State Of India's Livelihoods

REPORT 2023

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Edited By
Dr Sanjiv Phansalkar

State of India's Livelihoods

Report 2023

ACCESS Development Services
22, Ground Floor, Hauz Khas Village
New Delhi 110016
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Contents

LIST OF TABLES

LIST OF FIGURES

LIST OF BOXES

List of Abbreviations

AEP	Advanced Education Program
AF	Adaptation Fund
AKRSP	Aga Khan Rural Support Programme
ALC India	Access Livelihoods Consulting India Limited
APMAS	Andhra Pradesh Mahila Abhivruddhi Society
AWD	Alternate Wetting and Drying
AYUSH	Ayurveda, Yoga, Naturopathy, Unani, Siddha, and Homeopathy
BASIX	Bhartiya Samruddhi Investments and Consulting Services Ltd.
BC	Block Coordinator
BEE	Bureau of Energy Efficiency
BKBDP	Bihar Kosi Basin Development Project
BOP	Base of the Pyramid
BRAC	Bangladesh Rehabilitation Assistance Committee
BRP	Block Resource Person
BRR	Business Responsibility Reporting
BRSR	Business Responsibility and Sustainability Reporting
BWS	Borlaug Web Services
CBO	Community-Based Organisations
CCTS	Carbon Credit Trading Scheme
CDM	Clean Development Mechanism
CEO	Chief Executive Officer
CFR	Community Forest Rights
CInI	Collectives for Integrated Livelihoods Initiatives
CLAP	CEO Leadership and Development Program
CLF	Cluster Level Federations
CRP	Community Resource Person
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
DA	Digital Agriculture
DACCS	Direct Air Carbon Capture and Storage
DBT	Direct Benefit Transfer
DPI	Digital Public Infrastructure
DSR	Direct Seeded Rice
EPFO	Employees' Provident Fund Organisation
EPW	Economic and Political Weekly
EU	European Union
FDRVC	Foundation for Development of Rural Value Chains
FIG	Farmers Interest Groups
FPC	Farmer Producer Companies

FPO	Farmer Producer Organisation
FY	Financial Year
GAP	Good Agricultural Practice
GCI	Grid Controller of India
GDP	Gross Domestic Product
GHG	Greenhouse Gases
GICEEP	Gender-Inclusive Care Entrepreneurship Ecosystem Programme
GOAL	Grameen Outcome Accelerated Lending
GoI	Government of India
GOYN	Global Opportunity Youth Network
GPDP	Gram Panchayat Development Plan
GRB	Ganges River Basin
HADP	Holistic Agriculture Development Programme
HDI	Human Development Index
HH	Household
HiEERA	High-Impact Entrepreneurs from Emerging Regions for Action
IADP	Intensive Agricultural Development Program
IFC	International Finance Corporation
IFR	Individual Forest Rights
IRDP	Integrated Rural Development Programme
JLG	Joint Liability Group
JSLPS	Jharkhand State Rural Livelihood Mission
KVIC	Khadi and Village Industries Commissions
LGAF	Livelihood Gap Assistance Fund
LH	Livelihood
LMIC	Lower-and Middle-Income Countries
MACS	Mutually Aided Cooperative Societies
MCA	Ministry of Corporate Affairs
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MIS	Management Information System
MNC	Multinational Corporation
MoRD	Ministry of Rural Development
MSME	Micro, Small, and Medium Enterprise
MRP	Master Resource Person
MRV	Monitoring, Reporting, and Verification
MSP	Minimum Support Price
MYRADA	Mysore Resettlement and Development Agency
NABARD	National Bank for Agriculture and Rural Development
NAFCC	National Adaptation Fund on Climate Change
NAFED	National Agricultural Cooperative Marketing Federation of India Ltd.
NAFPO	National Association for Farmer Producer Organisations

NAPCC	National Action Plan on Climate Change
NBFC	Non-Banking Financial Company
NbS	Nature Based Solution
NCDC	National Cooperative Development Corporation
NCVT	National Council for Vocational Training
NGO	Non-Governmental Organization
NIE	National Implementing Entity
NMMS	National Mobile Monitoring Service
NPA	Non-Performing Asset
NRLM	National Rural Livelihood Mission
NSSO	National Sample Survey Organisation
NTFP	Non-Timber Forest Products
OBC	Other Backward Classes
OLM	Odisha Livelihoods Mission
ONDC	Open Network for Digital Commerce
ONORC	One Nation, One Ration Card Scheme
OTC	Over-The-Counter
PA	Precision Agriculture
PAANI	People's Action for National Integration
PACS	Primary Agriculture Cooperative Societies
PAT	Poverty Assessment Tool
PC	Producer Collectives
PDS	Public Distribution System
PE	Producers Enterprise
PG	Producer Group
PMEGP	Pradhan Mantri Employment Generation Programme
PMGKY	PM Garib Kalyan Yojana
PMKSY	Pradhan Mantri Krishi Sinchai Yojana
PMKVY	Pradhan Mantri Kaushal Vikas Yojana
PMMVY	Pradhan Mantri Matru Vandana Yojana
PMMY	Pradhan Mantri MUDRA Yojana
PMRDF	Prime Minister's Rural Development Fellowship
PO	Producer Organisation
PoP	Poorest of the Poor
POPIs	Producer Organisations Promoting Institutions
PRA	Participatory Rural Appraisal
PRADAN	Professional Assistance for Development Action
PSFPO	Promotion and Stabilisation of Farmer Producer Organisations
PVTG	Particularly Vulnerable Tribal Group
PwD	Persons with Disabilities
RBI	Reserve Bank of India

RCP	Representative Concentration Pathway
RPLC	Regenerative Production Landscape Cluster
RKVY	Rastriya Krishi Vikas Yojana
SC	Schedules Castes
SDG	Sustainable Development Goal
SEBI	Securities and Exchange Board of India
SECC	Socio Economic and Caste Census
SERP	Society for Elimination of Rural Poverty
SFAC	Small Farmers' Agri-business Consortium
SHG	Self-Help Group
SJY	Satat Jeevikaoparjan Yojana
SLO	Social License to Operate
SME	Small and Medium-Sized Enterprises
SMIB	Social Mobilisation and Institution Building
SPOs	Social Purpose Organisations
SRLM	State Rural Livelihood Mission
ST	Scheduled Tribes
SVEP	Start-Up Village Entrepreneurship Programme
SVF	Social Venture Fund
THP	Targeting the Hardcore Poor
TNVKP	Tamil Nadu Vaazhndu Kaatuvom Project
TRIF	Transforming Rural India Foundation
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UPMA	Ultra Poor Market Access
UT	Union Territory
VCM	Voluntary Carbon Market
VO	Voluntary Organisation
WEA	WeEmpowerAsia
WEP	Women's Entrepreneurship Platform
WWF	World Wide Fund for Nature

Preface

India's Presidency of G20 for 2023 has decisively signalled its emergence as a significant player on the global stage. In keeping with India's vision for the G20 presidency to be "inclusive, ambitious, decisive and action-oriented," substantive deliberations comprised broad priority areas such as inclusive and resilient growth; progress on SDGs, green development; technological transformation and public digital infrastructure; and women-led development. Accordingly, various ministerial meetings under the different tracks reached some significant outcomes of relevance to the contemporary international and Indian socioeconomic landscape, that surely has far reaching significance for livelihoods of those living in poverty.

Most notably, G20, under the Indian Presidency, inspired by the vision of the Hon'ble Prime Minister, Narendra Modi, of an *Amritkaal* where Nari Shakti (the power of women) is celebrated in all spheres of the economy and society. Building on this vision, the focus for the first time shifted from women's development to women-led development. From financial inclusion to social security, quality healthcare to housing, education to entrepreneurship, the efforts focus on putting our Nari Shakti at the forefront of India's development journey.

In keeping with G20 priority areas, the budget too represented the government's plans to make India one of the fastest growing economies at 6.5 – 7.0% in real terms in FY23, prioritizing the seven central pillars aligning with the G20 summit. The Economic Survey for FY23 projects a baseline GDP growth of 6.5 percent in real terms in FY24. The projection is broadly comparable to the estimates provided by multilateral agencies such as the World Bank, the IMF, the ADB and RBI domestically.

The Economic Survey of 2022-23 also emphasises that growth is inclusive when it creates jobs. Both official and unofficial sources confirm that employment levels have risen in the current financial year, as Periodic Labour Force Survey (PLFS) shows that urban unemployment rate for people aged 15 years and above declined from 9.8% in the quarter ending September 2021 to 7.2% one year later (quarter ending September 2022). This is accompanied by the improvement in the labour force participation rate (LFPR) as well, confirming the emergence of the economy out of the pandemic induced slowdown early in FY 23.

The State of India's Livelihoods (SOIL) Report continues to provide a comprehensive coverage on the state of livelihoods of those living in poverty in India through its attempt to aggregate the diverse experiences of different stakeholders; comprehend current trends and collate dispersed data. The year's report is sponsored by Rabo Foundation who have been a steadfast partner over the years. Additionally supported by the Bill & Melinda Gates Foundation and BRAC International. I would like to express my deepest gratitude to all the sponsors for their association with the Report.

This report would not have been possible without the valuable contributions of numerous people. I would like to acknowledge their support and thank them for their time and effort.

As always, ACCESS has been fortunate to have experienced sector experts to author various chapters of the report. I would like to express my thank to Dr Sanjiv Phansalkar for continuing to edit this year's Report besides authoring the overview chapter and the chapter on livelihoods in flood prone areas. He has painstakingly provided his strategic input into each chapter's development, offering suggestions to sharpen the content and bringing the report together as a whole, giving it a coherence and completeness that brings value to the readers. I also thank the authors for putting together well researched and analytical chapters. I would like to thank Dr Ashok Kr. Sircar for continuing to author the Livelihoods Policies and Programmes chapter and his insightful analysis; Ranu Bhogal for her chapter Graduation Approach in India; Suhela Khan & Dr Feroza Sanjana for Women's Economic Empowerment in India; Prof C Shambu Prasad and Dr Deborah Dutta for their chapter From Burdensome Expectations to Sustaining Institutions – The Farmer Producer Organisation Challenge; Raman Ahuja for Carbon Offsetting and Smallholder Indian Agriculture; and Ruby Thapar & Santosh Jayram for their chapter Contemplating the First Decade of Corporate Social Responsibility Regulations in India.

