of social enterprises were registered as private limited companies (58%), followed by those registered as a society or trust (23%) (See Table 7.2).
- ii. There was a notable trend of increase in registration of social enterprises as private limited companies; Compared to 49% social enterprises prior to 2010, 71% social enterprises registered as private

Table 7.1: Some Key Advantages and Constraints of Legal Entity Options for Social Enterprises

Legal Status	Advantages	Constraints
Sole Proprietorship	<ul style="list-style-type: none"> • Easy to form, with low cost of registration and compliance 	<ul style="list-style-type: none"> • In case of bankruptcy, the founder is personally responsible for debts, losses and liabilities
Partnership Firm	<ul style="list-style-type: none"> • Easy to start and register • Partners have greater freedom in decision making 	<ul style="list-style-type: none"> • Partners are personally liable for debts and losses of the firm • In case of insolvency or death of a partner, the firm would get automatically and abruptly dissolved
Limited Liability Partnership	<ul style="list-style-type: none"> • Minimum regulatory compliance (e.g., no audit is required for upto Rs 40lakh turnover) • Easy to transfer ownership • Partners are not personally liable for debts and losses of the firm 	<ul style="list-style-type: none"> • Cannot raise equity investments
Public Charitable Trust	<ul style="list-style-type: none"> • Amenable to receiving grants and donations from donor/ multilateral agencies and government • Income from donations and property is exempted from tax, provided 85% of it is used for the activities of the trust. • Earned income from fee, sales etc. is exempted from tax provided it does not exceed 20% income of the Trust 	<ul style="list-style-type: none"> • Cannot take equity investments. • Activities are limited by the ones mentioned in the trust deed, and therefore cannot diversify and scale in other areas • Once formed, cannot be dissolved (though their asset and liability can be transferred to another trust)
Registered Society	<ul style="list-style-type: none"> • Exempted from tax from non-commercial activities • Membership is open both to individuals and institutions • It is possible to change the purpose of the Society, and even dissolve it, with the approval of three-fifth members 	<ul style="list-style-type: none"> • Cannot take equity investments
Section 8 company	<ul style="list-style-type: none"> • Can carry out commercial activities and is exempted from tax on income. • Since it is registered as a limited-liability legal entity, members are not personally liable for debt or liabilities. • Greater freedom in internal governance and can be dissolved. 	<ul style="list-style-type: none"> • Since the company is not allowed to distribute its income and dividends among members, it is a deterrent for the investors
Public or Private Limited Company	<ul style="list-style-type: none"> • Better access to capital through equity investments, debts and loans • Easy to transfer share and ownership 	<ul style="list-style-type: none"> • High cost of registering and starting the company • More stringent compliance requirements

Source: Websites of the incubators.

limited company between 2011 to 2015. Correspondingly, there was a decrease in the registrations as a society or trust from 45% to 7% during the same periods.

- iii. Though it appears that the Section 8 registration is the most appropriate for social enterprises, only 3% enterprises were registered as a Section 8 company. There can be two reasons for this. One, Section 8 registration is a relatively recent development which came into existence only in 2013, and it may take time for more enterprises to opt for this legal entity option. Two, since mostly for-profit social enterprises depend on private capital and equity investments for their growth, the condition of not paying dividends acts as a deterrent for attracting investment capital, and thus for registering as a Section 8 company.

Table 7.2: Legal Entity Status of Social Enterprises

Legal Status	% age of Social Enterprises
Private Limited Company	58%
NGO (Trust or Society)	23%
Sole Proprietorship	6%
Partnership	5%
Public Limited Company	4%
Section 8 Company	3%
Limited Liability Company	1%

Source: British Council, 2016

Given these eclectic options for legal status, social enterprises too differ widely in their nature. Appreciation of this diversity is important for understanding the nuances of the social enterprise sector. Box 7.1 describes some well-recognised examples to highlight this variety in the forms of social enterprises.

Box 7.1: Examples of Diversity of Social Enterprises

- i. **SELCO:** SELCO Solar is a private limited company, which was founded by Harish Hande in 1995 with a mission to provide sustainable energy solutions and services to under-served households and businesses. The enterprise provides solar energy solutions to families living below poverty line. To make the solar systems affordable, it provides consumer finance through Grameen Banks, Cooperative Societies, commercial banks and micro-finance institutions to end users, which they can be repaid through a customised schedule based on their cash flow and energy expenditure; instead of selling standard products, SELCO customises the energy systems based on the needs of different users; and for installation and after-sales service the venture has created dedicated 45 regional energy centers for prompt maintenance and service. Over the years, SELCO has been able to directly provide solar lighting systems to more than 200,000 marginalised households in Karnataka, Gujarat, Maharashtra, Bihar and Tamil Nadu. In addition, through its incubation center, SELCO supports more than 25 solar entrepreneurs in other states such as Manipur, Rajasthan, West Bengal and Madhya Pradesh to replicate the SELCO Model.
- ii. **RangSutra:** RangSutra, founded by Sumita Ghose in 2004, works with rural weavers and artisans in the villages of Rajasthan, Uttar Pradesh, West Bengal and Manipur to provide them livelihood through market-access and preserve their craft. The enterprise mobilises the artisans into clusters, builds capacities, provides inputs and designs, and reaches the products to market through online platforms and large-scale sellers such as FabIndia and IKEA. Starting with a sale of just a few lakhs, in 2017, it registered a sale of more than Rs. 9 Cr. RangSutra has a hybrid structure consisting of two separate legal entities – a producer company owned by the artisans, which looks after the social mobilisation, capacity building and production, and a private limited company, which focuses on marketing and raising funds for scaling up of the enterprise.
- iii. **Nidan:** Nidan was founded by Arbind Singh in 1996, with a mission to empower unorganised workers by collectivising them, and thus increasing their bargaining power and giving them economies of scale. It works with informal sector workers such as waste workers, rag pickers, vegetable vendors, construction labourers, domestic helpers, farmers and street vendors across many states, and provides its members the access to financial services (savings, loans, insurance, pension, etc.), legal services and education for members' children, etc. While, Nidan is registered as a based not-for-profit organisation as a Society, it has nurtured more than 20 self-sustaining and profitable legal entities which are owned and managed by workers. These businesses incubated by Nidan have brought together 500,000 informal sector workers and positioned them as legitimate competitors in markets.
- iv. **Goonj:** Goonj, a not-for-profit volunteer based organisation, was founded by Anshu Gupta in 1998. It recycles clothes and other items which are discarded as urban “waste” into “resources” for the marginalised rural and urban communities and for calamity-hit areas. Every year, Goonj transports and distributes about 1000 tonnes of materials to the ultra-poor communities in 21 states through a network of about 250 grassroots NGOs, 200 engaged business houses, 100 schools and 500+ volunteers (2015 figures). Its cumulative cost of operations is 97 paise per kg of material. Under its “Cloth of Work” program, the village and slum communities organise local development and infrastructure building programs (e.g, building schools, concrete roads, bridges, wells, irrigation canals and toilets) in return for clothes. About 500 such infrastructure projects in 1500 villages are undertaken every year, inculcating self-respect and belief in one's own capacity to catalyze change among the communities. In addition, using the remnants of waste cloth, Goonj has also made and distributed more than 2mn sanitary napkins to the first-time rural women users.

KEY CHALLENGES TO SCALE AND SUSTAINABILITY FOR SOCIAL ENTERPRISES

While social enterprises in different sectors (e.g., education, healthcare, agriculture, etc.) face barriers to scaling which are endemic to that sector, there are some challenges to scale and sustainability which are applicable to almost all social enterprises. Across the sector studies/surveys conducted on the landscape of Indian social enterprises^{7, 8, 9 & 10}, three challenges to the growth and sustainability appear to be common:

Access to Finance

Social enterprises require financial support in the form of seed capital, investments, debts, grants, etc. to sustain their growth and to scale up. While the sources of financing have grown, for most social enterprises, raising capital, either in the form of equity or grants, is one of the biggest challenges for their sustainability and growth. A survey of 259 social enterprises found that 57% of the social enterprises reported access to debt/equity as a constraint, while 50% identified access to grants as a challenge to scale and sustainability¹¹. An earlier survey of 95 social enterprises also reported that 44% of the social enterprises found raising capital a major challenge¹².

It is important to appreciate that this is so, not because funds are not available, but because funds are not equally accessible to all; in fact, many enterprises are able to raise multiple rounds of funding from different sources. Across different studies, there appear to be two key barriers for social enterprises to access financial support:

- i. Social enterprises often have limited networks to access funders. This maybe because the funders (grant-makers and investors) are mainly located in four major metropolitan cities (Bengaluru, Chennai, Mumbai and New Delhi), which reduces their access to enterprises located in smaller cities¹³. British Council survey also found that non-English speaking entrepreneurs are less likely to get

funding as compared to the English-speaking ones¹⁴.

- ii. Investors and grant-makers typically look for scalable and sustainable enterprises/models to fund, which makes it a chicken-and-egg problem for social enterprises that are looking for financial support for scale and sustainability. This is particularly so for the start-ups and early growth stage enterprises, since they are still refining their models and don't have a track-record to prove their potential for success.

Access to Talent

As the social enterprises scale up, they need to build the enterprise as an organisation and need talent which has domain-specific technical expertise and managerial skills. Two separate surveys of Indian social enterprises show that limited availability of technical and managerial talent in the market is one of the two major (the other being availability of funds) challenges for scaling and sustainability; close to about 50% social enterprises reported this as a challenge for scaling^{15&16}. While there are regional differences in this barrier to growth and sustainability (enterprises from southern part reported it less as compared to those from north-east and eastern regions), sourcing talent from the market is a challenge for scaling for the sector. There seem to be three main reasons for this.¹⁷

- i. Compared to the mainstream commercial enterprises, social enterprises have lower capacity to match the salaries of personnel with similar competence
- ii. Since the operations of large number of social enterprises are in non-urban and remote areas, the location acts as a deterrent to attract talent
- iii. Employee turnover is particularly high at lower levels, since many people join the enterprise as a temporary arrangement before they find other opportunities.

Access to Technical Expertise and Guidance

Social enterprises start with the identification of an opportunity/ gap by the entrepreneurs,

who often lack the skills and expertise to develop the idea and grow their enterprises into a scalable model. Entrepreneurs, particularly during pilot to early growth stage, often require technical guidance and mentoring to achieve this. In fact, as mentioned above, despite the growth of number of social enterprises and increasing availability of funding/ investing sources, investors often do not find many investible enterprises^{18 & 19}.

During last few years, there has been a growth of social incubators and accelerators which provide this technical service to young social entrepreneurs. However, due to their own capacity constraints, the incubators and accelerators are also selective in enterprises they accept for incubation²⁰.

In later sections, we will discuss these three challenges in detail.

Besides the above, different social enterprise sectors also face challenges to scale and sustainability

Table 7.3: Key Challenges to Scale and Sustainability Across Social Enterprise Sectors

Agriculture	<ul style="list-style-type: none"> Limited access to agricultural finance Fragmented small farm size Volatility of agricultural markets
Clean Energy	<ul style="list-style-type: none"> High cost of production and last mile distribution Limited access to finance Low awareness among target customer segment
Education	<ul style="list-style-type: none"> Low awareness resulting in high cost of customer acquisition Being seen as a public service, customer resistance to pay
Financial Inclusion	<ul style="list-style-type: none"> High cost of reaching the last mile Delay and/or default in repayment by customers Sudden regulatory changes such as demonetization and GST
Healthcare	<ul style="list-style-type: none"> High customer acquisition cost Lack of funding for constant need for innovations Lack of technology orientation among doctors
Water & Sanitation	<ul style="list-style-type: none"> High capital costs associated with implementation across value chain Lack of ecosystem enablers with expertise in this area Limited customer uptake due to existing socio-cultural mindset

Source: Bertelmann-Stiftung, 2018

which are unique to their operational environment and the markets they service. For instance, certain sectors where the dominant model is built on last-mile delivery (e.g., clean energy, financial inclusion), the cost of customer service places a heavy burden on the enterprises. Similarly, cost of customer education and acquisition are higher for certain sectors (e.g., water and sanitation, healthcare) due to socio-cultural mindset which creates resistance in behavioral change. Table 7.3 lists some key challenges across different social enterprise sectors.

AVAILABLE SOURCES OF FUNDING FOR SOCIAL ENTERPRISES

Depending on their legal entity, social enterprises seek and are eligible for financial support from different sources. Typically, there are three kinds of funding requirements, which are related to the specific growth stages of the enterprises:

i. Seed Funding: Seed-stage financing is required in the early stage for early development and market testing of the prototype a new product of service. It is a relatively modest amount which, depending on the nature of product/ service can be as small as a few lakh rupees to a couple of crores, which is given for product development, market research, R&D, pilot, setting up the enterprise, etc. There is very limited external funding available at this stage and most entrepreneurs rely on personal savings and family and friends for loans and investments. Mostly external funding at this stage is provided as grants from HNWIs (High Net Worth Individuals), Foundations and DFIs (Development Finance Institutions), through incubators and accelerators (e.g., Dasra, UnLtd India, CIIE-IIMA, etc.), and other funding platforms (e.g., Eureka! By IIT Mumbai, Global Social Venture Competition, Tata Social Enterprise Challenge, Millennium Alliance, Echoing Green Fellowship, etc.). There are also a few handful of equity/angel investors in this space (e.g., Aavishkaar, Unitus Seed Fund, Villgro, etc.), who mostly also support in later stage of growth.

ii. Early Stage Funding: Early-stage funding meets the growth requirements to commercialize the prototype of the product/service, e.g., testing and market validation, refining the product/service, initial hiring, development of business and market plans, etc. There are a few VCs and impact investors who specialize in providing financial support at this stage (e.g., Aavishkaar, Acumen India, Caspian, Elevar Equity, Ennovent, India Angel Network, Intellectap/ I3N, Menterra, Seedfund, etc.). Some of these also continue to provide support to the enterprise during the growth stage.

iii. Growth Stage Funding: Growth stage funding is required when the enterprises scale up; at this stage, they need large chunks of finances for increasing their capacity, expanding the reach to other markets and geographies, hiring talent to look after specialised roles, etc. Some of the investors and funds which operate in this space are Lok Capital, Grassroots Business Fund, Caspian Impact Investment, Omnivore, Quona Capital, etc.

Over last few years, the funding infrastructure for social enterprises has grown and become more differentiated. There are also many new avenues for funding which have emerged, which meet the funding requirements of social enterprises directly or through other channels. This section looks at some of the major avenues for financial support for the social enterprises.

Impact Investors and Funds

Impact investors, as compared to commercial investors, invest in for-profit social enterprises (also called impact enterprises) who primarily serve the underserved markets (producers, consumers, suppliers, employees or entrepreneurs) with a clear mission to demonstrate social impact. During last decade or so, there has been a significant increase in the numbers of impact investors and funds in the social enterprise space. According to McKinsey report on Impact Investing in India, the cumulative impact investment between 2010 and 2016 was more than \$5bn²¹.

There are estimated to be over 50 impact investors and funds operating in India²². An analysis of top 20 of these investors and funds shows that they hold more than \$1.1bn as investible funds among themselves²³. These investors and funds engage with the social enterprises at multiple stages of their growth and specialize in providing seed, early or growth stage funding (see Table 7.4 for an illustrative list).

Table 7.4: Illustrative List of Some Major Impact Investors and Funds

Nature of Funding	Some Key Impact Investors and Funds
Seed Funding	Aavishkaar, Acumen India, Unitus Seed Fund, Upaya Social Ventures, Willgro, etc.
Early Stage Funding	Aavishkaar, Acumen India, Caspian, Elevar Equity, Ennovent, India Angel Network, Intellectap/ I3N, Menterra, Seedfund, etc.
Growth Stage Funding	Caspian Impact Investment, Omnivore, Lok Capital, Quona Capital, etc.

Source: various and from their websites

Analysis of impact investments, however, shows that the fund flow is tilted towards specific sectors. Across different studies, Financial Inclusion, Clean Energy and Agriculture appear to be preferred sector for investment. For instance, an analysis of more than 220 investment showed that almost 60% investments (by value) were made in just 15 social enterprises, most of which operated in Financial Inclusion (MFIs and non-MFIs) sector²⁴. Similarly, McKinsey study found that out of the 211 investments made during 2014-16, 51% funds flowed into enterprises operating in Financial Inclusions, followed by 40% in Clean Energy sector²⁵. Another survey of 586 social enterprises showed that of the \$200 mn impact investment made during 2014-18, 37% was invested in the Financial Inclusion sector, followed by 32% in agriculture²⁶. In comparison, certain sectors (e.g., education and healthcare) which have lower rates of return and longer gestation period attracted significantly less investment (between 5-10%).

Development Financing Institutions (DFIs) and Foundations

DFIs and personal and business foundations are a significant source of funding to social enterprise sector. This financial support is provided both directly to the enterprise, but mostly indirectly through other partner ecosystem enablers (impact investors, incubators and accelerators, support organisations, etc.). By channeling their funds through partners, the DFIs and foundations assure that the funds reach the enterprises which have been selected through a rigorous process. For instance, The Lemelson Foundation has partnered with Villgro, to provide seed funds to social startups; UK Department for International Development (DFID) and GIZ have collaborated with Intellect to set up the virtual incubation platform Start-up Wave; Michael and Susan Dell Foundation have provided funding to Menterra Social Impact Fund for seed funding support to early stage social enterprises; Rockefeller Foundation has provided grant to Unitus Impact Partners as venture capital to invest in small and medium-sized social enterprises, and so on.

There are also limited, but increasing avenues to receive direct funding to the enterprise from the foundations and DFIs. For instance, Rockefeller Foundation, DFID, Aga Khan Foundation, USAID, etc., have been providing a small grant/ seed funding to social enterprises to pilot a promising idea at the idea to prototype stage. Michael and Susan Dell Foundation, for instance, provides financial support (through grants and impact investments) to social projects that directly serve or impact children living in urban poverty, particularly in the areas of education, primary healthcare, microfinance, skill development, poverty and nutrition etc. Similarly, the DBS Foundation supports social enterprises across Asia to develop a prototype of their idea, improve existing processes or add critical capabilities to achieve sustainability, or scale up their existing business that leads to greater social impact through its Social Enterprise Grant Program.

Government

Since social enterprise is not a legally recognised entity in India, there are no specific financial support options for them by the government. However, government of India has many financial support schemes for Small and Medium Enterprises (SMEs) which can be availed by for-profit social enterprises registered with the Ministry for Small and Medium Enterprises. For instance, Small Industries Development Bank of India (SIDBI), through its Samridhi Fund, provides equity-based investment from Rs. 5-40 Crores to enterprises working on social issues such as agriculture, clean energy, education, financial inclusion, healthcare, water and sanitation, etc., in eight low-income states.

Though not specifically targeted to them, the launch of MUDRA (Micro Units Development and Refinance Agency) scheme in April, 2015 has opened up a financing option for early stage for-profit social enterprises which are registered as SMEs. MUDRA provides small collateral-free loans up to Rs.10 lakh for micro and small enterprises working in non-farm sector (though allied agricultural activities such as horticulture and fisheries are eligible for loan). Among all the legal entities for social enterprises which were discussed earlier, all except the private or public limited entities (i.e., proprietorship, partnership, societies, trusts, and section 8 companies) are eligible for such loans.

Corporate CSR

The amendment to the Companies Act, 2013 has opened up a new source of fund inflow into the social sector. The amendment requires companies with a net worth more than Rs. 500 Crores (or a turnover of Rs. 1,000 Crores) to invest at least 2% of their average net profits during the preceding three years for CSR activities. According to the National CSR Data Portal of Government of India, during the three years from 2014-15 to 2016-17, companies spent about Rs. 38,000 Crores on CSR activities. An analysis of the CSR spending during 2016-17 shows that the key sectors which have attracted the funds are education, healthcare, rural development and

environment, accounting for more than 50% of all CSR spending (see Table 7.5).

Table 7.5: Sector-wise investment of CSR Funds 2016-17

Education	Rs. 4,149
Healthcare	Rs. 2,285
Rural Development	Rs. 1,507
Environment & Conservation of Resources	Rs. 1,282
Eradication of Poverty, Hunger & Malnutrition	Rs. 568
Water & Sanitation	Rs. 544
Livelihood Enhancement Projects	Rs. 491
Vocational Skills	Rs. 356
Others (e.g., Art & Culture, Sports, Clean Ganga, etc.)	Rs. 2,283
Total	Rs. 13,465

Source: National CSR Data Portal - <https://csr.gov.in>

While a few large companies have their own strong CSR departments and foundations, most partner with ground level social ventures to invest the funds in/ through their activities. Traditionally, the role of the social ventures was mainly as an implementation partner for the program decided by the CSR department. However, this relationship is changing with the social ventures co-creating the CSR programs with the company to further their own social objectives. For instance, during 2016-17, iKure, a social enterprise which provides affordable tech-based healthcare services to rural areas in eastern India, partnered with Dalmia Group's OCL plant to design and implement their CSR program to organize health camps in Medinipore, West Bengal. Similarly, the micro-enterprise development wing of the social venture, Pratham, partnered with Godrej Properties Ltd to design a program to promote and support micro-contractors for the construction industry. While such partnerships are still in a nascent stage, they have the potential of creating a new funding source for social enterprises, specially the not-for-profits.

As per the CSR rules, companies can also contribute their CSR funds to government approved incubators in academic institutions to support their activities. Many companies have

used this channel to support specific social enterprises through incubators. For instance, Mahindra Financial Solutions and Mphasis have routed their CSR funds through Villgro to support specific social enterprises, SustainEarth and Bodhi Health Education. Similarly, CIIE-IIM Ahmedabad received CSR funding from Bajaj Electrical for incubation support to Onergy Solar²⁷.

Other Sources of Funding for Early Stage Social Enterprises

One of the most common challenges for the sustainability and scale for social enterprises is the negligible funding support available at the early stage of idea development. At this stage, the entrepreneurs need non-recoverable grant funding both for prototype development and pilot, but also for their own livelihood needs. Though the amount needed is often small, it is crucial for the venture to take off. Successful entrepreneurs report that, besides relying on personal savings and borrowing from family and friends, they seek financial support from diverse sources such as business-plan competitions, fellowships and crowd-funding^{28&29}.

During last decade, a number of business plan competitions have started to focus on for-profit social venture ideas (See Table 7.6 for an illustrative list). Intellectap survey found that 43% of the entrepreneurs reported that they relied on the prize-money from such competitions during the pilot stage of the enterprise³⁰. Organised by academic institutions and other agencies, these events provide the winners the initial seed capital for prototype development and piloting. Since most of these competitions are judged by funders and investors, some of the non-winning proposals with promising plans also receive financial support from them.

There are also a few fellowships which provide stipend to social entrepreneurs for a reasonable period to help them develop their venture, while also taking care of their other needs. Two major ones are the Ashoka Fellowships and Echoing Green Fellowships. Ashoka Fellowships provide a living stipend for an average of three years to selected fellows who are working on an innovative

Table 7.6: Illustrative List of Fellowships and Award Competitions

Eureka!	Eureka! is an annual business-plan competition organized by IIT Bombay, and has a separate track for for-profit social ventures/ ideas which aim to address critical social problems. It provides Rs. 2 lakh and Rs.1 Lakh to the winner and runner-up, and offers mentoring and incubation service. The top 20 entries get an opportunity to raise funds through pitching to investors.
Global Social Venture Competition	GSVC selects and supports the most promising early-stage for-profit or nonprofit solutions with clear social impact. The winners are selected through multiple rounds of screening and are eligible for prizes which range from \$1,500 to \$40,000.
Millennium Alliance	Millennium Alliance is an initiative of Federation of Indian Chamber of Commerce of India (FICCI) in partnership with United States Agency for International Development (USAID) and the Technology Development Board (TDB) which provides grant for piloting and testing an impact idea (Rs. 30 Lakh) and for scaling and replication (upto Rs. 1 Crore) to entrepreneurs working in the fields of clean energy, education, food security, healthcare and water and sanitation, or any venture which directly impacts the under-resourced communities.
SEED Award Initiative	SEED Award a global annual awards given to innovative social enterprises which show the potential for scaling. Besides the \$5,000 prize money, the winners also receive capacity building technical and network support.
Tata Social Enterprise Challenge	Organized by IIM Calcutta, this B-plan competition is open to early stage social entrepreneurs as well as to those who have a promising idea to make a social impact. Three top winners are given a small cash award, and many of the finalists are provided incubation facility.

Source: Websites of the competitions

idea with social impact, and thus allowing them to focus full-time on building their institutions and scaling their ideas. Similarly, Echoing Green is a global two years fellowship of \$80,000 for for-profit and not-for-profit early stage ventures working on social problems such as education, healthcare, gender, poverty, social justice etc. Besides fellowship, Echoing Green also provides “recoverable grants” to for-profit ventures which can be paid once the enterprise achieves a scale.

During recent years, many young social entrepreneurs are also using crowd-funding platforms to raise funds to pilot their start-up ideas. These peer-to-peer lending/ loaning platforms provide an easy and low-cost channel for fundraising. Some of the key platforms are Ketto, Milaap, ImpactGuru, BitGiving, RangDe, StartSomeGood, etc.

TALENT PIPELINE FOR SOCIAL ENTERPRISES

There are two distinct requirements of talent for the social enterprises. One, as discussed earlier, social enterprises need to hire technical and managerial expertise as they scale up. For reasons mentioned in an earlier section, finding and retaining such human resources is one of the major challenges for the sector.

The other need for qualified talent is for scaling up of the social enterprise sector itself. While there has been an increase in the number of social enterprises over the recent years, for the sector to grow, there is a need for more entrepreneurs who can build sustainable social enterprises. There is some evidence that despite the growth of number of social enterprises, and increasing availability of funding/ investing sources, many are not investor/ funder-ready and scalable³¹.

This section looks at the **status and opportunities of different initiatives** which address this issue.

Academic and Non-Academic Courses

India has a reasonable number of institutions of higher education which offer specialised post-graduate programs in social enterprise-related areas. There are many full-time post-graduate programs in areas such as Rural Management (offered by Institute of Rural Management-Anand, Institute of Rural Management-Jaipur, XIM-Bhubneswar, Indian Institute of Health Management and Research-Jaipur, NIRD-Hyderabad, etc.), Development Studies (offered by Azim Premji University, Development Management Institute-Patna, IIM-Lucknow, SP Jain Institute of Management and Research-

Mumbai, etc.), Sustainable Development (offered by IIM-Lucknow, BIMTECH-Noida, TERI University, etc.), Entrepreneurship (offered by EDI-Ahmedabad, FMS BHU-Varanasi, IIT-Mumbai, etc.), etc., which provide educational inputs in thematic areas allied to the social enterprise space, and prepare the students for a career in these areas. While most of these programs focus on not-for-profit sector, some of these also have specific courses on social entrepreneurship/enterprises.