Finally, I would like to thank my team member Parul for her tireless efforts in ensuring that the Report is ready in time for release. She worked efficiently to support in onboarding of authors, co-ordinated with them for ensuring timely deliverables, pitched in support with the copyediting and ensured a quality report overall. Thanks also goes to the Communications Team led by Tanya for supporting with the arduous task of copyediting. Most of all, my sincere gratitude to Mr Vipin Sharma, CEO, ACCESS Development Services, for your overall guidance and vision in in putting together this report year after year.

The 17th edition of the State of India's Livelihoods Report will be released at the Livelihoods India Summit on January 17, 2024. I hope the report will provide a good knowledge base for use by diverse stakeholders engaged in transition the livelihoods of those living in poverty, from subsistence to sustainable levels. We look forward to your feedback on how future editions of this annual document can be made more valuable.

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Puja Gour
Vice President
ACCESS Development Services

Emerging Agenda for Livelihoods Promotion

1

Dr Sanjiv Phansalkar

1.1. Introduction

With an estimated 51% (487 million strong labour force out of the 950 million) people in working age (15-64 years) in India are actually engaged in work. The challenge of providing meaningful livelihoods to the rest is truly massive. The number of under-employed; unemployed, and 'not satisfactorily employed' is staggering and perhaps larger than the numerical gap above. There was a time in the late 1970s or 1980s when the problem of livelihoods promotion was considered as being merely a problem of eliminating extreme poverty, though that itself was a large problem as well. Some critical changes since then have made the problem more complicated. The proportion of literate and even educated people among the under-employed and the unemployed has been rising fast in last couple of decades as literacy levels rose in the 90s. As is well known, the educated young people are simply not interested in working on farms and seek work elsewhere. With negligible industrialisation in wide swaths of land, particularly in thickly-populated Ganga-Brahmaputra basin areas (in fact de-industrialisation in Bengal), migration has emerged as the only viable livelihoods option for millions. Increasing automation and contactisation possibly induced by ultra-progressive labour laws has stagnated levels of labour absorption in the secondary sector. Agrarian transition in India has been truncated, workers displaced from farming due to mechanization, etc. have not been absorbed in industry and are unlikely to be. At the same time, rapid access to the internet and digital platforms have taken the crisis of rising expectations to a new height. Thus, the demographic nature of those who seek work and their aspirations are both very different than what was encountered earlier. Finally, climate change is no longer a distant chimera but is becoming a concrete reality and hence livelihoods need to be found in sustainable 'low carbon' methods. Thus, the task of livelihoods promotion is very complex indeed. The chapters in this report amplify and address some of these issues as well as explore and assess the potential and the efficacy of solutions currently being tried. This overview takes stock of the issues raised in the chapters in this collection. It then relates them to the major challenges as hinted above. Finally, it attempts to speculate about possible ways of addressing the challenges.

There are seven chapters in this report. Sircar has done a good exposition on policies and programs. Shambhu Prasad has looked at challenges and opportunities connected with the current movement to establish farmer producer organisations. Raman Ahuja has explored the potential benefit of claiming carbon off set from agriculture of small holders. There is a chapter on a decade of corporate social responsibility law and what it has contributed. Ranu Bhogal has done a detailed assessment of graduation approach for enhancing livelihoods of the ultra-poor. There is a chapter on women entrepreneurship and how it contributes to women empowerment. I along with Shaswati Ghose and Kinshukh Ghosh have penned a chapter on issues of livelihoods in the flood-prone regions of the country.

Rather than summarising contents of these chapters, this overview attempts to draw key points from each in building a narrative of the emerging agenda. The chapter will focus on the specific challenges and issues that have been identified in the above paragraph and then attempt a synthesis of these issues offering such suggestions as appear reasonable.

1.2. Key Opportunities and Challenges

In addition to the concerns raised in the opening paragraphs above, this section will take a look at the interesting points raised in the separate chapters which indicate the key opportunities and challenges in the task of livelihoods promotion as India moves forward in the *amritkaal*.

Two classes of people need specific and focused attention for livelihoods promotion. As Bhogal points out, usual 'conventional' strategies based on area development, sector development, or infrastructure development do not automatically result in significant positive effect on lives of the ultra-poor: a category that includes the landless, the elderly, the persons with disability, women-headed households, migrant populations, and so on. At times the impact on such people could in fact be negative. Thus, specific efforts are needed for the ultra-poor. The second category is of people living in disaster-affected or disaster-prone areas. Chapter 4 of the SOIL report shows how significant sections of the flood-prone areas in North and North Eastern India suffer from a set of inter-connected problems that do not appear as though they would go away in quick time.

The chapter on farmer producer organisations (FPOs) takes a critical look at the massive initiative of setting up 10,000 FPOs and pointed to the opportunities this program has and the issues the effort suffers from. The renewed efforts to build farmers organisation for furthering economic interests of farmers can have potentially large salutary effects. There are many practical issues and challanges arising out of inherent attributes of the economic structure of farmers organisations and these need to be addressed before these effects can in fact be realised. It would appear that mere creation of such entities will not suffice but there needs to be concerted efforts at building their financial and management capacity. The chapter on economic empowerment of women through building their enterprises points out the salutary impacts of helping women face the world and engage it at its terms along with the challenges on the way. Economic control of women on their enterprises and hence on disposal of their incomes has very positive effect on wellbeing of the families as well as their own position in the family and the community. However, women tend to have less access to wider markets as well as to financial and technical resources to run and grow their enterprises. The chapter on programs and policies of the state presents a comprehensive canvas of what is on offer from the government. To what extent these offerings result in concrete changes on the ground as they flow and filter through layers of implementation at the central, state, and local governance levels is an empirical question. The chapter on CSR laws looks at how the provisions of dedicated resources from corporate kitty can potentially result in improved flows into development sector. Raman Ahuja's chapter on using the emerging opportunity of earning resource flows from carbon sequestration in smallholder agriculture strikes a new and optimistic line. Acquiring resources from proving carbon sequestration and trading the saved carbon has been talked about since the times of clean development mechanism (CDM, also parodied at times as consultant development mechanism). There certainly is a large pie in the picture though at least a large portion of the pie is in the sky given the vicissitudes of estimation, validation, and certification of the sequestered carbon. Ahuja mentions that the net gain to smallholders can be less than 50% of the gross value, though of course that is still larger than zero.

1.3. Addressing Livelihoods Challenges

It has been noted above that the number of people whose livelihoods need strengthening is large, aspirations of these people are changing fast, resources are deteriorating, and environment concerns are becoming more stringent, infrastructure is shaky in flood-prone regions due to nature induced challenge of floods, etc. It is now time to turn to the ways of addressing the livelihoods concerns of rural poor in the coming decades.

In the first place, it is to be noted that unlike the 70s and the 80s, the problem of livelihoods is no longer merely the problem of hunger or of survival. Right to food has now become an established law and requires the state to supply a minimum quantity of food grains to all people. Public welfare schemes have done one step better by announcing 'free foodgrain supply to 81 crore people for the coming 5 years'.[1] The picture earlier was different. Professional Assistance For Development Action (PRADAN), a well-known non-governmental organization (NGO) working on livelihoods of the vulnerable people in some of the most poverty afflicted areas, had then specifically focused on people 'who had less than 3 months food self-sufficiency'. When seen as an issue of self-sufficiency in terms of growing food for own home, there are millions of poor in this category but the state entitlements have reduced the acuteness of this problem. With digitisation and much better performance of the public distribution systems (PDS) in most places, these schemes are working reasonably well. Hence, except for a specific category of 'scattered and disenfranchised people'[2] livelihoods problem is no longer one of ensuring that people get enough food. These people include the elderly, persons with disability, mentally challenged people, particularly vulnerable tribal groups, nomadic people, etc. Most of these people are termed 'ultra-poor' and an effort has been made to address their livelihoods issues. To what extent this approach helps is a matter of investigation.

However, for most people, life pattern and consumption habits have changed. It is no longer an exaggeration to state that digital inclusion by way of internet connectivity on a mobile has assumed the character of an essential commodity. The increasing trend of digital inclusion (as of now 71% people have access to smartphones and public or shared facilities for digital inclusion have reached most village residents) offers both a major challenge and an opportunity. The challenge is in terms of accelerated rise in expectations. Opportunities are to be seen in the context of strengthening 'digital public infrastructure' (DPI)[3] including payment gateways, Jandhan-Aadhar-Mudra triad, rise of dominance of 'direct benefit transfer' (DBT) schemes, open network for digital commerce (ONDC), digital credit management systems etc.

Another critical issue is about certain hitherto neglected geographies such as the flood prone areas. In flood prone areas, the problems appear quite intractable as the occurrence of floods appears unstoppable given the geographic and climatic conditions. Population density also tends to be high. Crop calendars are restricted on one hand by floods and on the other by drop in temperatures due to proximity to the Himalayas and frequent occurrence of early summer cyclones. To add to the misery, given ever increasing prevalence of iron and arsenic contamination in ground water, irrigation based on ground water can be expanded only so much. Aside from livelihoods aspects relating to income generations, provision of essential services such as potable water and clean sanitation also pose problems. The worst problem is perhaps of long standing attention deficit form policy makers and the state, occupied throughout with relief when flood occurs but making limited efforts after the largely dysfunctional investments in the last century in building river embankments.

Table 1.1. Challenges and Opportunities for Enhancing Rural Livelihoods

Sl. No.	Challenges Identified	Opportunities Identified in Chapters	Other Possibilities
1	Catering to changing youth aspirations		Building on digital empowerment, expanding service sector and distributed manufacturing
2	Catering to the ultra-poor	Graduation approach comprising consumption support, financial inclusion and NE development	Business development services appropriate to the clusters in the respective locale
3	Catering to people living in flood-prone zones	• Expanding on solar-powered irrigation • Focusing on life needs of flood-affected people	Evolving flood-tolerant crops/species, focusing on draining waterlogged lands
4	Addressing disempowerment of rural producers	Establishing and managing FPOs	Focusing on identifying ways of making small farmers prosperous: learning from outliers, developing group enterprises, etc.
5	Improving effectiveness of implementation of central state programs		Locality development with the triad of women federations, panchayati raj institutions (PRI), and local administration for improving fidelity of implementation
6	Strengthening women-led enterprises	Improving access to finance and to market	Developing capability to exploit the possibility from ONDC
7	Channeling CSR funds to right ends		Attempting to evolve consortia for focusing on flood-prone areas and on ultra-poor to leverage managerial expertise and funds
8	Poor environmental sustainability	• Shift from carbon-intensive crops to carbon-saving millets • Exploring use of funds from carbon sequestration	Solar-powered irrigation, natural farming, techniques of root: system of root intensification

Source: PRS Budget Analysis 2022-23, pp 6.

The usual pattern of economic development the world over has been in terms of complete agrarian transition. Mechanisation, etc. leads to withdrawal of labour from agriculture and this labour is absorbed in the secondary sector, thus reducing the proportion of people deriving their livelihoods from the farm sector. This agrarian transition has not happened in India due to structural and demographic issues. And it is well known that there is huge regional imbalance in industrial development, with the East and the North East remaining largely out of its ambit. The labour displaced in agriculture is not absorbed in industry as the industrial development itself had been slow and automation has caught up at an early stage.

In summary, the challenges of livelihoods in India arise from the shift in the nature of efforts needed from mere survival to providing aspirational livelihoods, focusing on flood-prone areas, and devising ways of reconciling and working with the truncated and regionally-imbalanced agrarian transition. The chapters in this collection obliquely address these issues.

Table 1.1 lists the challenges identified as above and opportunities suggested by these chapters. An additional column 'other possibilities' has been added and these points have been discussed later in more details.

1.4. Contours of an Agenda for Livelihoods Enhancement

It is the opinion of the editor that the agenda of livelihoods promotion in the coming years would need to address the challenges identified above. Each of these is a complex problem in itself. Taken together they are indeed formidable. Key elements of the agenda to overcome these challenges and help rural poor achieve dignified and adequate livelihoods are suggested below.

1.4.1. Leverage the Public Digital Infrastructure

As is commonly known to those who work on the ground, the biggest problems in promoting livelihoods of the rural poor arise in accessing markets and accessing fixed and working capital needed for practicing the livelihoods. Traditionally, interlocking of input and output markets as well as credit market through the trader cum money lender was considered an unsurmountable block to overcoming these challenges for the poor. Digital public infrastructure (ONDC, SAHAMATI, payment gateways, etc.) offers an unheard of opportunity of unshackling the poor of these shackles. While the infrastructure is available, evolving poor-friendly mechanisms to avail its advantage is needed. Else there will be a new breed of gatekeepers who will take advantage of these opportunities and become new interlocking market players. Hence, it is important that public and civil society actors quickly get their act together and evolve product-geography-specific applications to leverage the digital public infrastructure.

1.4.2. Bring Business Development Services in Graduation Approach for the Ultra-Poor

As of now graduation approach comprises consumption support to the ultra-poor households to enable them to acquire basic resilience, strengthening their essential entitlements, providing them an asset, and helping them with capacity building support to become productive as well as to access the markets. With increasing number of central and state schemes offering free or cheap food schemes, the intensity of the need of consumption support is somewhat lower than before. Therefore, the funds available for this end can be repurposed. Business development services (BDS) was a development initiative that came close on the heels of microfinance in the first decade of this century but seems to have fallen below antennae. It involved understanding common challenges faced by similar micro-enterprises, getting external technical help to identify and develop solutions to resolve them and evolving a contract package and financial compensation mechanism which the micro-enterprises can afford. It is the editor's belief that combining the BDS approach with the graduation approach will be salutary for the ultra-poor.

1.4.3. Learn from Small Farmers Prosperous Farmers (SFPF) Research

International Water Management Institute (IWMI)-Tata Water Policy program[4] has conducted a series of case studies to find out how smallholder farmers (with operational holding under an acre) can become 'prosperous' (annual income from farming hovering around ₹ 0.5 milliom per hectare). This research has produced good insights. It recognises that while there will be stray outlier farmers with high 'Entrepreneurial quotient' virtually in all locations, wider inclusion would need an approach to help a larger cohort of farmers. Depending upon resource conditions and location in terms of distance from major markets, this cohort will need to evolve a strategy of 'exploiting the 7S'. While the final recommendations from this research need to be brought out, livelihoods promoters need to learn from these lessons.

1.4.4. FPO Plus Approach

The current dominant mode of thinking is that in order to reduce transactions cost and acquire superior bargaining power and market presence, small producers need to be organised in FPOs and these would in turn usher in prosperity of the farmers. Irrespective whether current experience justifies this hope or not, it is to be noted that alternate models for assisting farmers better their positions need to be evolved simultaneously. One such model is seen as the promotion of agri-entrepreneurs as done jointly by Syngenta Foundation, Collectives for Integrated Livelihoods Initiatives (CiNI)as well as by Transforming Rural India Foundation (TRIF). This approach also sits well with the national focus on employment through enterprises.

1.4.5. Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) based Landscape Work

Using regularly available funds under the MGNREGA to carry out a wide range of landscape activities has a substantially unexploited potential. This path will not only strengthen livelihoods in the short run, it will vastly enlarge the ambit of sustainability as it will lead to much better land and water use. Further, it will create durable solutions. Chhattisgarh had demonstrated the utility of this approach in their 'mega watershed development projects' assisted by PRADAN. This of course is the buzzword in most places, but in quite a few places the implementers are unable to crack the problems posed by conventional, established odes of working and bring in a digitally-enabled implementation model that can achieve convergence across a whole range of state units.

1.4.6. Expand on Solar-Powered Irrigation and More Crop Per Drop

In a sense this is a no brainer. On one hand populism, poor billing and collection mechanisms together have broken the back of many electricity distribution companies who were croaking under the weight of poor recoveries. On the other hand, smallholders typically are left at the mercy of those who have power connections and water extraction mechanisms and who quickly tend to become 'water lords'. Small, individual as well as group solar irrigation schemes particularly in relatively water-abundant districts in the flood-prone zones have shown huge economic and social benefit. There is a need to expand this program as well as and to take to all areas, including tribal areas where surface (stream) water is available till end of March and ground water is available at easy depth.

1.4.7. Encourage Focused and Consolidated CSR Efforts

All the above suggestions are now part of common understanding. Yet the convening power and effort to bring them to fruition is missing on the ground. Hitherto focus has been on CSR as only a mechanism for channelising funds to development purpose. However, perhaps much better contribution can be availed from corporate houses if they were to share their managerial expertise to solve the knotty problems in implementing these solutions. Private philanthropy as well as CSR efforts tend to be influenced by individual predilections of the owners or key stakeholders of these entities. Their choices of subjects and methods are also influenced more by current development discourse rather than sharply experienced needs.[5] When the funds are not used for villages around their facilities, they tend to use them to 'develop' easily accessible areas 'within 3 hours of driving distance' from their own locations. Unfortunately, acute problems of livelihoods exist in remote and far flung areas which are in the middle of nowhere. It would be wonderful if corporate managerial talent can be coupled with their own as well as other development resources for enhancing the livelihoods of the poor and bringing cheer to their faces. Some efforts in this direction (e.g. People's Action for National Integration or PAANI Foundation which could get and obtain funds from several philanthropies and CSR and use them to bring relief to hundreds of villages in drought-prone Maharashtra) were attempted with resounding success when effective convening was done for bringing them together. One hopes that in the future one will see emerging consortiums of CSR players together addressing the most difficult problems of helping the ultra-poor or the people living in flood-prone areas.

Notes

[1] https://www.moneycontrol.com/news/business/govt-extends-free-ration-scheme-for-80-crore-poor-people-for-5-years-11827301.html

[2] Vikasanvesh Foundation, 'Why Do Governments Fail to Meet Welfare Needs of the Scattered and Disenfranchised People?'

[3] Nandan Nilekani in https://www.youtube.com/hashtag/digitaltransformation

[4] Shah, Tushaar, 'Small Farmers Prosperous Farmers Initiative: Working Synthesis and some actionable lessons', IWMI-Tata Water Policy Program, Anand 2015.

[5] Vikasanvesh Foundation, 'Big Philanthropy in India: Perils and Opportunities'; India Philanthropy Initiative, Bangalore, 2020.

Livelihoods Policies and Programs:
Emerging Challenges

2

Dr Ashok Kr. Sircar

2.1. Introduction

Livelihoods refer to a vast range of means by which people earn and make a living. This is typically divided into sectors and sub-sectors as well as various types of employments and works for ease in drafting policies and designing programmes. Despite wide variations in names, livelihoods policies can be categorised as employment generation policies, livelihoods assistance policies, livelihoods ecosystem development policies, and livelihoods protection policies. A typical example of employment generation policy is Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) while PM Kisan, Fasal Bima, and the like are livelihoods-assistance policies. National Rural Livelihoods Mission (NRLM) and skill building are surely ecosystem development ones which facilitate livelihoods related organisations and skill development. Some of the programmes derive from a clearly articulated policy and some proxy as a policy in that regard. In the absence of a clearly articulated livelihoods policy, henceforth the term policy and programmes will be used interchangeably to discuss what is happening in this space. Following the annual nature of this publication, the chapter will be restricted to studying the measures taken mostly in the last year and trying to understand the nature and impact of their implementation.