During the last few years, however, “social entrepreneurship/enterprise” has started getting accepted as an academic discipline by itself. Many institutes have incorporated social entrepreneurship/enterprise as a component in their programs; there are also two full-time post graduate programs on the subject offered by Ambedkar University, Delhi and TISS, Mumbai. These programs have a strong practice-base which enables the students to learn by doing. In addition, some other non-academic stakeholders in the sector also offer exclusive programs on the subject with extensive field-work.

Boutique Recruitment Agencies

For many social enterprises, finding the right technical and managerial professionals, particularly at middle and senior levels, is one of the major challenges in scaling. Such talent is available in the market, but is difficult to find and recruit. On the other hand, many mid-level

professionals in regular commercial jobs, as well as social sector professionals, find it difficult to locate job opportunities in the sector.

To address the demand-supply gap, a few specialised recruitment and placement agencies and portal have come up in recent years. These boutique agencies cater to the specific needs of professional talent for the social enterprises and other social sector organisations. Some of the key players in this space are Third Sector Partners, Jobs for Good, Opportune Jobs and GoBareFoot (See Table 7.7). In addition, some regular job portals such as Naukri.com, Monster etc., have created separate section for posting and seeking social sector jobs.

Fellowships and Learning Journeys

During last few years, many innovative fellowships and initiatives have been established which equip the youth through hands-on experiential learning to work in the development sector and social enterprise space. They combine an immersive experience on the ground coupled with training, project work, mentoring and reflection, which makes them a high impact learning experience for the participants. What make them noteworthy is that a significant part of the participants from these initiatives transition into social sector career, either by starting their own social ventures or joining one (See Table 7.8 for some major fellowships).

Table 7.7: Key Recruitment Agencies in Social Enterprise Space

Third Sector Partners	Third Sector Partners is a pioneering specialised executive search agency in the social sector, which specialised in identifying and selecting senior and board level professionals for social enterprises, CSR, aid agencies, NGOs, etc. Over the years, it has developed domain expertise over various sectors such as public health, microfinance, livelihoods, education and skill building, etc.
Jobs For Good	Jobs for Good provides search and selection service to social sector organisations such as NGOs, social enterprises, CSR foundations, development agencies, etc. It also offers HR Consultancy to develop organisational systems and sector knowledge.
Opportune Jobs	Opportune Jobs is a job portal which provides space for both the social sector organisations and the individuals to post their requirements. In addition to the jobs, it also provides opportunities for volunteering, part-time assignments, consultancy, etc.
GoBarefoot	GoBareFoot, an initiative of the Third Sector Partners, is an interactive membership portal which provides space for social sector organisations (social enterprises, not-for-profit, NGOs, CSR departments) and individual professional to network, including posting jobs, volunteering opportunities, seeking and offering technical expertise on a part- or full-time basis

Source: Websites of the agencies

Table 7.8: Key Fellowship Programs for Socially Inclined Youth

India Fellow Social Leaders Program	Earlier called the ICICI Fellowship, India Fellow Program is a 13 months experiential social leadership program for young Indians, during which they work full time for a year with one of the 70 field partner organisations on a specific social project or issue. The field work is complemented by training, peer learning and mentoring.
Transforming India Initiative - Fellowship	An initiative of Access Livelihoods Consulting, and supported by Niti Aayog's Atal Innovation Mission, this two year fellowship provides experiential learning on the ground, working with entrepreneurs, and solving real life entrepreneurial challenges in areas such as education, livelihoods, sanitation, waste management, agriculture, micro-finance, etc.
Youth for India Fellowship	An initiative of State Bank of India, this 13 months fellowship which provides an opportunity to the selected candidates to work on rural projects with partner NGOs in diverse areas such as education, healthcare, food security, environment protection, livelihoods, self-governance, etc.
LAMP Fellowship	The LAMP (Legislative Assistants to Members of Parliament) Fellowship is an initiative of PRS Legislative, and provides an opportunity to work full time for 11 months with an assigned MP to provide research support on policy and development issues. During this period, the fellows get to interact with policy makers and experts, participate in workshops, and work on issues such as health, education, infrastructure, public finance, etc.
AIF Clinton Fellowship	An initiative of American India Foundation, this 10-month volunteer service program places young professionals in development organisations to work on scalable and sustainable development projects in the fields of education, livelihoods, technology and innovation, and public health.

Source: Websites of the Fellowships

Some of these fellowships are confined to only specific sector/ area. For instance, Teach for India Fellowship, Azim Premji Foundation Fellowship and Gandhi Fellowship provide a learning experience only in the education sector. Most, however, provide exposure to a wide range of sectors.

In addition, during last few years, many state governments have started offering “Chief Minister Fellowships” (sometime also termed as Good Governance Fellowships) which provide the youth with working at district and block level with government officials to help in the implementation of government schemes in area such as livelihoods, rural development, water and sanitation, education, healthcare etc. While most of these fellowships (e.g., from Maharashtra State Government, Haryana State Government, MP State Government, Delhi Government, etc.,) are of about one year duration and offer opportunity to fresh graduates and post graduates, the Chhattisgarh Chief Minister Good Governance Fellowship targets mid-level professionals and is of two year duration.

Besides the fellowships there are also a few “learning journeys” which follow an innovative and high-impact format to provide an immersive

and transforming experience to young people, and help them transition into social enterprise. For instance, Jagriti Yatra which has been in existence since 2008, is a 15-day learning journey on train, with about 300 young people from urban and rural background, across India. During this period, the “yatris” visit and study social projects, interact with the entrepreneurs, work on their own plans and project, have interactive sessions with well-known social entrepreneurs/ leaders, are provided mentoring sessions, etc. Out of the about 3000 alumni so far, about 480-500 have started their own social ventures (of which close to 50% are in small towns and villages), and about 20% have joined social enterprises.

Another similar initiative, Gramya Manthan is a 10-day rural immersion journey, organised twice a year, for selected 30 young people. During these 10 days, the participants stay and work with rural communities, learn about their life and problems, participate in workshops and discussions, with the aim to promote self-reflection and participation in social change. Over the years, out of the 585 alumni, about 85 have started their own social enterprises and initiatives and 190 have joined development sector as a career.

INCUBATORS AND ACCELERATORS

Incubators and accelerators are a critical support for enterprises to become sustainable and achieve scale. According to NASSCOM report, there are more than 190 incubators and accelerators in India³². About 90 of these are established in academic institutions, while the rest are established in corporate sector and private entities.

About 40% of the incubators and accelerators are located in Mumbai, Bengaluru and NCR region. However, there is an increasing trend of incubators and accelerators coming up in other Tier-II and Tier-III cities. According to Yes Global Institute's Report, almost two-third of the new incubators established in 2016 were located in these smaller cities³³. This may be partially due to affordable costs of land, infrastructure, manpower, etc., and also since increasingly many new startups are being founded by entrepreneurs in smaller cities. Also, early stage incubation requires more hands-on and high-touch support, which is possible only when the incubator is located nearby.

While there are few incubators and accelerators which are dedicated to startups in specific sectors, about 83% are sector agnostic³⁴. Not all the incubators and accelerators, however, are focused on social enterprises. Most corporate incubators, for instance, focus on products and services which are aligned to their offerings³⁵. Similarly, many incubators provide support to purely commercial startups, often those working on developing technology (e.g., aerospace, biotechnology, gaming, IT, etc.).

There are increasingly significant numbers of incubators and accelerators in the social enterprise space (See Table 7.9 for some the key social enterprise incubators in India). Moreover, given the potential offered by the BoP market, many commercial incubators also offer incubation support to for-profit social startups. It is important to note, however, that while the numbers of incubators have increased, there is still a huge demand-supply gap in the space. In order to effectively utilize their capacity and to ensure high success rate, incubators and accelerators use stringent criteria for selecting enterprises. According to a study done by Asia Venture Philanthropy Network, on average only about one-fifth of applicants for incubation support get accepted³⁶.

Table 7.9: Illustrative List of Major Social Incubators

CIIE – IIM Ahmedabad	CIIE (Centre for Innovation, Incubation and Entrepreneurship), IIM-Ahmedabad offers a various services including incubation, acceleration, mentorship as well as funding of social enterprise. It has helped close to 90 ventures through it platforms such as iAccelerator, Piramal Prize, MentorEdge and Infuse Ventures.
Dasra	Dasra provides incubation to both for-profit and not-for-profit early stage social enterprises working in the area of poverty alleviation or strategic giving in priority sectors, including sanitation, health, education, and livelihoods, etc. It has helped close to 800 enterprises through their programs.
N/Core	N/Core incubates and supports early stage not-for-profit ventures which are working on problems related to poverty and disadvantaged communities (e.g., agriculture, education, healthcare, energy, hunger and nutrition, gender equality, water and sanitation, financial inclusion, etc.). It provides seed grant, one-of-a-kind mentoring, and N/Core support network.
RTBI – IIT Madras	IIT Madras' Rural Technology and Business Incubator (RTBI incubates start-ups whose focus is to impact rural/underserved societal segments, leveraging ICT (Information and Communication Technologies). It provides infrastructural and technical support along with funding. Over the years, it has supported close to 40 social enterprises.
Social Alpha	Social Alpha, an initiative of Tata Trusts, is a technology-based social enterprise incubator in areas such as education, agriculture, health, waste management, clean energy, financial inclusion, etc. – and has incubated over 30 early stage enterprises.
Villgro	Villgro incubates early-stage, innovative, for-profit social enterprises in education, health, agriculture and energy sectors, among others, that have an impact on the lives of the poor. Over the years, it has supported close to 110 social startups.
UnLtd India	UnLtd India is an incubator early-stage social enterprises to prepare them for scaling and further investment. It aids enterprises by providing incubation support, co-working space, and seed funding, besides providing business planning and implementation support.

Source: Websites of the incubators

While the main purpose of incubators and accelerators is to provide non-financial technical support to entrepreneurs and social enterprises, many also provide seed-funding to their incubatees. For instance, Villgro, UnLtd India, and Dasra provide nominal seed funding to their incubatees. Though the funding is small, it provides an important support to early stage entrepreneurs who typically have to rely on their own saving and borrowing from family and friends.

An emerging trend during recent years is the smoother flow of funds from investors/ funders to incubators and accelerators. This is happening in two ways: firstly, many financiers are forming partnerships between investors/ funders and incubators and accelerators to provide seed and growth funding to selected incubatees. The partnership enables them to identify high potential social start-ups and enterprises to support and invest in. Some examples of such partnerships are Villgro with Menterra Venture Advisors, Centre for Innovation, Incubation and Entrepreneurship (CIIE) at the IIM Ahmedabad with Infuse Ventures and Bharat Innovation Fund, T-Hub with Yes Bank, Khosla Lab with its own sister arm, Khosla Ventures, etc.

Secondly, in a reverse relationship, many investors and funders have started establishing their own incubators and accelerators to identify, groom and fund social start-ups. For instance, Tata Trusts, through its initiative FISE (Foundation for Innovation and Social Entrepreneurship) has established Social Alpha to incubate and fund social enterprises; Nudge Foundation has established the incubator, N/Core, to support and fund not-for-profit social enterprises to alleviate poverty; AdvantEdge, an early-stage venture capital fund, runs an incubator to provide pre-seed funding to startups; Upaya Social Ventures launched an accelerator programs for early-stage and growth-stage social enterprises, and so on.

COLLABORATIVE STRATEGIES FOR SCALING

Given the size and magnitude of social problems in India, scaling is an imperative for social enterprises to achieve their mission of making an impact. Social entrepreneurs, however, look at the issue of scaling quite differently than the investors, funders and the award giving foundations. While for the latter, scale refers to the *scaling of the enterprise*, social entrepreneurs focus on *scaling of the impact*, which is the mission of their enterprise. Besides making efforts to scale the enterprise, social entrepreneurs use a variety of other strategies to increase their impact.

Since the products and services offered by social enterprises largely target the highly dispersed and remote BoP markets, the last mile reach and servicing is a common barrier to scaling. These strategies essentially rely on collaboration and partnership with other players to facilitate wider reach in the market, and to reduce costs. Social enterprises commonly rely on four forms of collaborative strategies³⁶.

Partnership with Local Entrepreneurs/ Enterprises

By forming partnerships with local entrepreneurs and enterprises, social entrepreneurs are able to make their products/ services reach remote markets at considerably reduced costs. Such partnership strategy also has the advantage of increasing the acceptance of the product/ service, which are often new to the target customer. Being members of the community, partnering entrepreneurs also have the knowledge of the nuances of the local markets and socio-cultural dynamics, and are able to negotiate through them better than an ‘outsider’ social enterprise.

For instance, Frontier Markets, a social enterprise which sources and sells solar products in rural areas, partners with local village-level entrepreneurs (VLEs) who are normally

owners of local shops and stores, and have the understanding of the local community. Besides selling the products, they also help in providing information on product demand, servicing needs and product feedback, and get a share of the margins from the sales. Similarly, almost two-third of the Sulabh Shauchalaya's 6,000 community toilet complexes, are operated by local entrepreneurs.

Success of such partnership depends on two critical factors: one, since the local entrepreneurs often have other businesses as well, there should be sufficient financial incentives for them to invest their energy in promoting the enterprise's product or service. Secondly, for many products/ services which are new for the market, the entrepreneurs require training in product information, servicing and maintenance.

Partnering with other Social Enterprises

Often social enterprises seek out other local social entrepreneurs/ enterprises with similar or overlapping mission for partnership. Many enterprises which sell solar energy products (e.g., Onergy, D-Light, etc.) form partnerships with local micro-finance institutions, which not only provide loans to rural customers to buy these products but their members also help in marketing and maintaining the products. Similarly, SELCO India, instead of expanding its operations across India, incubates, supports and partners with social ventures which provide solar lighting products to rural and marginalized segments.