This chapter begins with an overview of the employment and work in the country. Hopefully, this will set the context of the discussion. Thereafter, the chapter takes a look at the budget declarations for programmes directly aimed at employment generation, livelihoods assistance ecosystem development, and livelihoods protection. This will be followed by a discussion of specific ongoing programmes as well as any new policy declarations made during the year. As has been the case in previous years, the focus will be on the livelihoods of small and marginal farmers, non-farm rural livelihoods, fisherfolks, non-timber forest products (NTFP) based livelihood (LH), and informal-and formal-sector workers.

The overall picture of employment and livelihoods is a mix of good and bad news. The good news is that regular wage jobs have increased in last few years (from 2017–20),[1] participation of women in the workforce has increased in rural India by about 7% and in urban India by about 2% in the same period[2] and even gender disparity in wages have reduced[3] but the challenge of job creation remains. Educated unemployment remains very high varying from 15% to 42% (for young graduates).[4] The unemployment rate is even at 13% for young illiterates.[5] Farm income has increased by 40% to 70% for cash crop growers in some states like Karnataka, Rajasthan, Gujrat, Maharashtra as reported by the State Bank of India (SBI)[6] but that can't be claimed for all crops in all states. A simple comparison between 2012–13 and 2018–19 shows that income from crops is not a significant component of farmers' income any more, the wage income contributes equally significantly. The total farm income has increased from ₹ 6,427 to ₹ 10,084, in which the wage income has increased from ₹ 2,071 to ₹ 4,063 while net crop income ₹ 3,081 to ₹ 3,798.[7] The job creation data also makes an interesting reading. It shows that self-employment is increasing while the casual labour shows a bit of a decline and regular salaried job is more or less constant in the last two years. The actual income data is alarming—self-employed earn ₹ 13,347 while the casual workers earn ₹ 7,899 and the regular wage workers earn ₹ 20,039 per month.[8] The fact that 95% of budgetary allocation of MNREGA has been utilised in just six months this year shows the increasing demand for wage income in rural India.[9] Overall the job, income, and livelihood scenario is not showing any great promise.

The policies and programs need to be situated in this context. It is time to take a look at the budget allocation in programmes that directly and closely aid livelihoods. The following table depicts the budget allocation for programmes directly responsible for employment generation, livelihoods assistance, and ecosystem development. Even a cursory look at the figure makes it clear that the government has taken a conservative approach in aiding livelihoods. The allocation in MNREGA has fallen by 25%, PM Kisan Fasal Bima, Krishi Sichai Yojanas have seen almost no increase, and only a modest increase in National Livelihoods Mission. A striking feature is that despite the revised estimate of MNREGA showing ₹ 980 billion in the previous year, the allocation remained the same in 2022–23 and even reduced further in 2023–24. Also striking is the fact that revised estimates on all other programmes in Table 2.1 actually show a decline except the National Livelihood Mission. The emergency credit guarantee line for micro, small, and medium enterprises (MSMEs) shows an equally surprising situation where the revised allocation is reduced by one third. If one adds the decrease in the fertiliser subsidy by 25% from the previous year, one will find the government's approach in livelihoods bewildering.[10]

Table 2.1. Scheme wise allocation in 2022–23 (₹ billions)

	Actuals 2020–21	Budgeted 2021–22	Revised 2021–22	Budgeted 2022–23	% Change (RE 2021–22 to BE 2022–23)	Revised 2022–23
MGNREGA	1111.7	730	980	730	-25.5%	894
PM-KISAN	609.9	650	675	680	0.7%	600
Pradhan Mantri Fasal Bima Yojana	141.61	160	159.89	155	-3.1%	123.76
National Livelihood Mission-Aajeevika	100.25	144.73	125.05	142.36	13.8%	138.86
Pradhan Mantri Krishi Sinchai Yojana	78.77	115.88	127.06	129.54	2.0%	NA
Rashtriya Krishi Vikas Yojana	-	-	-	104.33	-	NA
Emergency Credit Guarantee Line for MSME			74.45	150	201%	100

Source: PRS Budget Analysis 2022-23, pp 6.

The same story of reduced budget allocation continues for Rastriya Krishi Vikas Yojana (RKVY). This program was introduced in 2007 to ensure holistic development of agriculture and allied sectors. It enables states to choose agriculture development activities as per their plans. It was restructured under the 2022–23 budget to subsume other schemes such as the Pradhan Mantri Krishi Sinchai Yojana, Per Drop More Crop, Paramparagat Krishi Vikas Yojna, National Project on Soil and Health Fertility, Rainfed Area Development and Climate Change, Sub-Mission on Agriculture Mechanisation including Management of Crop Residue. In 2023–24, ₹ 7,150 has been allocated under RKVY for transferring to states/union territories (UTs). The allocation for 2023–24 is 2% greater than the revised estimates for 2022–23. Between 2019–20 and 2021–22, projects worth ₹ 5.18 billion have been approved across 18 states under the scheme.[11]

The trends for these schemes show a revealing pattern. Firstly, the demand for MNREGA has remained very high despite a tendency to reduce budget allocation. The same trend is seen for National Livelihoods Mission. In contrast, PM Kisan, Fasal Bima, Krishi Sinchai, Rastriya Krishi Vikas and other related programmes to facilitate agriculture and farmers' livelihoods have seen a clear saturation. This will become clearer from the discussions on some of these programs which will be done below. The question needs to be asked why is this so? This will be discussed at the end of the chapter.

2.2. Performance of Schemes

2.2.1. PM Kisan

Started in 2018, the PM Kisan Samman Nidhi, colloquially referred to as PM Kisan provides ₹ 6,000 to farmers in a year in three installments. It aims to support the expenditure in farming in multiple seasons. The performance of the scheme can be assessed almost directly from the PM Kisan dash board. Table 2.2 captures number of farmers who have been paid the PM Kisan instalments.

PM Kisan started in 2018. By 2021–22 it already reached its peak and is now showing a somewhat downward trend. It's clear that the number of PM Kisan beneficiaries will be in and around 100 million, and its unlikely to expand further to cover the rest of the farming community due to ownership, documentation, and tenurial challenges. In fact, the reduction in numbers in 2022–23 and continuing in 2023–24 is surprising. In just about a year, there was a reduction of 17 million to 20 million individuals in the programme. In the attempt to find the challenges of implementation, many revealing stories were revealed. For example, it was reported that almost 20% of farmers in Uttar Pradesh could not get their documents validated by the government, thereby missing the instalments.[12] In another story, 81,000 farmers of Bihar have been declared ineligible due non-fulfilment of the conditions laid down by the government,[13] 7000+ farmers in Coimbatore district may lose their PM Kisan Benefit due to wrong documentation.[14] The possibility of significant inclusion errors thus can't be ruled out. In all, the picture supports the contention that PM Kisan has already almost reached its saturation.

Apart from the coverage, one should ask about utilisation of the money received. Unfortunately, data in this regard is scarce. Only two studies could be found and one of this was in 2019, too early to assess, and one in 2022 focused only on Uttar Pradesh. The author wishes to refer to some findings of the second study conducted by

Table 2.2. PM Kisan Beneficiaries (Beneficiaries in Millions)

April–July	2020–21	104.9	Aug–Nov.	2020–21	102.3	Dec–Mar	2020–21	10.23
April–July	2021–22	111.9	Aug–Nov.	2021–22	111.9	Dec–Mar	2021–22	112.6
April–July	2022–23	112.7	Aug–Nov.	2022–23	90	Dec–Mar	2022–23	88.1
April–July	2023–24	95.3	Aug–Nov.	2023–24				

Source: Compiled by author from PM Kisan Dashboard of Government of India.

an Institute funded by Ministry of Agriculture itself.[15]

- 64% of the money received was utilised in agriculture, 36% has been utilised in health, house construction/repair, social occasions. But the more important finding is that money received during the peak agricultural seasons were almost invariably spent on agriculture, and money received in off seasons are spent otherwise.
- Per hectare yield of paddy for beneficiaries is just about 3% more than the non-beneficiaries. The same for wheat is just about 1.93% more for the beneficiaries.
- Per capita net farm income is actually ₹ 200 less for the beneficiaries than the non-beneficiaries.

The above findings are not unexpected. It's quite obvious that money received in peak agricultural season will be spent on agriculture, else the money will be spent on other household needs. Therefore, better timing can improve on intended use. However, the second finding is equally important the difference PM Kisan makes in yield or income is marginal if not at all. While one does not wish to generalise on the basis of just one study, the question still remains - Is PM Kisan helping the kisans in any substantive way?

2.2.2. Fasal Bima Yojana

The Fasal Bima Yojana aims to insure a number of crops against multiple risks and hazards, so that the farmer does not have to carry the full burden of crop loss. It started in 2016, by integrating two different insurance schemes into one. The premium is shared by the farmer, state, and the central government. The premium paid by the farmer is 2% of the sum assured for the Kharif crop, 1.5% for the Rabi crop, and 5% on all commercial crops. The rest of the premium is paid equally by the state and central governments.