As in the case of local entrepreneurs, the selection of the partner is critical to the success of this strategy. Successful partnerships, therefore, are based on due diligence by both partners to ensure their mission-alignment in providing complementary offering to the same markets.

Partnering with Government

Successful social entrepreneurs look at government as a useful ally, which can provide both critical funding and infrastructure to extend their reach and impact. They recognize that if aligned to government's schemes and policies,

they can reach remote markets with minimal efforts and expenses. As study of 20 Indian social enterprises which had scaled up their reach found that 17 of them had collaborated with government to scale up (Pandey, Menezes and Ganeti, 2017). For instance, Digital Green, which bridges the information-gap for small and marginal farmers through locally-produced videos of good agricultural practices, was able to increase its outreach manifold by partnering with government's National Rural Livelihoods Mission (NRLM). Similarly, many social enterprises which provide social goods to underserved communities (e.g., Akshaya Patra, Educate Girls, Gram Vikas, Pratham, Ziqitza Healthcare, etc.) have partnered with government programs to gain access and support for their mission.

Working with government as partner, however, has its peculiar challenges. Government systems and procedures are conservative, cumbersome and inflexible by nature. Aligning with government requires an understanding of how the system works. Moreover, such partnership requires working and negotiating with the policy makers. Since government is also a political entity, maintaining one's political neutrality is essential for sustenance of the partnership.

Partnering with Corporate Players

While it has been common for the corporates to partner with social enterprise as suppliers or for contract production, a partnership which furthers the mission of the social enterprise is a nascent and emerging phenomenon. Partnering with large businesses not only gives the social enterprises access to larger markets, but also to professional and technical expertise which are required to build a scalable venture. With an increasing focus on CSR activities, the scope of such partnership is increasing. For instance, Chaitanya Bharti, a Telangana-based not-for-profit social enterprise which works with handloom weavers, partnered with Microsoft to seek help in reviving and sustaining weaving as a livelihood. Through the help of the Microsoft, the enterprise established a technology center where the weavers could design software to create motifs and have an

online presence to source orders. Microsoft also provided funding and machines for the center.

Often such partnership is also formed when the mission of the social enterprise matches with the agenda of the corporate partner. For instance, Hasiru Dala Innovations, a Bangalore-based for-profit social enterprise which works with rag-pickers to create sustainable paid livelihoods for them, increased its reach by partnering with JUSCO (Jamshedpur Utility and Services Company) to create and implement a model of converting the rag-pickers into ‘waste managers’ who provide paid service to the households. Similarly, Embrace, a social start-up which innovated low-cost infant warmers which reduce the deaths of undernourished neonates, partnered with GE Healthcare to gain wider access to rural markets

The major challenge for the social enterprises in partnering with corporate players is resolving the inherent differences in metrics of performance. While the social enterprises focus on the impact on people, which are also often qualitative, the corporate partners look for quantifiable results. The other risk in such partnerships is that the corporate partner, being larger and more visible, can subsume the brand of the social enterprise.

CONCLUSIONS

The social enterprise sector has flourished and acquired an identity of its own during last few years. Over the years, not only their numbers have grown, but also an increasingly robust ecosystem, consisting of investor network, incubators and accelerators, capacity building courses, etc., has emerged to support such ventures. Access to capital, talent and technical support, however, still remain a challenge for the social enterprises to scale up. From these discussions, one can also identify the following areas of opportunities and constraints in scaling of the enterprises and the sector.

Firstly, private capital and investments have played a constructive role in helping the social enterprises to sustain and scale up. The investments, both in numbers and value, have grown significantly during last few years. However, there is also a noticeable imbalance

in the sectors which they serve. Sectors such as financial inclusion, clean energy etc., which have higher rate of return, lower risks and shorter payoff time, have attracted more funds than sectors such as education and healthcare. This trend also implies that while the social enterprise sector may keep growing as a whole, some of the critical social problems may remain neglected by the sector.

Secondly, while the technical and talent support system for social enterprises (i.e., incubators and accelerators, academic and non-academic courses, etc.) has grown, it is still far from adequate to meet the scaling needs of the sector. For instance, factors such as regional location and language act as barriers for many entrepreneurs to access the services of incubators. Similarly, while the number of academic courses on social entrepreneurship and allied areas have increased, their impact on directing the talent into the sector appear to be limited (though the ‘conversion rate’ from the non-academic initiatives such as Jagrity Yatra, Gramya Manthan etc., seem to be encouraging).

Lastly, while the sector has grown in practice, it still operates in a policy vacuum. Scaling of social enterprises is important for the inclusive and sustainable development of the country, and there is a need for the sector to be recognized as a part of public policy. A national policy, with an encompassing and inclusive legal definition, of the social enterprises would provide the much needed regulatory and financial support for supporting and scaling of the social enterprises.

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Corporate Social Responsibility and Livelihoods

Priya Naik, Punita Bansal and Sandhya Tenneti

8

INTRODUCTION

Corporate Social Responsibility is generally defined as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large¹. Globally, activities are termed as CSR initiatives in situations where the firm goes beyond compliance and engages in actions that appear to further some social good, beyond the interests of the firm and that which is required by law². On the other hand, India has a legislated CSR mandate under its Company's act with the objective involving companies in discharging their social responsibility with their innovative ideas and management skills, greater efficiency and better outcomes. The CSR guidelines require two percent of net profit to be spent on CSR projects by companies having a turnover of INR 1,000 crore or net worth of INR 500 crore or profit of INR 5 crore. If the company is unable to spend this amount, it is required to explain why it failed to do so.

The law defines nine categories of activities are eligible to be covered under CSR, wherein livelihood could come under the ambit of:

Promoting education, including special education and employment enhancing vocation skills, especially among children, women, elderly and the differently abled and livelihood enhancement projects. (Drivers' training, capacity building of farmers covering best sustainable farm

management practices, training agricultural labor on skill development have also been additionally clubbed with category as an amendment to the guidelines)

- i. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups
- ii. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
- iii. Rural development projects

The CSR guidelines do not clearly define what constitutes as livelihoods generation. Moreover, there is little academic research undertaken to explore the corporate's contribution to the social cause of livelihood generation, with researchers majorly focusing on parts of the value chain (say education³, skill training, vocational training, rural development⁴).

Livelihood generation includes initiatives in the social sector that a company undertakes with an aim of some measure of poverty alleviation, to provide gainful sustainable development in terms of employment opportunities and an increase in income generated. This can include self-employment opportunities including enterprise creation with both individuals and groups as the target beneficiaries, agricultural initiatives

to enhance the income of farmers, vocational skills to enhance employment opportunities, projects aimed at productivity enhancement/ design development, strengthening/ provision of backward and forward linkages, strengthening of business process through financial inclusion and availability of credit, digitisation etc. The aim of these projects is to empower individuals and communities to overcome financial challenges and open up growth opportunities in a way which is sustainable.

AN INCREASING INTEREST IN LIVELIHOODS

In the years following the passage of Section 135, there has been an increasing interest in the livelihoods sector in terms of CSR investments. While education is a strong favourite for CSR interventions, livelihoods development is gaining ground. We have calculated the cumulative spend on livelihoods as per our definition on this chapter and it includes not only projects that have been classified as livelihoods but also rural

development and skilling projects due to their contribution to livelihoods.

The interest in livelihoods can be demonstrated from the fact that while there has been a slight decrease in the total amount of CSR spent from 2015-16 to 2016-17, there is still an increase in the amount spent on the livelihood interventions, as can be seen in the Figure 8.1.

An analysis was conducted of the ten companies with the highest spending on livelihoods over a three year period, according to the national CSR portal⁵. Their annual reports were also referred to for data on CSR activities, total outlay, sectoral spends etc. The Table 8.1 captures the actual spending by the top ten companies on livelihoods along with the proportion of expenditure on livelihood promotion.

Some very interesting observations emerge from the above data.

- i. Three out of the ten top spenders in the sector are from financial services, which reflects the ability of the companies to leverage their core competency in supporting the development enterprises. Finance is one of the most critical needs while promoting entrepreneurship and these financial institutions have provided

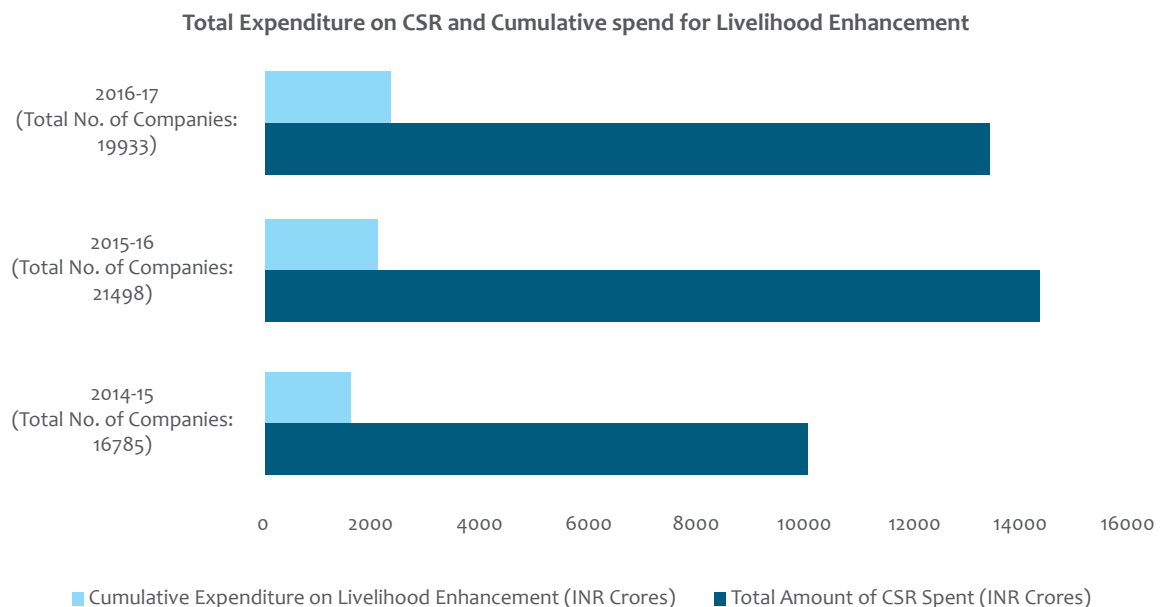


Figure 8.1: Cumulative Expenditure on Livelihood Enhancement (INR Crores)

Table 8.1: CSR Spend on Livelihoods (In Rs Lakhs) in FY

S No	Top 10 spenders in Livelihoods	CSR Spend on Livelihoods (In Rs Lakhs)					
		15-16	% of total CSR spend	16-17	% of total CSR spend	17-18	% of total CSR spend
1	Maruti Suzuki India Ltd	3,210	40.91%	4,851	54.23%	4,907	39.23%
2	HDFC Bank	16,024	82.25%	25,537	83.61%	31,733	84.85%
3	ICICI Bank	16,466	95.73	17,782	97.7%	16,006	93.94%
4	Asian Paints	1,800	52.26%	1,923	40.2%	2,233	48.01%
5	Shriram Transport Finance Corporation	753	40.42%	534	44.76%	756	40.19%
6	ITC	7,161	28.93%	5,096	18.47%	6,917	23.77%
7	Oil India	1,898	20.58%	4,659	42.99%	5,093	50.64%
8	Tata Steel	4,530	22.21%	3,238	16.72%	3,850	21.99%
9	Godrej Consumer products	751	51.54%	755	45.70%	1,102	58.37%
10	Reliance Industries	10,700	16.41%	13,200	20.03%	18,100	24.30%

those linkages under their programmes using their institutional networks and the skills available within the organisation. ICICI Bank consistently spent the highest percentage of its total budget on livelihoods projects, followed by HDFC Bank.

- ii. The steepest increase in spending on livelihoods was in Oil India, from 21% to 50% of the total outlay as it increased its commitment to its livelihood CSR projects. Reliance Industries Limited has also shown a consistent increase in its spending on livelihoods.
- iii. The three-year trend shows that there has been a net increase in investments in the sector, both in terms of the total amount spent on CSR and the allocation towards livelihoods

Trends in CSR in Livelihood

Samhita conducted a study in 2017 to analyse the CSR efforts of the top 100 companies with the largest CSR budgets on the BSE 500⁶, to identify the gaps and opportunities in the skills and livelihoods value chain and provide a roadmap for companies and other stakeholders to overcome these challenges. The key findings of the report corroborated by the trends highlighted earlier in the chapter are captured below:

Strong corporate participation in Skill India: 90% of the top 100 companies had at

least one CSR programme in skills and livelihood development in the past three years. However, most of these projects have been biased towards short-term skill development (placement linked or otherwise) as compared to enterprise creation or self-employment. The median CSR budget allocated to skills and livelihood development was INR 3.92 crore, accounting for around 12.7% of the total CSR budgets on average.

IL&FS Skills, which is one of the NSDC partners for training, works with 35 corporates and trains 70,000 beneficiaries across different trades. The organisation has witnessed a change from passive outsourcing to active involvement of the corporates in the skilling space. While CPSEs are contributing more to Government agenda, corporates are working on more strategic and demand driven customised mandates.

Some of the models which are emerging within skill development are establishment of co-branded skill development institutes or training labs, skill development to strengthen supply chain, economic empowerment by way of placement linked skill development programmes, entrepreneurship development programmes especially for women beneficiaries and in cases where corporates are aiming at reverse migration.

Trades offered under CSR are broadly aligned to sector gaps: While juxtaposing CSR efforts with sectoral manpower needs highlighted by the National Policy on Skill Development and

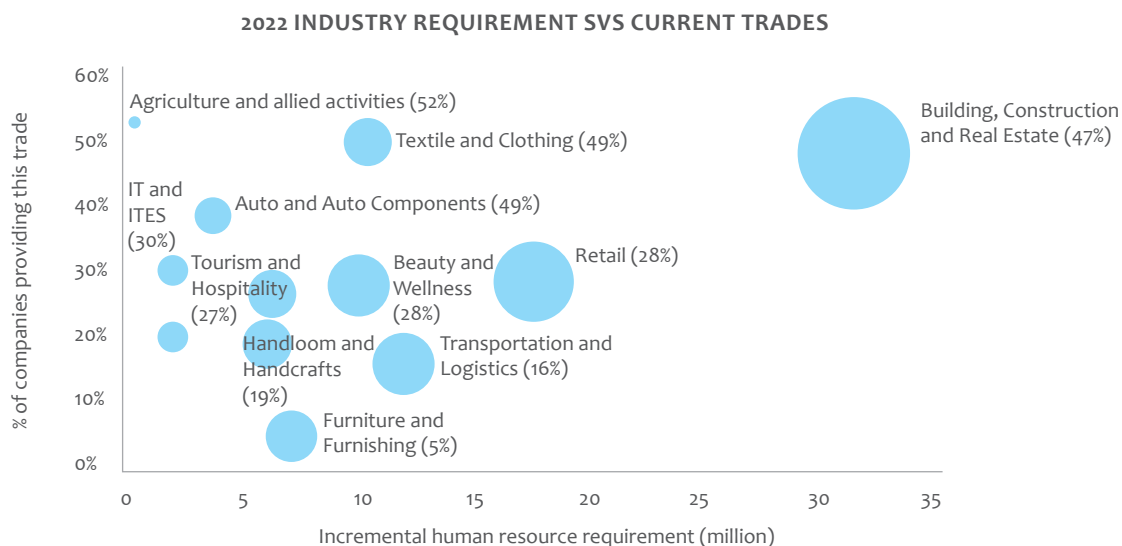


Figure 8.2: Incremental Human Resource Requirement (Million)

Entrepreneurship 2015, the study found that companies worked in sectors with the highest requirements with the exception of agriculture and textiles. Based on the quantitative mapping, the top five sectors supported through CSR programmes were agriculture (52%), textiles (49%), building, construction and real estate (47%), auto and auto components (37%) and IT and ITeS (30%).

There is a growing interest in micro-entrepreneurship: 47% or 42 out of 90 companies supported entrepreneurs as part of their CSR programmes. This was encouraging as entrepreneurship offers a viable alternative in a saturated job market and also creates more 'employers'.

Companies move towards rural areas for addressing skills and livelihood needs: Many companies were actively moving to address the skills gap in rural areas as they believed that urban areas were saturated with programmes. Rural communities are also affected by the establishment of large scale manufacturing units and hubs in the vicinity of semi urban and rural areas, creating a need for companies to address community requirements.

State-wise distribution of CSR programmes in skills and livelihoods revealed imbalances: Ideally, livelihood programmes

should focus on states with a surplus of semi-skilled and minimally skilled workers (such as the north-eastern states, Jammu and Kashmir, Jharkhand, Chhattisgarh and Telangana) as these workers would be either under-employed or unemployed, thereby creating a greater need for them to be absorbed in gainful occupation through skilling or upskilling. However, less than 20 companies run skill development programmes in these states. Maharashtra, Karnataka and Tamil Nadu were the most popular states for skills and livelihoods programmes, even though their needs were not as critical. The demand for skilled workforce in these states reduces the challenges related to placements.

How Public Sector Units are contributing towards an ecosystem of livelihood generation?

Central Public Sector Units (PSU) are a substantial contributor in terms of creating and encouraging livelihood opportunities for various reasons. Not only do they have a significant amount set aside for their CSR expenditure (as seen in Table 8.2), their presence in remote locations (especially those that are in the

Box 8.1: ICICI Bank- Using skilling and micro-entrepreneurship to ensure sustainability of CSR interventions

ICICI Bank Limited is an Indian multinational banking and financial services company headquartered in Mumbai, Maharashtra, India. For its CSR, along with its implementation partner ICICI Foundation, it has been able to create sustainable livelihood opportunities in rural India by training youth and encouraging micro-entrepreneurship at various levels.

ICICI Foundation follows a two-pronged approach to its programs. Firstly, it facilitates placement-linked skill development through the ICICI Academy for Skills. The academy imparts free of cost training in industry-relevant and job-oriented vocational skills to underprivileged youth, collaborating with industry leaders for content and curriculum. The skills academy has ensured 100% placement, i.e. over 90,000 youth, through partnerships in sectors such as financial services, medical services, electronics and so on in 24 academies across India. Secondly, it focuses on enterprise creation for more sustainable livelihoods. The company introduced 'Digital Villages' program, it aims to make local village economies self-sustainable and reduce migration to urban areas. The program provides vocational training to a select number of participants, supplemented with an entrepreneurship development module to familiarize the trainees with the concept of entrepreneurship, and the procedure and formalities of setting up an enterprise. The program helps them open bank accounts, provide access to digital banking, and form Self-Help Groups (SHGs) and Joint Liability Groups (JLGs) to avail loans. This comprehensive program has trained more than 1,00,000 villagers across more 700 villages.

extractive industries) is an additional factor. Given their geographical presence in regions where corporates otherwise do not have a significant presence, where people can benefit much more with interventions in the space of employment generation, PSUs can play an important role.

Moving from a R&R Policy to CSR

Public sector undertakings have Rehabilitation and Resettlement (R&R) policies for project affected people in the areas where they set up operations. Under the policy, PSUs are responsible for restoring the socio-economic status of these communities and ensuring that the ecological balance of the area is maintained. Livelihoods form a critical part of a PSUs R&R plan along with education and health. Some PSUs have taken up this opportunity to move from compliance driven approach to one which is strategic, and have been able to deliver

Table 8.2 CSR Expenditure by CPSUs

Year	Expenditures (INR)
2014-15	2450.31 Crore
2015-16	4028.04 Crore
2016-17	3336.50 Crore

efficient results by creating a CSR policy around the rehabilitation and resettlement needs of the community in which it operates.

Building the Ecosystem by aligning to government priorities

Given that there are certain mandatory allocations for government programmes for PSUs, there is a substantial amount which goes in policy and programme support. As per the guidelines of the CSR rules, companies can choose to allocate

Box 8.2: OIL's Rupantar: Enabling an ecosystem for alternate livelihoods in Assam.

OIL is a premier Indian National Oil Company engaged in the business of exploration, development and production of crude oil and natural gas, transportation of crude oil and production of LPG. As one of the only companies located in Assam, India, OIL was facing immense pressure of employing the locals in the region, wherein poverty was deeply prevalent. Moreover, the youth were increasingly unaware of the agro-based sector, rendering them incapable of creating employment opportunities for themselves. Thus, as part of its CSR initiative, OIL launched its Project Rupantar in 2003 to address the issue of unemployment in the region. Through the program, the company aims at generating alternate and sustainable sources of livelihood for unemployed youth in and around its operational areas. The project, implemented by State Institute of Rural Development (SIRD), Assam, focuses on creation and training of youth and women, on various economic activities in the agro-based industry, providing opportunities for self-employment and rural entrepreneurship.

According to OIL's annual report 2016-17 on CSR, it has been able to form 300 SHGs, and provided training on handloom, poultry, farm mechanization etc. assisting 2225 families. The project has since encouraged many Self-Help groups (SHGs)/Joint Liability Groups (JLGs) to pursue agro-based industries, animal husbandry, sericulture, fishery, organic farming and diversification of handloom products. Aastha, a marketing outlet in OIL Field Headquarters at Duliajan, Assam, adds value to the project by providing support to the marketing needs of the SHGs. With infrastructural and other support from OIL, SIRD has formed 8,500 SHGs and JLGs since 2003 and OIL has exclusively formed 2,450 SHGs/ JLGs from 2008-09 to 2016-17, providing farmers, women and youth, mostly in tea garden areas, 50% subsidy, other financial and material inputs.

Oil India's project in Assam, a region often not addressed in CSR and in need of livelihood interventions, is an example of how corporate India can strengthen the ecosystem in such places through CSR.

their funds to whichever programmes and causes they choose under Schedule VII, as per the needs of the stakeholders/communities. However, in case of PSUs, government directives often nudge companies to allocate parts of the CSR outlay for Government priority/ flagship programmes. Since a number of government interventions are focused on livelihood support and creation, like Skill India and Make in India, PSUs are largely participating in fostering these programmes in either implicit or explicit ways. For example, the National Skill Development Corporation has received funds amounting to approximately Rs. 163 crores for training more than a lakh beneficiaries and the PSUs have been active supporters of the mission⁷. That said, while this

may ensure the success of some the Government's priority programmes, this sometimes reduces the outlay as well as the flexibility available for the immediate stakeholders of the PSUs.

The contribution of PSUs in the development of a robust livelihood ecosystem is therefore twofold:

- i. By responding to national priorities, they are using their CSR to accelerate impact in those sectors that the government has identified as requiring support
- ii. Through their presence in remote regions that have historically seen little corporate activity, they are through CSR building and bolstering the ecosystem there. PSUs can play a catalytic role given the

Box 8.3: Evolving from legal compliance to strategic CSR – Story of a PSU

A large scale PSU which engages in the business of generation of electricity and allied activities, is transitioning towards a compliance driven approach to one which is strategic as part of its CSR activities. As a mandate to all public and private companies from the government, these companies are required to be sensitive to the needs of the Project Affected Persons (PAP's) unsettled by the construction of a plant or any development of similar projects, and take appropriate measures to protect, rehabilitate and resettle them. However, the PSU took a step forward from just compliance, and has created a CSR policy around the rehabilitation and resettlement needs of the community around the area it operates.

Implementing its projects with the help of its foundation arm, the PSU engages in livelihood projects which are governed by its Rehabilitation and Resettlement policy. In a particular area, a Social Impact Evaluation (SIE) is carried out via a professional agency to evaluate efficacy for future learning and course corrections. State governments and local bodies are taken on board before interventions are implemented on ground. While the R&R interventions are heavily focused towards social infrastructure, health and education, they are also extensively working on skill development and vocational training interventions through their CSR. Some of their interventions include upgradation of Industrial Training Institutes (ITIs) at various locations, vocational training programs like web page designing, computer training, motor rewinding, driving, general electrical/mobile repairing etc. The PSU has been able to benefit over a million beneficiaries in over 500 villages through these interventions.

long term focus on the socio-economic development of the regions they work in larger outlays for R&R as well as CSR especially for CPSUs, owing to their turnover and the stringent CSR regulations governing these, require PSUs to have long term commitment towards their communities and ensure sustainability of interventions.

chain for skills and livelihood we had developed for the report.

The livelihoods value chain is a series of interrelated and interdependent components that need to be put in place to achieve the desired outcomes of better income and livelihood for the beneficiary. Broadly, these can be classified as pre-programme, implementation and post-programme delivery components.

An explanation of the value chain, its components and sub-components along with relevant case studies is provided in the following sections.

LIVELIHOOD VALUE CHAIN & CSR

Samhita's 2017 Report," Enhancing Capabilities, Empowering Lives", looked at the CSR investment in the skills sector of the top BSE 100 companies by CSR budgets on the BSE 500. While skilling is a component of livelihood generation, there are aspects to the skills value chain as detailed in our report that we believe hold true for the livelihoods landscape as well. The value chain for CSR programmes in livelihoods, as presented below, is an adaptation of the value

Pre- Programme Delivery

Mapping the Needs of the Local Economy

One of the most important factors determining the success of a livelihoods programme is the extent to which the programme is connected

to the needs of the local economy. This ensures that the beneficiaries of the programme can readily find employment in their local economy without migrating to different locations. While it is possible that some beneficiaries are willing to relocate or move in search of better opportunities, certain groups such as women may be averse to migration or face restrictions on movement. It is for this reason that local needs assessments should precede the launch of any livelihoods programme.

Undertaking a local needs assessment also helps to explore the underlying influencing factors, which may either enable or disrupt the programme and may need to be accounted for in the programme design. For example, while training people on animal husbandry and better feeding practices, if local markets lack adequate suppliers of good-quality fodder, the programme will not have much impact on the health of the cattle as milk farmers will not be able to purchase fodder. A local assessment will highlight this constraint to enable the providers of the programme to consider solutions.

Identification and Mobilisation of Target Group

Mobilisation is necessary for a number of factors. It is not only responsible for getting people to enroll, but it also helps to ensure that the right people, in terms of ability, interests and expectations, participate in programmes. For example, if a company seeks to boost agricultural productivity by using solar hand pumps, then identifying and mobilizing farmers interested in increasing their yield and applying new technologies for agricultural productivity, is essential. For both companies and NGOs, an inability to mobilise properly can potentially lead to a wastage of resources and efforts and, more importantly, can exclude potential beneficiaries who would be in need of such interventions.

Our research indicates that successful mobilisation is determined by many factors:

- i. A good understanding of potential beneficiaries' interests and aspirations and the ability to match these to programmes

- ii. Support system available for beneficiaries to help them address challenges such as family hesitation, transport, inability to pay, accommodation, etc.
- iii. Beneficiary outreach strategy which in turn depend on the nature of the target group
- iv. Credibility of the organisation/person reaching out to potential beneficiaries
- v. Experiences of past beneficiaries and their feedback shared with the larger community

That said, these are just pointers for a successful mobilisation strategy; they will need to be contextualized and adapted to each situation individually.