Even after six years of operation, the programme is said to be reaching only a fraction of the farmers, which can be seen in the data shared above. Since the Kharif season is more prone to climate and bio hazards the offtake of the insurance by the farmers is more which reduces to nearly two third or even half in the Rabi season. Total number is just about 10% of the farmers who get PM Kisan (approximately 100 million) and much less than 10% of all farmers (approximately 140 million). The programme has reached so far only to 20 (of 29) states and to 409 (of 740) districts and cropped area covered in just about 29 million (of 130 million) hectare. The crops covered are vast 29 agriculture crops and 59 horticulture crops, even though the number of agricultural crops covered has come down from 37 to 29, while the number of horticulture crops covered has increased from 46 to 69. While only 16% of the marginal farmers have accessed the programme, 66% of the small farmers have taken the benefit of it, and the rest have been accessed by medium and large farmers—almost 18%.[16]

Why is there so little interest on part of the farmers in accessing Fasal Bima? An evaluation report attached as an annexure to the Agriculture Ministry Report sheds some light in this regard. Some of the major challenges faced during the scheme implementation are the following.[17]

- Delay in claim settlement beyond prescribed timelines by the implementing insurance companies.
- Delay in release of state share of premium subsidy and delay in providing crop cutting estimate data by state governments to the insurance companies,
- Low level of awareness about the scheme provisions among the farmers.
- Poor grievance redressal mechanisms at the field level to address farmer's complaints.

Table 2.3.[18] PM Fasal Bima Coverage

Numbers of Farmers (in Millions)		
	Kharif	**Rabi**
2018	21.6	14.6
2019	20	9.6
2020	16.8	10
2021	15	9.8
2022	17.9	10.8
2023	19.9	

Source: Table complied by author based on data from PMFBY Dashboard of Government of India.

- Farmers are not satisfied with the fact that the implementing insurance company changes in their district season after season.
- The toll free numbers provided by the insurance companies are non-functional. As a result the farmers can't lodge the complaint in time, and also can't get any information about the status of their claims.
- The representatives of the insurance companies are scantly placed and their whereabouts are not known to the farmers. This is turning out a major disconnect between all other stakeholders and insurance companies at field-level implementation, especially attending farmer grievances and co-ordination with field functionaries of the state government at district and block levels.
- Poor resource allocation by insurance companies towards awareness generation at the field level.
- Lack of initiative shown by the banks in the enrolment of non-loanee farmers.

Looking at these issues, it becomes clear that the architecture of implementation involving farmers, insurance companies, and state and central governments needs a major overhaul if the programme is to see a reasonable success. This becomes even more important if the programme has to reach the marginal farmers, who are the bulk of Indian farming community.

It has already been mentioned in the previous year's report that some states/UTs like Bihar, Telangana, Andhra Pradesh, Jharkhand, West Bengal, and Gujarat have opted out of the scheme. The primary reason is higher premium to be paid, but also the fact that despite states being equal sharer of the premium, the programme is projected as a union government's scheme and being politically used giving credit only to the union government. Each of these states have devised their own Fasal Bima, with Agricultural Insurance Company of India under a different arrangement of premium. Andhra Pradesh has joined back the PM Fasal Bima, and Punjab, will implement it from this year. For more discussion on this, the reader is encouraged to refer to SOIL reports of 2022 and 2021.

2.2.3. Mahatma Gandhi National Rural Employment Guarantee Scheme

Table 2.4. MGNREGA Performance

	2022–23	2021–22	2020–21
Actual/revised Budget Estimates (in billions) of the Union Government	894	980	1101
Average Days of Employment Provided per Household (no. of days)	47.83	50.07	51.52
Total Households Worked (in billions)	0.0618	0.0725	0.0755
Total Individuals Worked (in billions)	0.0875	0.1061	0.1119
Total no. of HHs Completed 100 Days of Wage Employment	3598009	5914761	7197090

Source: Compiled by author from MGNREGA dashboard of Government of India.

MGREGA is often regarded as best indicator of how rural livelihood is faring. If the demand goes down, it means people in rural India have found work in agriculture and other off-farm or non-farm sectors, and vice versa. During COVID, the MGNREGA witnessed the highest spike in demand, which then waned to some extent. Till date, the demand has remained quite high. On the other hand, the spirit of the Act being demand driven has long been subverted by the state and central governments making it a supply (of money) driven scheme. The working of MGNREGA will be discussed in two parts. The first is to take stock of what happened last year, and the second, to make a few over-arching comments on the performance of the programme looking at one and half decades of its implementation. Table 2.4 shows the status of implementation last year. The current year's allocation of ₹ 600 billion has already been utilised, and the Government now is considering budgeting another ₹ 300 billion.

Table 2.5. Work Demand by Persons in 2022–23[19]

April	32873993
May	43498999
Jun	43212931
July	25210066
Aug	19176005
Sept	20137673
Oct	18635154
Nov	22482693
Dec	25920132
Jan	25876260
Feb	26234826
Mar	28322577

Source: MGNREGA dashboard of Govt of India

In terms of overall performance MGNREGA does not show anything unusual. The average number of days worked by households (HHs) remains almost the same even compared with two years of COVID, while the number of HHs and individuals worked have reduced by just about 20% in 2022–23. This has still not reached the pre-COVID level. The data is somewhat misleading as it does not capture the actual demand for work. In practice, the demand for work is entered in the computer only when the work is given, so one can't estimate the real demand for MGNREGA work. A rough proxy is to look at budget estimates which hovered around ₹900 to 1000 billion in the last three years. Since the wages have remained almost constant, this is a reasonable proxy, to sense the demand. A reduction of just 20% in budget allocation two years after COVID is indicative of a huge latent demand.

The most important happening in MGNREGA in the last year is massive deletion of job cards without any system of checks and queries. A paper published in Economic and Political Weekly (EPW) shows how addition and deletion has happened in last five years which ranges from 2–3% to massive 19% deletion in 2022–23 after the mandatory system of Aadhar-based payment system was introduced. The chapter shows how even a spelling convention difference like Jasodaben and Jashodaben has led to deletion of job card.[20] In a detailed study done in Andhra Pradesh, the researchers found that 16 out of 26 districts witnessed more than 40% job card deletion, the highest being in Guntur at 72%.[21] While the Aadhar-based payment system has become quite exclusionary, another such system called National Mobile Monitoring Service (NMMS) is equally so as can be seen from the following observations.[22]

- The app requires one to enter attendance at the work site at two fixed times of the day. While such an app may be useful in monitoring the attendance of workers who have fixed work timings, in most states, MGNREGA wages are calculated based on the amount of work done each day, and workers do not need to commit to fixed hours.
- MGNREGA has historically had a higher proportion of women workers and has been pivotal in changing working conditions for women in rural areas. Most women in rural India do not have a smart phone to use such an app.
- Also due to fixed time to enter attendance, the women are most likely to get discriminated against, due to their household chores.
- Many parts of rural India do not have a stable 3G or 4G network to facilitate use of such app.
- Many rural women have been engaged as MGNREGA mate. The role of a mate was conceptualised as an opportunity to empower local women to manage attendance and work measurement in their panchayat. To be a mate, one needs to have a smartphone. This new condition disqualifies thousands of women who do not own smartphones from becoming mates.
- The app claims to 'increase citizen oversight' by 'bringing more transparency and ensuring proper monitoring of the schemes, besides potentially enabling processing payments faster'. With no physical attendance records signed by workers anymore, workers have no proof of their attendance and work done.
- While ostensibly the NMMS's focus on real-time, geo-tagged attendance could be one way of addressing this corruption, the Ministry of Rural Development (MoRD) has not provided much clarity on either the magnitude of this corruption or the manner in which the NMMS addresses it.

In the above, only a few issues related to MGNREGA implementation have been highlighted. Looking back at 15 years one finds that except one, no other guarantees enshrined in the MGNREG Act have been upheld during implementation. These are job cards to be given within 15 days, 100 days of guaranteed work if asked for, wages to be paid within 15 days, work to be given within 15 days, unemployment allowance to be provided within 15 days, women to be given 33% of the work, worksites to have certain facilities, and finally Gram Sabha will decide the works to be undertaken. Among these, only the women's share of work has been ensured in implementation so far. Only 7-8% HHs got 100 days of work, job cards are given only when stationaries are available, work demand is not even recorded if there is no money, payment delays can be from a month to six month, and Gram Sabha no longer decides the works to be done. MGNREGA has turned out to be a fascinating story of guaranteed statutory rights subverted in implementation.

2.2.4. Agriculture Infrastructure Fund

The National Agricultural Infra Financing facility is an livelihoods ecosystem development intervention from the Government of India (GoI) in combination with cooperative and commercial banks. As described in the last report, this facility is to promote agriculture and horticulture related pre and post-production facilities in rural India, so that a robust livelihoods ecosystem is created, generating substantial livelihoods and employment opportunities. This is certainly a welcome idea.

This is primarily a loan facility from the cooperative and commercial banks, with an interest subvention incentive from the government, to cooperatives, farmers groups, self-help groups (SHGs), joint liability groups (JLGs), farmer producer organisations (FPOs) and such entities. A list of such project opportunities is given in the adjacent box. The primary processing activities are further broken down into specific activities, the list of which can be seen in the website.[23]

Box 2.1. Eligible Projects for All Beneficiaries

1. *Organic inputs production*
2. *Bio stimulant production units*
3. *Nursery*
4. *Tissue culture*
5. *Seed processing*
6. *Custom hiring centre*
7. *Infrastructure for smart and precision agriculture*
   a. *Farm/harvest automation*
   b. *Purchase of drones, putting up specialised sensors on field, blockchain and artificial intelligence (AI) in agriculture, etc.*
   c. *Remote sensing and Internet of Things (IOT) such as automatic weather station, farm advisory services through geographic information system (GIS) applications.*
8. *Logistics facilities: Reefer van and insulated vehicles*
9. *Assaying units*
10. *Supply chain services including e-marketing platforms*
11. *Warehouse and silos*
12. *Cold stores and cold chain*
13. *Packaging units*
14. *Primary processing activities*

The dashboard provides a basis idea of how the facility is working. As can be seen, 40,085 applications have been approved, which is about 40% of the all the applications received. ₹ 308.82 billion have been sanctioned of which ₹ 290+ billion have been disbursed by the banks. The total project value is about ₹ 520+ billion meaning just about 57% of the project value has been sanctioned as loan.[24] In terms of offtake, this may be reasonable achievement considering the huge disruption due to COVID for more than a year. However, no details are available as to state-wise approvals, the kinds of projects approved, the nature of applicants, which makes it difficult to discuss how the scheme is doing. It must be mentioned here that the government's financial commitment is only the interest subvention part for which an outlay of ₹ 5 billion only has been made in the budget.