Pre-programme Counselling

Pre-programme counselling ensures that the beneficiaries are appropriately prepared for the programme and their expectations are set and managed. This stage has a couple of sub-components as detailed below:

Mapping aspirations of the target groups

It is important to gauge and map the aspirations of the target groups before the implementation of the programme. For example, given the diversity in employment prospects, exposure to multiple professions through media influence and the undesirability attached to certain traditional professions, understanding the aspirations of target groups becomes important. In addition, the lower socio-economic classes, a combination of low literacy with a lack of awareness may mean that programmes must be implemented according to their needs.

In both these cases, the imposition of livelihood programmes on target groups without ascertaining their motivations and aspirations could lead to a situation where there is a mismatch in expectations, creates difficulties in mobilizing the target group going forward and increases dropout rates across the value chain.

Box 8.4: Godrej's Salon-i Beauty Program – A step towards empowering women

Godrej Consumer Products Limited is an Indian consumer goods company based in Mumbai, India. As part of its CSR initiatives, Godrej, along with its implementation partner Vikalp Kriya, has custom developed certain life skills intervention. As part of 'Salon-i beauty programme', it has aimed to create the space and opportunities for the trainees (girls and women) to be able to come together as a collective and engage in a process of assess-analyse-act, thereby honing their communication, negotiation, decision-making and critical thinking skills. The module has been curated as a journey-valuing dignity and self-esteem, understanding the nuances of the beauty and wellness sector, appreciating the "beauty" of learning skills together; mapping one's dreams, looking through the gender lens, knowing about one's rights and entitlements (especially as a woman), and planning the way forward.

The set of 57 posters that are a part of the life skills resource kit are more like a "canvas." It helps the girls and women to place their reflections, observations, thoughts, views, dreams and aspirations. The methodology and process involves a wide range of group activities-writing, drawing, singing, watching films, role-playing and structured experiences-to enable trainees to seek information, negotiate meaning and appreciate values. The tasks involved are customised to issues surrounding the beauty and wellness sector, such as thinking about the social perspective of beauty and its association with women and patriarchy with the help of writings by Ismat Chughtai in some cases.

Testing aptitudes and setting expectations

Occasionally, people's aspirations may not be in tune with their local realities. A successful programme in the livelihoods space will map aptitudes that evaluate the skill set and learning capabilities of the beneficiaries.

Sensitising parents and families

To create greater acceptance for the livelihoods programme and to ensure its sustainability, it is important to engage with the larger network surrounding the beneficiary such as the parents and families. Families can actively encourage and maintain oversight of target groups such as unemployed youth or school dropouts to ensure that they consistently attend and complete the programme. That said, in traditional households, parents and families could also act as a roadblock for beneficiaries, especially young girls and women, due to socio-cultural barriers. Engaging and convincing families, thus, becomes not just desirable but necessary.

Implementation

Programme Design

One of the drawbacks cited with CSR programmes is their lack of connect with the needs of the local community. In the programme implementation design, the insights from the community needs assessment conducted in the pre-programme stage are incorporated. Developing a programme tailored to the local needs increases the potential of its acceptance and sustainability. In addition, programme design involves understanding and incorporating those aspects that will enable the programme to sustain even after the company's exit (eg. some amount of financial contribution from the community to bolster a sense of ownership, establishing an institution of the people to take care of post-project operations).

Imparting training - technical/ subject related training and soft and life skills

The next stage in the livelihoods value chain is the delivery of training. Depending on the programme design, the training could last for varying durations. It can be a combination of theoretical, practical and on-the-job training methods; residential or non-residential; may involve different financial models (such as co-charging the trainee or paying a small stipend to the trainee, etc.); and could also leverage technology. Our research indicated that pedagogy is key in ensuring that the trainees imbibe the programme curriculum and that practical training was also integrated in most programmes, whether in the form of training on models, workshops, internships or others. This is another area for companies to leverage their core competencies through CSR to develop robust, impactful training programmes.

The role of soft and life skills in enhancing “employability” cannot be understated. They build confidence, ability to communicate effectively (especially in English), and ability to cope in difficult situations amongst trainees, many of whom would be hailing from deprived backgrounds. It also helps them to acclimatise with the requirements of a profession in terms of managing time, discipline, interacting with superiors, among other things.

Support for applying the training

An important aspect of a successful programme in livelihoods is the criticality of support for applying the training. If the beneficiary is able to apply the training in a work related culture before moving to the workplace, it helps in a smoother transition. For example, apprenticeship is an on-the-job training contract that trains a person systematically for a fixed period, during which he/she is bound to the employer's service. The benefits from apprentices are manifold. Industries benefit from enhanced skills and a more professional workforce and in turn, the workforce understands the culture of

working. From a CSR perspective, companies can view this as an opportunity to utilize their core competency when developing CSR programmes in livelihoods and skilling.

Support for applying the training is especially important in the case of farm-based livelihoods. With falling agricultural productivity and ground water levels coupled with climate change, there is a significant amount of uncertainty associated with the sector. Against such a context, offering support either through technological or mobile solutions or through farmers field schools, field visits, giving feedback and advice post training will prove valuable as farmers apply their newfound knowledge in a real life context.

Assessing learning and application

A feature of good programme implementation should include some sort of assessment (either through tests or other methods) to check understanding and learning at regular intervals. This is integral in tracking the progress of the programme and whether it is meeting the desired outcomes and to undertake course corrections and improve the programme content, if necessary. The process of a third-party certification ensures the competencies of beneficiaries are formally recognized, imparting credibility to the new knowledge learned and enhancing their employability.

Post-Programme Delivery

Placement of jobs

All livelihood development efforts should focus on ensuring that the programme content is linked to placement of the beneficiaries.

International best practices (and the National Skill Development Policy 2015) recommend that all skill training and livelihood support programmes should be outcome based and wherever possible interventions should be supported through tie-ups with specific employers or industry bodies to absorb the trainees in jobs.

Box 8.5:⁸ Arvind Limited's residential support Program for tribal women

Arvind Limited is a textile manufacturer and the flagship company of the Lalbhai Group with its headquarters in Naroda, Ahmedabad, and Gujarat, India. In the state of Gujarat where 15% population is tribal and has limited access to resources, investing in them can have a catalytic impact on the socio-economic development of the state.

With a vision to provide their tribal women employees with a platform that would allow them to explore their potential and embrace it, Arvind initiated a unique residential programme to work and skill young women from the rural areas. These young women, all of them educated up to class XII, are chosen on the basis of their academic qualifications, dexterity test, aptitude test and health check-ups. Once selected, the company takes care of all their basic needs—housing, food, health and transport, besides helping them in pursuit of higher education. As a result of this unique design at the end of the four-year programme, a young woman could save up to Rs. 5 lakh, as well as pursue higher education and gain a degree/diploma, enough to give her a head start in life. Up until now, more than four hundred women have been empowered through this programme.

Post Programme Support

Post-programme support involves a variety of initiatives that aid in a smooth transition from training to work and retention in a job/applying the new knowledge in their existing livelihood. It may include assisting trainees in the process of migration to new locations for work, counselling them to adapt to workplaces/new knowledge and unfamiliar environments and mechanisms to resolve grievances with employers. Without these, beneficiaries fare poorly in adapting to their jobs and often return to their previous status. Samhita's interviews with companies and NGOs revealed that providing a supportive ecosystem to beneficiaries was critical for the sustainability of interventions. This is an area that could do with more engagement from companies. Possible examples of post-programme support include:

- i. Counselling at the source of migration about expectations from city jobs and life
- ii. Providing help with day-to-day tasks at the destination such as opening bank accounts, transferring money to family, etc.
- iii. Finding affordable accommodation and access to cheap but nutritious meals

While these examples are specifically from a perspective of a skill development programme, similar post programme support ideas for livelihood programmes where no migration is involved can be developed. For example, HDFC Bank's Sustainable Livelihood model is holistic in approach, buttressing their efforts in training with focus on credit counselling, financial literacy and market linkages. The intent is to support the beneficiary post the programme to fully utilise the training/knowledge gained and to prevent dropout and slippage.

Workplace Support

While post programme support deals with the transition of beneficiaries from training and education to the workplace, workplace support services are those that are aimed at ensuring beneficiaries have a hassle free and enabling work environment. This would help in reducing dropout rates, increase work satisfaction and improve productivity. Examples of workplace support services include crèches for working mothers with small children, transport services to and from the work place, good and hygienic workplace conditions.

Providing Entrepreneurship Support

While salaried employment is one form of livelihood, entrepreneurship represents the other method by which livelihood options can be generated. Entrepreneurship in India, however, has been hobbled by the now well-known issues of over-regulation, bureaucratic delays, and lack of access to credit, among others. Support to entrepreneurship can be of two types; forward and backward linkages that are crucial; both are critical in building the ecosystem.

Backward linkages are those that typically involve support to an entrepreneur in setting up and running their business/operations. These include:

- i. Provision of assets or capital to start the business
- ii. Information and support in obtaining raw materials
- iii. Technical, legal and other assistance in setting up an enterprise
- iv. Receiving credit or other forms of financial support

According to research conducted for Samhita's report in skills, 62% of companies supporting entrepreneurship reported providing backward linkages. The most common backward linkages offered were in the form of credit support and counselling, and donating assets that are needed to start a business such as sewing machines, mobile phones, seeds, etc.

Forward linkages are those support services that enable a high rate of return and profit for businesses/operations. Examples of these are:

- i. Better information on prices
- ii. Skills around marketing and sales
- iii. Linkages to markets, customers and others (eg. one of the focus areas for Fullerton India's CSR is providing market linkages for livelihood generation in rural households)

Incubation of microenterprises can also be a form of backward and forward linkage. According to Section 135, companies are allowed to donate CSR funds to government approved

incubators such as the Society for Innovation and Entrepreneurship at IIT Bombay and in FY 2016-17, technology incubators received INR 576 lakhs in CSR funding, yet another indicator of corporate India's interest in livelihood generation.

Interviews with companies and NGOs and a few field visits suggested that the biggest challenge for prospective entrepreneurs is the lack of adequate and timely information, handholding support and confidence in setting up and running their own enterprises.

IMPACT ASSESSMENT

For the success of efforts undertaken by all stakeholders-governments, companies, training providers, among others, it is imperative to put in place a robust monitoring system that assesses the impact of programmes as well as points out gaps and challenges for course correction.

The data from Samhita's Skills report revealed that most companies and NGOs restrict the measurement of intervention to outputs and coverage numbers. Indicators on actual outcomes such as placements, retention in jobs and trades, increase in incomes, promotions, changes in quality of life were missing from most reports.

While 73% (66 companies and NGOs) reported an output measurement in the form of number of beneficiaries trained, a smaller number at 32% (29 companies and NGOs) reported some type of outcome in terms of number of placements, increase in income or increase in crop yields. No company in our research has publicly disclosed any details of the type of impact measurement done in the form of impact on the quality of life of the trainees.

MOVING TOWARDS RESPONSIBLE CITIZENSHIP

In the initial years of the law, the trend was towards responding to requests made by NGOs and ensuring compliance with the Section 135. CSR, however, represents an opportunity for companies to develop a deeper connection with the communities they operate in and ultimately,

Box 8.6: L&T's Integrated Community Development program – an example of System's Thinking approach to livelihoods

In 2015, L&T experimented with a new approach to its CSR. In addition to running the widely acclaimed Construction Skills Training Institutes (CSTIs) for urban livelihoods, it decided to further its mission of building India's social infrastructure by strengthening livelihoods in rural communities affected by drought, thus improving the resilience of these areas and mitigating distress migration. It decided to focus on water scarce areas of Rajasthan, Maharashtra and Tamil Nadu.

The problem at hand was daunting – rainfall had failed in these areas for a continuous period of 3-4 years, ground water table was low and dipping rapidly, farmers were quitting agriculture since it was unproductive and unprofitable, they did not have the required skills or education or access to work opportunities, daily labour for a few days of the month was becoming the norm, women were spending inordinate amount of time just fetching water.

L&T adopted the underlying principles of 'systems thinking'. In order to understand the inter-relationships (context and connections), perspectives (each actor has their own unique perception of the situation) and boundaries (scope, scale and what might constitute an improvement) of this problem, they spent significant time traveling to these areas, interacting with the communities, commissioning research and detailed project reports on all these areas, thereby constructing a 'causal loop' of the various issues in these areas. They realised that water (availability, access, and adequacy) was central to their solution to improve rural livelihoods.

The blueprint that evolved spanned a period of 4 years. They identified four like-minded partners in these areas. The first two years focused on repairing and creating watershed structures in villages (anicut, contour trenches, bunds etc.), where L&T's engineers oversaw the design and applied the same rigour and quality to the construction as in their business projects. Water was an effective entry point as it was the root cause of many issues and also helped to get the buy-in from local communities as L&T was seen as being responsive to the most urgent priorities of the communities.

Livelihood training on farming methods, techniques, types of crops suitable for local climate, use of organic materials, exposure visits, farm schools, retaining soil moisture etc. were layered on the watershed initiative from year two onwards. Seeds banks were established to help farmers procure good quality seeds at reasonable prices, farm equipment such as chisel plough was donated for communities to rent it at subsidised rates, pasturelands were created to enable fodder for animals in dry season, horticulture was undertaken to enable higher value crops, kitchen garden were promoted to enable growing of vegetables. SHGs were established to promote women's participation in agri-based livelihoods such as animal husbandry, goatery etc. and were supported in their functioning by the NGOs.

Community-level organisations like Village Development Committees (VDCs) were democratically created to sustain the initiatives, with most of them having at least 50% women members. The groups took over the management and sustenance of water conservation structures and the maintenance of orchards and pasturelands.

The social outcomes of the program in just two and a half years was impressive – ground water table levels rose more than 1 metre across the project area for all project locations, proportion of population engaged in farming rose to at least 50% in 3 clusters, between 40% to 60% farmers reported that their crop production had increased, family incomes rose by 33% and 50% in 2 out of 5 clusters.

L&T recently realised that while it had addressed the skills and inputs for the farmers, the missing market linkages were dampening the potential impact. They therefore have recently partnered with an UN agency to provide expert technical assistance to their local NGO partners to further strengthen the SHGs, link them to banks and loans and help facilitate the creation of Farmer Producer Organisations.

The case demonstrates how CSR can systematically cover the entire value chain to strengthen livelihoods, even in the most difficult of the situations.

foster a greater understanding of the socio-economic issues that exist within the country.

The process of developing a CSR programme, as detailed in the value chain, would bring forth insights of the local economy and the beneficiary segment that companies previously may have had little awareness about. As companies become more invested in creating robust CSR programmes, these insights are driving the improvements and new programme development. It is through this process that meaningful impact will be generated and hitherto neglected parts of the ecosystem will receive support. We see evidence of the sector moving towards that end.

The impact of CSR does not end there, however. The process of CSR programme development reveals opportunities where companies can use these insights to create mutually beneficial opportunities whether it may be in enhancing the pool of employable candidates or development of products for the BOP segment. Going beyond mere intent of the law, companies should rise to a point where they no longer view themselves as annual grant makers, but as an important part of the system helping in the creation of value and benefit for all stakeholders in the country.

CHALLENGES

While India may be the fastest growing economy, it faces a high rate of unemployment. A recent report by the Center of Sustainable Employment at Azim Premji University stated that headline unemployment rate reached 5% in 2015 after remaining at 2-3% for many years⁹. Of great concern is that youth unemployment is at 16%. For a country that is the fastest growing economy in the world with a presumed demographic advantage, these figures point towards a pressing need for action on livelihood generation.

CSR, in this context, holds promise as companies can, as per the intent of the law, translate their management expertise and innovative approach to develop interventions to catalyse livelihood generation. That said, CSR programmes in livelihood generation have not emerged as catalytic in the four years since the Law has been passed for a number of reasons. Moving towards a robust and enabling ecosystem would necessitate greater understanding of and addressing the factors affecting impactful and sustainable CSR in livelihood generation.

Box 8.7: ITC's ecosystem approach for strengthening rural livelihoods

ITC Limited, a multi-business conglomerate, has diversified presence in FMCG, Hotels, Paperboards and Packaging. With the introduction of CSR law, the scale of ITC's investments has gone up by almost four times; its CSR spend in 2017-18 was close to INR 300 crore, with its focus on empowering individuals in rural India.

ITC's skills and livelihoods program, 'Mission Sunehra Kal', focuses on communities in its agri-based business catchment areas and in the neighborhoods of its production units. Implemented by in-house teams, the programme has follows a long-term and ecosystem-based approach. Programs are implemented in a two-horizon framework. As part of Horizon-1, the focusing on strengthening and improving today's livelihoods, the interventions are holistic, addressing the multidimensional problems faced by agrarian communities such as depletion of natural resources, uneconomic land holdings, low investment capacity, knowledge gaps and climate change and Horizon-2 focusing on building capabilities for the future (primarily education and skill development components). This ecosystems approach blends multiple initiatives with the objective of building resilience and improving farm incomes through reduction in the cost of cultivation and improvement in productivity.

Lack of holistic view of livelihood generation

As mentioned earlier, a successful programme in livelihood generation is dependent on several parameters and these may occur either pre or post programme delivery. By focusing on programme delivery only or in some cases, aspects of programme delivery; companies have not been able to create the desired impact. For a sustainable CSR intervention, companies have to move beyond viewing the sector through a disaggregated, scattered lens and transition towards a more holistic, interconnected approach.

Annual planning requirements

The CSR guidelines stipulate year on year planning and reporting on CSR expenditure and projects undertaken. The livelihood enhancement projects (excluding placement linked or vocational skill training) have longer gestation periods which typically range from three to five years. This explains why training and skill development are popular among companies: they have a shorter gestation period and duration to show impact as

compared to livelihood projects. Furthermore, unless a company can predict its financial performance with certain degree of confidence, it becomes difficult to commit resources for long-term projects.

Implementation partner and capacity building constraints

Ever since Section 135 has come into effect, companies have grappled with on how to identify appropriate implementation partners for their projects. In addition, companies come from a different management and operating style as compared to NGOs and there has been some level of understanding required from both sides to come to mutually beneficial working relationship. Companies have also reported, at times, a lack of availability of skilled implementation partners in the geography of choice. In addition, the five percent restriction on the corporate overheads/management cost is a deterrent for companies who wish to build their internal capacities for better monitoring of CSR projects- an important feature for a successful programme. However, this limitation pushes companies to choose

interventions that are low touch or can be managed by implementing partners- a less than optimum solution for all stakeholders concerned.

Lack of strategic response to the government's call to action

Companies have often responded to calls to action by government enthusiastically and while that is commendable; it can also prove to be counterproductive as certain causes and beneficiaries get preference over others. While the alignment of their CSR interventions to government calls to action may appear as an easy alternative, it could also lead to disproportionate allocation of funds, perpetuating the cycle of viewing the cause area in disaggregated pieces. For example, the Swachh Bharat Mission, for example, has seen huge participation by companies in building toilets; however, efforts to leverage this money to stimulate entrepreneurship for construction workers, faecal sludge management, and training of sanitation workers for the maintenance of facilities were largely ignored. This has had a limiting impact on the livelihood options for beneficiaries.

Data management and availability

There are several levels of CSR reporting mandated by the CSR rules. While the Ministry of Corporate Affairs' National CSR portal presents a framework to capture the data, it has not been able to do so effectively. For example, CSR data for 2016-17 is still in the process of being updated. Reporting on livelihood projects is very ambiguous as it can fall under many categories such as poverty alleviation, agriculture and skills. Figures reported by companies in their annual report, business responsibility reports and other company released data at times do not match with the figures mentioned on the government's portal. There is a huge amount of CSR data generated across projects in different regions and different sectors, however, if the same is not managed, collated and presented well; it will not

be able to feed into any planning process. This holds true for all CSR programmes, including livelihood generation. This points to the need to invest in ecosystem intermediaries who can help bridge this information asymmetry and facilitate the sharing of action oriented knowledge for all concerned stakeholders.

Lack of trained human capital

The sector is constrained by the non-availability of qualified human capital that are both conversant with the complexities of the social sector and livelihoods in particular as well as the way the corporate sector works. Many managerial positions in CSR in India are staffed with personnel from other departments such as communications, human resources and finance. The lack of knowledge of the social sector has resulted either in delay in the disbursement of CSR funds or a less than robust programme design and weak implementation. As in the case of data management and availability; this parameter impacts all sectors, including livelihoods. Bridging this gap in social sector knowledge is essential and hence partnerships with grassroots NGOs, intermediaries that can help in knowledge dissemination and capacity building are essential. Going forward, companies can address this by developing innovative ideas around helping their CSR personnel understand the social sector better.

THE WAY FORWARD

CSR's impact on livelihood landscape initiatives has a huge potential to grow. In 2015-16 alone, the total spend on skills and livelihoods (Rs. 5200 Cr) was close to the GoI budgetary allocation for National Rural Livelihoods Mission in 2018 (Rs. 4500 Cr)¹⁰. This outlay is slated to expand, with small and medium enterprises joining the larger companies in opting for outcome oriented programmes instead of sporadic interventions.

CSR is evolving and is slated to play a leading role in the livelihoods ecosystem. Based on Samhita's experience and insights from relevant stakeholders, the following factors will be

Table 8.3: The Four Categories of Corporate Philanthropy

Compliance	Corporate Philanthropy	Strategic CSR	Creating Shared Value
<ul style="list-style-type: none"> Compliance to local laws and regulations CSR is driven by compliance with Sec 135 	<ul style="list-style-type: none"> Driver is to do good, and moral responsibility 	<ul style="list-style-type: none"> Addressing social issues by leveraging one or all of the following: <ul style="list-style-type: none"> Business objectives Core Competencies, Services / products Stakeholder needs 	<ul style="list-style-type: none"> A management strategy focused on companies creating measurable business value by identifying and addressing social problems that intersect with their business

important for developing a robust ecosystem that enables impactful and sustainable interventions in CSR going forward. While some of the points mentioned below are applicable to CSR projects in general, these are none the less applicable to livelihood interventions as well:

Companies as part of the ecosystem

It has been four years since the passage of the law and companies are now more comfortable with CSR as compared to the early days of Section 135. There is growing sense of the importance of impact assessment of ongoing and past CSR initiatives and evaluating the effectiveness of CSR programmes. This period of stock taking has allowed companies to reflect on lessons learned from past CSR investments and use those insights to chalk a way forward. From comfort in check book philanthropy, companies are now viewing themselves as a part of the development ecosystem now. This change in approach will enable them to execute their mandate in a more meaningful, catalytic manner addressing those parts of the ecosystem for which they are best suited. For example, while foundations could provide the patient capital to fund the building blocks of the ecosystem, companies could provide the programmatic funding capital.

The four categories of corporate philanthropy

In 2016, Samhita released a report supported by the Rockefeller Foundation that looked at the state of CSR in India. Based on research, the report profiled four models of CSR engagement that are prevalent in the country.

Based on their strategic intent and motivation, companies choose the model most appropriate for them and develop their CSR programmes. As companies move from one model of engagement to another in their CSR journey, the nature of livelihood programmes supported by them will also change and in consequence, so will the livelihoods ecosystem as well. For example, a company that may initially be motivated by compliance, may pursue check book philanthropy. As it moves towards a strategic CSR approach, it could leverage its competencies to develop CSR programmes in skilling, market linkages etc. Dabur India provides vocational training to women and communities in bee-keeping. Companies such as L&T, Godrej, ITC and PNB Housing Finance have picked up trades which are aligned to Pradhan Mantri Kaushal Vikas Yojana but also resonate with their businesses.

The livelihoods ecosystem will have limited benefit from a compliance approach but as more companies adopt a strategic CSR or shared value approach, fundamental features of the ecosystem could be developed further.

Box 8.8: DISHA- Moving beyond traditional CSR

Disha started off as a three-year partnership program between the India Development Foundation, UNDP and Xyntéo, and supported by the IKEA Foundation, to positively impact the lives of one million women in India through training, entrepreneurial skill development and employment. In Phase I, Disha working with implementation partners, played a catalytic role in devising the following livelihood promotion models:

- i. Value chain model which assists women artisans and farmers to, build capacities locally, bring value-added activities closer to home, and connect directly with buyers and markets to earn a better income
- ii. Employment marketplace model which entails building of matchmaking platforms for potential employers and the workforce of the future, while supporting (women) candidates to train on the job and learn critical skills that meet the needs of the labour market
- iii. Enterprise development model aiming at local livelihood promotion of nano and micro-enterprises in rural settings and self-employment in urban settings
- iv. Immersive career guidance and counselling

All of these models are examples of creating shared value and moving beyond the traditional interpretation of CSR. Disha incubated these models and once the effectiveness of these models was established, many companies have partnered with Disha to adopt these models as part of their CSR. The partner companies include Hero Group, Team Lease Foundation, Mindtree Foundation, PepsiCo among others.

Move towards innovative CSR investment and engagement

As mentioned, companies are moving beyond checkbook philanthropy to more innovative models of CSR engagement. These include investment in programmes that are not just focused on hardware interventions but also on 'softer' aspects necessary for successful programme delivery such as behavior change campaigns and soft skills training. As companies explore how funding can be more catalytic in unlocking impact, models such as loan guarantee funds that can stimulate micro-entrepreneurship and pooled funds that can create impact at scale are coming forward. Another example of stimulating creative thinking, especially in the livelihood generation space, is an upcoming corporate practice of using CSR capital for catalyzer grants or grand/innovation challenges.

Implementation partner preference

While NGOs remain as the preferred implementation partner, companies are now exploring partnerships are leveraging the competencies of other kinds of organisations to fulfill their CSR mandate. These competencies help incorporate unaddressed aspects of the ecosystem to create more robust programmes ex: social enterprises can help unlock innovation, governments can provide access to on the ground networks and scale, foundations can provide capital for the building blocks while companies can provide the programmatic funding etc. To that extent, institutions like NABARD and SIDBI can collaborate with companies to create more impactful micro enterprise programmes for example. For the livelihood generation space, the insights and skill sets that these different types of partners bring will be beneficial in not only

developing programmes but also in building an enabling ecosystem for livelihood generation.

Developing a long-term vision and creating flagship programmes

Livelihood generation, as a sector for CSR investment, requires long-term commitment and sustained engagement for results to manifest. However, its potential for the socio-economic development of the country is unparalleled. As the CSR ecosystem in India evolves to its next phase, companies are moving away from ad-hoc CSR investment to consider other approaches that drive sustainable impact. A growing trend is developing flagship programmes. While there is no common, universal definition for flagship programmes, it is generally understood to be as the finest, largest or most important member or part of a group. In the context of Corporate Social Responsibility (CSR), flagship programmes are those that are synonymous with a company's brand. These programmes are generally built on existing programmes or models implemented by social organisations, adding a layer of customised aspects, or they could also be new (or innovative) interventions. Flagship programmes allow for companies to develop a single (or in some cases, more than one) programme that does a deep dive into a cause area to enable impact at scale. Programmes developed are- by design, implementation, intent and commitment-comprehensive in nature and address social impact better lending themselves well to the nature and requirements of livelihood generation interventions.