The financing facilities in general assumes that all the organisational, managerial, and technological aspects are in order and therefore, availability of finance at a reasonable repayment and interest rates can do the needful. All previous experiences show that the challenges are often in non-financial aspects which do not get resolved by providing finance. Ecosystem development interventions require a more holistic approach which is still not in place.

2.2.5. National Rural Livelihood Mission

Table 2.6. NRLM's Livelihoods Overview

No. of mission staff	31247
No. of community cadres in place	403686
No. of mahila kisans covered under advanced education program (AEP) interventions	29843631
No. of mahila kisans supported under livestock interventions	10723641
No. of mahila kisans supported for non-timber forest products (NTFP)	643193
No. of krishi sakhis (agriculture conservation reserve program or CRP) positioned	230914
No. of pasu sakhis (livestock CRP) positioned	157741
No. of van sakhis (NTFP CRP) positioned	12858
No. of krishi udyog sakhi positioned	46601
No. of other livelihoods CRPs positioned	31928
No. of custom hiring centrese	27990
No. of producer groups promoted (PG) for forward linkage and marketing	172058
No. of PGs formalised (registered)	161582
Mahila kisans covered by PGs	2985680
No. of PG transacting through digital platform	68499
No. of enterprises running (manufacturing, service, trading)	491241
Sales value (₹ in billions)	6782

Source: Complied by author from NRLM dashboard.

The mission, as is well known, combines facilitational support to SHGs and Federations of SHGs together with microfinance, livelihood training, and entrepreneurial support to women members of such SHGs. Its design assumes a long journey of rural women from being homemakers to active members of local women's organisations, to skilled workers and even becoming micro-entrepreneurs. The programme has evolved through many years of ground experiences. It may be said that it has attained a level of maturity and therefore deserves to be looked at more deeply.

It must be said that the NRLM dashboard is quite detailed, capturing many aspects of the program in numbers. For example, the dashboard provides data on SHGs, revolving funds, micro-enterprises, skill development, loans, and others. We will firstly tabulate some of the data directly related to livelihoods in Table 2.6.

Only a few of the 125 different reports have been taken up here for discussion in the context of livelihoods. We must note that the entire country has only 31,247 staff in position in 740 districts and 7,107 blocks. This human resource is engaged in SHG formation, stabilisation, bank linkages, credit linkages, capacity building, skill building, market linkages, monitoring, technology linkages, and even data entry. They are supported by about 403,000 community cadres who are built from the SHGs and Federations of SHGs. Given this human resource, the numbers shown in Table 2.6 are certainly commendable. Even acknowledging that there might some over estimates here, the numbers show a great promise. Therefore, it demands a closer understanding as to what these numbers tell us if any.

Unfortunately, systematic studies on NRLM are far and few in recent times. We could find two publications which throw some light into the realities and possibilities, which can be summed up in the following way.[25]

It's is well recognised that the such a massive programme of community mobilisation of schedules caste (SCs), scheduled tribes (STs), other backward classes (OBCs), other ethnic minorities, and moving towards building a self-sustaining livelihoods unit at family and group level is a slow and bumpy process. One cannot therefore expect that all aspects will work smoothly. However, there is wide recognition that SHGs and Federations in many areas have become active social and microfinance organisations. Despite the actual bank finance being very low, the SHGs and their Federations are able to regularly transact their savings and the revolving fund they receive from the NRLM. It may be noted that the SHG-Federation members' borrowings show a remarkable characteristic as they borrow primarily from groups, banks, and inter-lending and much less from traditional institutions. From this general organisational base, NRLM attempts to generate, enhance, and protect livelihoods. It assists a section of the members to start new ventures which neither they nor their families have done before. Further, the programme attempts to create a cadre of skilled workers on various domains (package of agri-practices, livestock, etc.) who may earn extra income by deploying such skills for others. Thirdly the programme attempts to improve families' livelihoods practices by providing various technical training. Finally, the programme also makes to build market linkages through online commerce and other market platforms.

In general, its seen that only about 5% of the members are able to start new micro ventures, but a significant number of members are able to expand their existing livelihoods activities such as livestock, which hovers around 22–25%. At the same time, significantly more members have started some business activities in comparison to control areas. There is no data available as to actual income generated by the skilled women workers. On the other hand, the usual challenges of SHG stabilisation, low bank finance, relative much higher use of loans in consumption smoothening than in productive activities, low offtake for new ventures, challenges of hand holding support continue.

We take this opportunity to offer a few thoughts as regards to NRLM. Firstly, there is a need to develop a robust ecosystem to support livelihoods through self-employment and micro businesses. One key task is to develop technical and professionalised person power for which there is a need for an educational response at an appropriate level including business school education for the informal sector. Secondly, the convergence of NRLM and MGNREGA can yield significantly more livelihoods opportunities which is still absent in the programme. Similarly, the convergence with Gram Panchayat Development Plan (GPDP) and also agricultural infra financing facility will be a welcome step.

2.2.6. MSME Sector

Much of the non-farm livelihoods and employment is in the so called micro, small, and medium enterprise sector or MSMEs. While the category captures a very large variety of enterprises, ranging from an investment in plant and machinery less than ₹ 10 million to ₹ 500 million, while the turnover ranges from less than ₹ 50 million to ₹ 2500 million. The rationale of clubbing all of them into one policy category is not clear and certainly questionable. In reality, the micro enterprises dominate the landscape – among 63.3 million MSME enterprises, 63 million belong to micro enterprises.[26]

One major measure started by GoI as a part of MSME policy is registering the MSME units under UDHYAM registration process under a self-declaration system. This is a very welcome step as it helps the state to understand the nature of the MSMEs and also can have fruitful planning to support them. The dashboard tells us that 29.2 million units have registered of which 28.6 million are micro units, 0.576 million small units and only 53,500 medium enterprises unit. This is done either by self-registration or by UDHYAM assist platform. The breakup of category of enterprises for the latter is not available. Of the 20.1 million self-registrations done, only 5.29 million units are registered as manufacturing and 14.7 million units are registered as service/trading units. The employment shown is more than 136 million people including 33.4 million women engaged in these units. If the data of UDHYAM assist platform is included, the employment should exceed 140 million. Starting in 2020, it's a reasonably good achievement, and hopefully by another two to three years we will have a basic data set of most of MSME enterprises.

MSME policies can be divided otherwise into two small parts - maintaining and improving existing institutional infrastructure and processes, promote new possibilities of MSMEs through financing, skill development and market linkages. Khadi and Village Industries Commissions

(KVICs) and tool rooms, and technology centres are the primary infrastructural entities supported from MSME ministry and several schemes are in operation to support new MSMEs. Let us look at some of them.

The khadi industries form a significant intervention area in the MSME sector. About 0.498 million artisans are connected with this programme. The sales have been improving steadily to reached ₹ 55 billion. Gramodyog Vikas Yojana promotes village micro and small enterprises in food processing, mineral based, some engineering, and aromatic industries. The village industries connected with KVIC have doubled their sales from ₹ 560 billion to nearly ₹ 1,310 billion in five years. This is no mean achievement. As of 2023, its employs 17 million people. The policies recently implemented for khadi and village industries are mostly around online transactions - registration, release of subsidy, connecting with online commerce, supply chain integration, etc.[27] On the other hand, the budget support for MSMEs and specifically for khadi and village industries witnessed a mixed bag. The Economic Times reports that the total outlay in 2021–22 for all the schemes and projects for the development of khadi, village and coir industries was ₹ 9.05 billion. This allocation was subsequently revised to ₹ 12.32 billionin 2021 - 2022. However, the budget of 2022 - 2023, the revised figure has seen a marginal reduction. The new allocation stood at ₹ 11.68 billion. Almost all khadi and village industries are labour intensive and it was expected to see an increase in allocation of funds. That has not happened this time.[28]

Table 2.7. Several Schemes for Khadi and Village Industries Sector

PM Employment Generation Scheme	74600	No. of Beneficiaries
Modified Market Development Assistance	1503	No. of Institutions to Benefit
Interest Subsidy Elligibility Scheme	1926	No. of Khadi Institutions
Work Shed Scheme for Artisan	1875	No. of Khadi Artisans
Strengthening infrastructure for weak khadi institutions and supporting market infrastructure	40	No. of Khadi Institutions
Khadi Reform and Development Programme	100	No. of Khadi Institutions
Honey mission (distributing bee hives to bee keepers)	1568	No. of Bee Keepers
Kumhaar Shashaktikaran Programme (distributing electric pottery wheels)	3500	No. of Kumhaars

Source: Annual Report of MSME Ministry.

The other programmes under implementation for the MSME sector are are mentioned below.

The reason these are being mentioned here is that while these are certainly useful to the respective individuals and institutions, the numbers are so small that one wonders what impact it creates sectorally. There is a strong case to review these programmes not in terms of their utility, but in terms of the needed scale, depth, and administering mechanisms. One possibility is to integrate some of these programmes with NRLM as the sort of micro enterprises the NRLM is supporting are often in the category of village industries. Another important question to ask is that if villages industries can generate an annual revenue of ₹ 1,310 billion, with an employment to 17 million people, why is there no great policy emphasis to make this sub-sector more robust, competitive, and effective?

The most talked about programme in the MSME sector is the extension of the emergency credit line guarantee scheme to 31 March 2023 to continue supporting the COVID and lockdown-hit MSMEs. However, in contrast to its launch year in 2020, there has been a significant drop in takers as only about 2.3 million units have accessed the facility this last year, making the total number of MSMEs accessing the facility to be 11.9 million. This is only about 15% of the MSMEs if one compares with 6.33 MSMEs as recorded in 2015–16 by the National Sample Survey Organisation (NSSO) 73rd round survey. A SBI research report suggested that only 12.5% of MSME credits could be saved from slipping into non-performing asset (NPAs) category through this mechanism, and have saved about 1.45 million MSMEs.[29] It is clear that the facility was not very useful to a large number of MSMEs.