Adopting a 'collective impact' model

It may not always be possible for one company to support all the components of a holistic programme by itself. In such cases, a collective impact model could be considered. Built on the principles of structured collaboration, this model leverages the core competencies of each of the

partners to support one specific component of the programme, while sharing a common vision and impact metrics. As CSR is evolving, there is an emerging interest in non-competing companies working with each other to fulfil a mandate in CSR. For companies, the collective impact model provides an avenue to engage with the cause area based on their interests, resources, stakeholder needs and core competencies. As a model, it offers companies and other enablers such as foundations and philanthropists, an opportunity to target complex issues and achieve social impact that goes beyond their individual resources. Interventions in livelihood generation are complex, interconnected with multiple other sectors and stakeholders and require a long-term vision and commitment for results to manifest. These factors lend the cause favorably for a collective model approach where a set of companies, working in collaboration, can use their limited funds to individually address different parts of the value chain in a livelihoods CSR programme. To enable collaborative impact, a national level marketplace of livelihood projects with information on their scope, the implementation partners and their needs can enable companies to make better, informed decisions.

Investing in Intermediaries

Intermediary organisations are entities like multilateral organisations, foundations, government, social sector consulting organisations and other stakeholders who are invested in the development of the space and the potential it has for the country's socio-economic development. Due to their position and knowledge of the development sector, intermediary organisations can build collaborations across different types of partners for the fulfillment of a mandate or a project. In addition, such an organisation is well placed to build a repository of knowledge and best practices that stakeholders can leverage in their livelihood programmes. These organisations are best placed to sense the gaps and opportunities present in the space and use this knowledge for capacity building and skills enhancement

to ensure outcomes are achieved and they are impactful. Examples of such capacity building initiatives include community needs assessment, impact assessment and transfer of knowledge and expertise required for projects along the livelihood generation value chain.

As CSR evolves in India, companies are now responding with a sense of responsibility and accountability towards all stakeholders. Leading companies engage in more meaningful pursuits within the livelihood promotion space. The time is opportune for companies to demonstrate responsible citizenship by using CSR as a lens to understand the livelihoods landscape in India. While companies have demonstrated their interest in funding programmes, investment in the livelihoods ecosystem is essential for sustainable impact to occur. That said, investments in people, processes and partnerships needs to be strengthened and dissemination of knowledge and best practices for all stakeholders is critical. Given the interdependent relationship between companies and communities, CSR can play a catalytic role in changing the livelihoods landscape for the better.

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Rabo Foundation

Established in 1974, Rabo Foundation is the social fund of Rabobank focused on helping people become self-reliant. Aligned with the ‘Growing a better world together’ agenda, Rabo Foundation’s interventions are along two primary themes: Access to Finance and Supporting Small Producers. Rabo Foundation seeks to support small-holder farmers’ aggregate into cooperative producer organizations and strengthens them to make them operationally and financially sustainable. This helps generate sustainable livelihoods for farmers so as to increase their income levels. Rabo Foundation is focused on strengthening the upstream value chains (closer to the farmer) and reduces the length of the chain, connecting different stakeholders.

Rabo Foundation works across 22 countries across Asia, Africa and Latin America, other than the Netherlands. Interventions in these areas are done through instruments such as grant support for capacity building and technical assistance, credit guarantees and soft loans. Rabo Foundation’s interventions have positively impacted the livelihoods of 5 million small-holder farmers worldwide through 322 projects in 2017 with a project allocation of EUR 33 million.

About the Authors

Narasimhan Srinivasan

N. Srinivasan had been a central banker and development banker for 30 years (in Reserve Bank of India and NABARD). He is a student of economics, with development economics as a special interest. After three decades of career as a development banker, over the last ten years as an independent consultant, he has been involved in design, supervision and evaluation of policy, strategy and implementation of several development finance and rural livelihood initiatives and building institutions in India and abroad. His areas of interest are vulnerable and rural livelihoods, development banking, financial inclusion and social entrepreneurship. As an international development finance and livelihoods expert, he serves as a consultant and advisor to World Bank, International Fund for Agricultural Development, GIZ, KFW, NABARD, SIDBI, Microsave and other institutions. He has authored the Microfinance-India State Of the Sector Reports for four years which are regarded as reference material in the sector. He has jointly authored, with Girija Srinivasan, the State of India's Livelihoods report for the years 2015, 2016 and 2017 besides contributing to many other books as a joint author. He currently serves as an independent director on the board of a Small Finance Bank, three other companies, two development trusts. He also advises industry associations and apex institutions.

Dr. Ashok Kumar Sircar

Ashok Kumar Sircar is currently the Director of the School of Development at Azim Premji University. He has over 34 years of experience spanning corporate sector, development sector, and teaching and training. For nearly two decades, he is involved in development sector in programme planning and execution, monitoring and evaluation, research and policy advocacy in domains of local governance, land rights, and livelihoods. At the University, apart from heading the School, Ashok is involved in delivering popular courses on Gender in Livelihoods, Political Economy of Land, Understanding Development and Change, Imagining Development: From vision to action, for post graduate students, as well as in service professionals.

Biswa Bandhu Mohanty

Biswa Bandhu Mohanty has over 3 decades of experience in RBI and NABARD in different capacities. He was Chief General Manager in NABARD for over 8 years. Since 2010 he has been a freelance consultant to reputed national and international agencies including GIZ and IFAD. He has visited many countries abroad for institutional training, exposure studies and assignments. He has been associated with various rural finance missions of IFAD in African countries. He had studied and documented Rural Finance Policy Development in the East & Southern African (ESA) countries during 2014, for AFRACA and KMP. He had been retainer consultant (2010-15) for GIZ under GIZ-NABARD- RFIP in India. He has, thus, developed expertise in development finance, livelihood promotion, financial inclusion, institutional development and supervision of RFIs. He has been contributing papers on contemporary rural development issues to various publications / agencies. He had attended several national & international conferences and workshops as panel member or speaker. He serves as independent professional director in a few NBFC-MFIs.

Dr. Richa Govil

Richa Govil is currently Associate Director of the School of Development at Azim Premji University, Bangalore. Richa has been deeply engaged with issues related to education and development since early years. These experiences led her to become more interested in agricultural and rural livelihoods, gender and livelihoods, agricultural and nutrition, and other topics related to rural livelihoods. Over

the last 20 years, Richa has worked in a range of sectors including agriculture and rural livelihoods interventions, school education as well as business strategy for development and corporate organizations in India and abroad. Richa's current areas of interest include the role of women in agriculture, interlinkages between agriculture and household nutrition, participation of small producers in market value chains and farmer producer companies. Richa has a Ph.D. from University of California, Berkeley, U.S.A.

Girija Srinivasan

Girija Srinivasan had been a development banker for more than decade and then turned to build a successful international consulting practice in the areas of livelihoods and rural finance. She has been involved in design, supervision and evaluation of strategy and implementation of several unique development projects and accompanied rural institutions in their growth process in India and abroad. Her areas of interest are rural livelihoods, rural banking, microfinance, financial inclusion and community based organisations of women and farmers. Her experience spreads over almost all the states in India, South and South East Asia and the Middle-east. She has authored the India Social Performance Report in Microfinance for three years from 2012 to 2014, besides editing the report in 2011. She has jointly authored, with N. Srinivasan, the State of India's Livelihoods report for the years 2015, 2016 and 2017. She has also authored individually and jointly other books, carried out pioneering studies in SHG bank linkage programme. She is on the Board of Friends of Women's World Banking. She is also involved in the industry bodies dealing with microfinance and rural livelihoods. As an international expert, she serves as a consultant and advisor to International Fund for Agricultural Development, GIZ, NABARD, Microsave, Frankfurt School and other institutions.

Dr. Ajit Kanitkar

Ajit Kanitkar is a Senior Advisor with Vikas Anvesh Foundation. Ajit Kanitkar was with Ford Foundation from March 2006 to June 2014. Kanitkar received his Ph.D. from Savitribhai Phule Pune University and had been a faculty member at the Institute for Rural Management Anand (IRMA). He had also worked with Swiss Agency for Development and Cooperation, and GTZ, New Delhi for several years. He is also a visiting faculty with IIM-Udaipur and works with many NGOs in honorary positions. Currently, he is leading a year-long research on growth and management challenges faced by Social Enterprises.

Bikalp Chamola

Bikalp Chamola is a researcher currently with Vikas Anvesh Foundation, working on themes pertaining to livelihoods, governance, and ethics in the rural development space. He is a graduate of the Institute of Rural Management Anand and has an undergraduate education in Mathematics from the University of Delhi. In the past, he has worked in the implementation of National Rural Livelihoods Mission in three districts of Rajasthan and has also conducted research studies with IMWI-Tata Water Policy Program, Anand. Currently, his area of research is to understand the incentives for leaders in collectives.

Dr. Madhukar Shukla

Madhukar Shukla is Chairperson, Fr Arrupe Centre for Ecology & Sustainability and Professor (Strategic Management & OB) at XLRI Jamshedpur (India), and has keen research and teaching interest in the development sector and social entrepreneurship. He is also on the Board of School of Management & Labour Studies, TISS, and is a member of the Board of Governors of XLRI Jamshedpur.

Madhukar has served as an assessor for the Echoing Green Fellowship Competition, a global competition to identify social entrepreneurs, and is on jury for the oikos Case Competition on Social Entrepreneurship. He also serves on the advisory board of many social ventures such as Milaan, Empower Pragati, Green Leaf Energy, Opportune Jobs, etc.

Madhukar holds a Masters degree in Psychology from Lucknow University and is a PhD from IIT, Kanpur. Prior to joining XLRI in 1990, he has worked with National Productivity Council and Administrative Staff College of India, Hyderabad. He was also a visiting faculty to ESADE, Barcelona during 1993-94.

Priya Naik

Priya Naik is the Founder and CEO of Samhita Social Ventures, a leading CSR consulting firm that builds partnerships between companies, donor organisations, government agencies, NGOs and social enterprises to co-create innovative solutions and scale evidence-based approaches, to maximise social impact.

Samhita also partners with global foundations such as the Bill & Melinda Gates Foundation and the Tata Trusts to co-create platforms that can move the needle on issues such as women's empowerment, water and sanitation, clean energy and social entrepreneurship.

Prior to setting up Samhita, Priya co-founded The Spark Group, an education incubator that delivered affordable, high quality education to low income communities in India. Priya's interest in social entrepreneurship began when she worked as a Researcher at the Poverty Action Lab at the Massachusetts Institute of Technology (MIT) in Cambridge, USA. At MIT, Priya was part of two student-led start-ups that won several innovation and business plan competitions.

Priya has worked as a consultant with the International Finance Corporation in four countries in Africa. She started her career at Arthur Andersen in Mumbai. Priya has graduate degrees in Economics from Yale University, in Public Policy from the University of Michigan, Ann Arbor, and in Commerce from Mumbai University where she stood first in the University. She also completed an Executive Education course from Harvard Business School.

Punita Bansal

Punita Bansal is an economist and has over 18 years of experience in private sector development. Her work spans areas such as cluster development, livelihoods, innovation, common infrastructure etc. aimed at competitiveness enhancement of micro, small and medium enterprises. She has worked extensively on the ground in designing and managing multi-stakeholder and multi-locational projects involving diverse skill sets especially in rural and semi urban geographies. Punita has worked on several bilateral/ multilateral funded projects and has spent over a decade at IL&FS and FISME on socio-economic development projects. She currently handles strategic partnerships and oversees the North region operations at Samhita.

Sandhya Tenneti

Sandhya Tenneti comes with more than nine years of work experience in the environmental, social and governance (ESG) field. She has experience in uncovering sustainability related risks and opportunities to enhance long term value of companies and countries.

Sandhya has a Bsc (hons) from the University of Bradford, Masters in International Studies from North Carolina State University and a MS in Energy Policy and Climate from Johns Hopkins University. She co-authored a paper based on her capstone at Johns Hopkins that looked at carbon risk in sovereign credit analysis, specifically looking at the potential stranded assets risk that countries face, an industry first research piece. It was awarded the Best Environment Paper in November 2014 at the Geneva Summit for Sustainable Finance.

At Samhita, she is part of the research and knowledge vertical and has been involved in the publication of articles and thought leadership pieces such as CSR focused reports on clean energy and water.

The State of India's Livelihoods Report is an annual publication addressing the contemporary issues emerging in the livelihoods sector. It is the only document that aggregates the experiences and challenges of the sector; analyses case studies and reports progress of both the government-run and the privately-run programs. It is released each year during the Livelihoods India Summit which is a national platform that presents opportunities for cross learning and sharing of unique experiences from within the country.

In continuing coverage from the previous year's Reports, in SOIL 2018, the authors have focused on the overall scenario of livelihoods; the policy and fiscal framework; and important government programmes and schemes that have direct or indirect impact on the quality of livelihoods of the poor. The state of agriculture in India including the key trends and patterns affecting agricultural livelihoods across the country, few aspects of agricultural livelihoods which are often overlooked, and the recent policy thrusts along with their ability/inability to address the current challenges are other areas of in-depth focus. The role of corporate social responsibility (CSR) and the private sector in livelihoods promotion is another area of coverage that continues from the previous Report. The Report also examines the gender dimensions of both employment and livelihood focused approaches. Under topical coverage, the authors have covered some new theme including a spotlight on social enterprises and the scale and scalability challenges before them; and livelihoods of the poorest of the poor with a focus on graduation approach.

Editor

Narsimhan Srinivasan

Contributing Authors

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- Biswa Bandhu Mohanty • Dr. Richa Govil
- Girija Srinivasan • Dr. Ajit Kanitkar • Bikalp Chamola
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