2.2.7. E-Shram

One other important policy measure initiated by GoI is a E-Shram portal registering workers in the unorganised sector. Initiated just before COVID, the E-Shram portal shows a massive 291.5 million workers registration, which includes agriculture 152.7 million, domestic workers 28.2 million, construction 26.2 million, apparel 18.2 million, miscellaneous – 12.5 million, and the rest all are having less than 10 million registration. The top 7 states in terms of registration are Uttar Pradesh, Bihar, West Bengal, Madhya Pradesh, Maharashtra, Rajasthan, and Gujrat with all having more than 10 million persons registered. Almost 53% registered are women in comparison to 47% men who have registered. Also, the data shows that nearly 60% of them are below the age of 40, following the national demographic trend.[30]

This information is quite useful to the government to map the landscape of unorganised workers. For example, it is now possible to show which state has how many un organised sector workers in what trades. Such mapping is certainly useful in designing skill building or social security programmes. And that poses the question- Is this facility useful to the individual worker? The portal mentions several employment and social security schemes run by various ministries and this data is not integrated with the programmatic data of those ministries. For example, is it possible to know for how many government schemes a specific unorganised worker is eligible and how many has she been able to access? This would require the universal account number (UAN) number generated by the E-Shram registration to be linked with each such employment and social security schemes, when these are being provided to one such worker. Actually, the Aadhar number can be used to create such data base instead of having another identity number.

Another important question arises in this context. Is this data available to district and state authorities, several missions and panchayati raj institutions? Such availability can greatly improve data-based decision making and public management. Right now, this data is not accessible to such authorities, which further limits its use. It is nevertheless a good start indeed.

2.2.8. Skill India

The skill India mission has been operational from 2015. It defines skill as capacity to do one or two tasks, like tractor driving or drone operations, instead of a basket of skills needed to get a job. The very conceptualisation is faulty, and the result can be seen immediately from the figures given in the PM Kaushal Vikas Yojana, the key component of skill mission. From enrollment to placement the figure drops to 0.05%. With 1373 training partners and 3053 training centres distributed over many states the architecture seems to be in place. However, the results are abysmal. On the other hand, the apprenticeship intervention seems to be doing better. 0.373 million apprentices have completed training, and in the year 2022–23, 0.47 millions have engaged in factories, which means that some from the previous years are also continuing to remain engaged. But it also shows 0.487 million vacancies existing. All the apprenticeship trainings are of six months in contrast to Pradhan Mantri Kaushal Vikas Yojana (PMKVY) training having duration of a couple of hours to a couple of days. The tie up with industry for apprenticeship is much clearer. Needless to say, the industry prefers apprentices who can take up multiple tasks and have some understanding of the job rather than woefully low-skilled PKVY-certified trained workers. Let us not enter into the issue that the range of works apprentices are allowed to do has indeed been expanded after the new labour code were introduced, which may have some bearing on the preference on the apprentices. But this

Table 2.8. : Progress of Kaushal Vikas Yojana in the current year[31]

Enrolled	575475
Trained	286455
Assessed	129395
Certified	117053
Placed	261

Source: Complied by author from NRLM dashboard.

is is in contrast with a regular appointment not about comparison of skills.[32]

2.2.9. Shram Yogi Mandhan Yojana

The previous section discussed the livelihoods protection schemes and in particular the un organised workers', kisan's, and other pension schemes. The first one is for the unorganised sector workers having a bank account having some balance, so that the pension contribution of either ₹ 55 or ₹ 100 is auto debited to a government pension account, on the top of which the government also deposits the same amount with interest. The person on attaining the age of 60 can get ₹ 3,000 per month. 127 occupations are listed to be eligible.

The dashboard of the labour department shows that only about 0.3 million persons have been added into this scheme making the total 4.94 million as on April 2023. This is just about 25,000 persons being added every month. This is such a small fraction of the 0.29 billion unorganised workers registered on E-Shram portal. Even considering that not all of them are eligible to be included in this scheme due income limit of ₹ 15,000 per month, the number should be in several millions. It is not clear why there continues to be so little offtake.[33] The monthly outgo of the central government is just about ₹ 0.3–0.4 billion, meaning less than ₹ 5 billion spent every year in this.[34] Why should central government administer such a small-scale programme?

A similar pension programme for the farmers is called Kisan Mandhan Yojana. Farmers having less than hectares of land, within the age group 18–40 and having land record in her/his name are eligible. The premium is ₹ 55 to 200 per month. The farmer will get a pension of ₹ 3,000 per month on attaining the age of 60. The process is simple and similar to Shram Yogi Mandhan Yojana. The overall uptake is just 1.94[35] million farmers so far, abysmally low. Why can't it be integrated with PM Kisan Scheme where one has the bank account and nearly 0.1 billion such farmers receiving the PM Kisan benefit? No data is available as to how much has been the central government expenditure on this, but it is certainly less than even ₹ 5 billion a year. Why should the central government run such a small-scale programme? Yet another such scheme is for traders having age of 18–40 engaged in trade with turnover of ₹ 15 million or less as a shopkeeper or traders. The terms are the same as above. The dash board tells us that only 53195 people[36] have taken the benefit of this program. Only about 7.2 million people are benefiting from the three pension programmes. This is so miniscule a number and remaining so for years that one must ask for a comprehensive review.

2.3. Concluding Remarks

Looking at the policies and programmes of GoI one realises that only a few programmes have large budgetary support and then there are huge numbers of programmes managed by departments with very little budgetary support as well as very little impact on the ground. Multiple examples mentioned above bear testimony to this. The rationale of having many narrowly-designed and poorly-budgeted programmes can't be justified in any way.

The other observation one can't escape is that there are multiple programmes of very similar nature like the Mandhan Yojanas for unorganised sector workers, kisans, traders, and self-employed, other than the pension schemes of the National Social Assistance Program. All these programmes have similar goals and targets; similar categories of people who are part of the informal sector. Another such example (not dealt here) is housing schemes for rural poor, artisans, fisherfolks, bidi workers, economically-weaker sections, and others. There is no rationale to have so many yojanas of same intent and same types, rather it would be administratively wise to club them to form such yojanas under a broader frame.

A third aspect is worth noting. It's certainly welcome that for a number of programmes national dashboards with some levels of desegregation has brought some levels of transparency. One can now access a number of data on a number of programmes on the website. However, there is much scope to improve. For example, for every such scheme the decision-making architecture can be displayed so that potential beneficiaries and organisations and institutions working with the beneficiaries know who are the right persons at each level from below and what are their role in the programme, and who takes what decisions. This would bring transparency and accountability and certainly improve the performance of the programmes. Further, there is a need for smart thinking in regards to who should have access to which data. A lot of raw data collected are very useful at the district and block levels to facilitate district and block level planning. In addition, some data bases are downloadable in excel form so that some analysis can be done (such as MGNREGA), while many other dashboards do not provide such opportunity. Also, some data are not segregable to block and lower levels.

There is in fact a more fundamental challenge when it comes to the dashboards. Utility of any dashboard is subject to who is using and what their needs are. The dashboards are currently useful for senior level administrators alone. Using the same data set, multiple user interfaces can be created to deal with the data with appropriate details to facilitate decision-making analysis and use. Improvements in these areas can enhance the utility of such dashboards.

There is certainly scope to bring synergy among multiple programmes. One usually talked about topic is the synergy between NRLM and MGNREGA. There can be others like GPDP and departmental plans at the block levels, NRLM and khadi and village industries, etc. With so much granular data being collected by many programmes, the potential for synergies is evident now more than ever. Such synergies would require intra-departmental and inter-departmental implementation architecture at the union, state, and district/blocks levels, which would require piloting. While one can discern some efforts in intra-departmental programmatic synergies, inter-departmental synergies are yet to be seen.

While small budget (for example, ₹ 0.1-5 billion) are indeed necessary to address the diversity of needs of various livelihoods sub-sectors, and people connected with it, it's a waste of human and structural resources for union (and even state) governments to implement programmes of such scales. Time has come to create a district sector scheme just like central sector and a state sector schemes in the union and state budgets. The population in more than 200 of 740 districts together amount to more than the entire populations of many nations of the world and certainly the district administrations under the Zilla Parishads should own programmes of bigger scale.

It's also time to start rethinking the nature of support offered to farmers. While small farmers make up the bulk of the farming community today, they no longer draw their income primarily from crops, but complement that with wage work. Therefore, state support must also have to combine wage and crop production support as a package. While MNREGA is providing the wage support, there is a great need to creatively combine it with crop assistance support in a large number of districts within a broader framework. The small farmers are actually those who still depend largely on agriculture and therefore the crop support to them may be targeted.

And finally, a word on skill India. It's time to call for a complete overhaul of Skill India programme. By now there is enough evidence to show that the mere ability to do a of couple tasks will not fetch an individual a job other than as an unskilled worker. There is no alternative than massive investment in good basic education and basic technical education to build a skilled workforce. No shortcuts will achieve any substantial purpose.

Notes

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4 The State of Working in India 2023, Azim Premji University pp 24.

5 The State of Working in India 2023, Azim Premji University pp 24.

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[18] https://pmfby.gov.in/adminStatistics/dashboard. Table compiled by the author.

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Graduation Approach in India
Looking Back and Looking Ahead

3

Ranu Kayastha Bhogal

3.1. Background

Programmes for addressing poverty have been around right from the first Five-Year Plan onwards. NRLM (National Rural Livelihood Mission now known as DAY-NRLM) launched in 2011 was designed after incorporating the learnings of past several decades. It focussed on building its implementation architecture by creating institutions of poor women to increase household incomes through livelihood support and access to financial services. The basic institutional mechanism for driving the programme was self-help groups (SHGs) of poor women.[1] The rest of the structure (the village organisation or VO, the cluster level federations or CLF) was built around these SHGs. However, it soon became clear that the poorest of the poor (PoP or the ultra-poor) were getting left out from this group. Often the PoP also belonged to socially-marginalised groups making it more difficult to reach through the community institutions that are often controlled by the poor from socially stronger groups.

To address the above gap, efforts have been made by non-governmental organisations (NGOs) as well as certain state governments to develop strategies for inclusion of the most vulnerable and ultra-poor groups in the livelihood interventions but they did not adopt the graduation approach. Some of these efforts made by Society for Elimination of Rural Poverty (SERP) (in Andhra Pradesh henceforth AP), Kudumbashree (Kerala) have been documented in a position paper written by this author in 2014.[2]

NGOs like Trickle Up and Bandhan Konnagar implemented interventions using the Graduation Approach.[3] While, these were more in the nature of pilots, nonetheless, several studies[4] demonstrated the success of these efforts. Consequently, the effectiveness of the graduation approach got established in the Indian context.

However, it is only since 2016 onwards that the Governments of Bihar and Jharkhand through their respective State Rural Livelihoods Missions (SRLMs), have adopted the graduation approach on a larger scale.[5] This they have done with the technical support of Trickle Up and Nudge Foundation in Jharkhand and Bandhan

Konnagar in Bihar. These government-led interventions have not been evaluated as yet.

The Knowledge partner of Jeevika Bihar – J-PAL released a Playbook on the Ultra Poor programme of Jeevika called Satat Jeevikaoparjan Yojana (SJY) in August 2023. The idea of the playbook is to share their experience with other State Governments who are interested the SJY strategy.[6] For the purpose of this chapter, it is important to note that the SJY is an adaptation of the graduation model.

The initial target of SJY in Bihar were women whose livelihood was preparation and sale of country liquor, as after the ban on liquor sale, they had to be provided an alternative livelihood option. Later the scope was expanded to other ultra-poor.

Jharkhand State Livelihood Promotion Society (JSLPS) in Jharkhand has identified three sets of vulnerable groups where special interventions have been designed: the particularly vulnerable tribal group (PVTGs), the women who depended on preparation and sale of local liquor and ultra-poor from all social groups. It set up a special protection cell for PVTGs and ultra-poor within JSLPS. Here too the interventions are adaptations of the graduation approach.

On the whole, there is an increased awareness regarding need to work with the ultra-poor with the graduation approach becoming a key intervention strategy. This chapter is taking a fresh look at the graduation approach especially in the context of its implementation on scale by the government delivery system.

This author had an opportunity to interact with representatives of the livelihood missions of both Bihar and Jharkhand as well as staff and ex-staff who have been closely involved in providing technical support to the state programme teams in both the states on behalf of the NGOs they represented. Bandhan Konnager, Trickle Up, and Centre for Rural Development of the Nudge Institute are three such organisations that provide technical support to the SRLM teams. Of these Trickle Up and Bandhan Konnagar have had more than a decade and half of experience in implementing programmes for ultra-poor using the graduation approach in India. Both their programmes are well documented and evaluated by internationally-renowned experts. Nudge is a relatively new entrant having started its first pilot in Jharkhand in 2019. It has been on a very systematic and rapid learning journey and has already started pilots in several states apart from Jharkhand. The NRLM has recently signed an MOU (Memorandum of Understanding) with Nudge Institute for providing technical support in the states of Jharkhand, Rajasthan, Assam, Tripura, Meghalaya, and West Bengal as well as prepared an approach paper for the implementation of the graduation approach. Nudge is also in the process of developing an open-source mobile friendly application for rolling out the graduation approach.

This chapter is an attempt to highlight the elements of the model that need to be guarded to ensure that the spirit of the graduation approach is maintained when implemented at a large scale, specifically the element of coaching, mentoring, and handholding support.

It further argues that an ecosystem based or a more holistic approach where other aspects of well-being like health, housing, access to clean drinking water, fuel, education, and care support system for women, etc. are addressed, is critical for any lasting impact. This is true for all poor but particularly so for the ultra-poor. In the absence of these, the chances of households slipping back into ultra-poverty due to any shock are very high. The chapter argues that unless this is ensured, the dream of lifting a large number of ultra-poor out of chronic poverty will remain unfulfilled.

3.2. Looking Back and Looking Ahead

3.2.1. What is Graduation Approach?

Behavioural scientists Professor Eldar Shafir of Princeton University and Professor Sendhi Mullainathan of Harvard University found in their research that living with scarcity has three (*psychological and behavioural*) effects:

a. **Tunnelling:** Time horizons shorten as people focus on managing the next imminent crisis or need, which also causes them to neglect other needs or crises.

b. **Borrowing:** People borrow from the future to take care of immediate needs, sometimes at very high rates, even if this makes them less well off in the long term.
c. **Distraction:** Scarcity creates stress, which causes people to perform less well in decision-making tasks.

Any work with ultra-poor needs to address these behavioural characteristics that manifest in people living in their condition. Another observation made by Eldar Shafir is that, 'roughly 70% of the variation in individual decision-making can be attributed to the difference in context in which people are operating, and only about 30% is attributable to differences in the people themselves. We all know that changing people is really, really hard, but changing the context in which they operate while not simple is much easier'.

The graduation approach is designed to address the economic deprivation of the people who are ultra-poor by also recognising their behavioural and psychological condition. Therefore, the approach works with a combination of interventions that are aimed at pulling people out of both the economic as well as psychological deprivation.

It combines elements of social protection, livelihoods development, and access to finance to protect participants in the short run while promoting sustainable livelihoods through self - employment for the future with life skills coaching as a binding factor through the entire period of intervention. It is these elements that contribute to changing the context (referred to by Shafir in the statement above) in which the ultra-poor live. The steps followed in graduation approach are[8]

a. **Targeting:** Targeting the ultra-poor households is the initial and one of the key tasks as they normally remain excluded from the poverty-alleviation programs. Using the participatory rural appraisal (PRA) which includes the social mapping and wealth ranking by ensuring that people from all walks of life from the community participate, helps in identification of the ultra-poor households. This involves mapping each household followed by wealth ranking. All this is done in a participative and open process. After the PRA, the poverty assessment tool (PAT) is used where the poorest households identified in the PRA are surveyed and scores are given to ensure their status of poverty. Based on this exercise, eligible households are identified and included in the programme.
b. **Consumption support:** Soon after participants are included in the program, they start receiving consumption support in the form of a small cash stipend or foodstuff. This support gives them 'breathing space' by easing the stress of daily survival and supports them in transiting from their existing living to a new one. It can be offered through a pre-existing government or other safety net program, in contexts where this is available. This component reflects the important lessons derived from the field of *social protection*.
c. **Savings:** Once people's food consumption stabilises, they are encouraged to start saving, either semi-formally through SHGs or more formally through an account with a formal financial services provider. In addition to building assets, regular savings instills financial discipline and familiarises participants with formal financial services. Most graduation programs have seen the need to offer financial literacy training, teaching participants about cash and financial management, and familiarising them with savings and credit. This feature draws on emerging lessons about the importance of savings from the field of *financial inclusion*.
d. **Market analysis and asset transfer:** A few months after the program starts, each participant receives an asset (e.g. livestock if the livelihood involves animal husbandry; inventory if the livelihood is retailing) to help jump-start one or more economic activities. Prior to that transfer, the program staff would have thoroughly analysed the local market's infrastructure and support services to identify sustainable livelihood options in value chains that can absorb new entrants. Once the staff has identified several viable options, the participant chooses from a menu of assets, based on livelihood preferences and past experiences.

e. **Technical skills training:** Participants receive skills training on caring for an asset and running a business. While rudimentary, such training is essential in managing successful small businesses. The training also provides information on where to go for assistance and services (e.g. a veterinarian, for the many program participants whose livelihood selection involves animal husbandry). The asset transfer and skills training incorporate lessons derived from the *livelihood development* field.

f. **Life skills coaching:** Extreme-poor people generally lack self-confidence and social capital. Weekly household visits by staff allow for monitoring but even more so for 'coaching' over the 18 to 36 months of the program. During these meetings, staff help participants with business planning and money management, along with social support, health and disease prevention services. In several instances, it has proven valuable to organise social support groups (such as 'village assistance committees') or link up with a healthcare service provider, whether government clinics or non-governmental options.

While BRAC may not have based its design on the work of the two professors, interestingly the design does address the three psychological and behavioural effects of scarcity through its emphasis on life skills coaching and intensive human interface during the period of intervention which is 36 months in case of BRAC and 24 months in case of others. In fact, this is the unique feature of the graduation approach as compared to other poverty-alleviation programmes like IRDP[9] (Integrated Rural Development Programme) where assets were given to the poor but the lack of life skill coaching often resulted in the beneficiary giving up too soon and failing to get out of the cycle of chronic poverty. Unfortunately, this author is unable to compare and contrast the two approaches i.e. the traditional poverty-alleviation approach like IRDP and the graduation approach as **implemented by the government delivery system** due to lack of robust evaluation and data. The SJY programme of Bihar is due for evaluation in 2024 and only after that such an exercise can be carried out.

3.2.2. Indian Experience of NGO-led Graduation Programme

a. **Trickle Up:[10]** Trickle Up was established in 1979 by Glen and Mildred Robbin Leet to empower the most impoverished individuals by providing them with the tools and knowledge to establish and manage profitable businesses. It opened its branch office in Kolkata in 2005. It was part of the Certified Government Audit Professional or CGAP (Consultative Group to Assist the poor) - Ford Foundation study in 2009, leading one of the initial global pilots of the graduation approach in West Bengal. Today, Trickle Up operates in 23 districts spanning Jharkhand, Odisha, Delhi, and West Bengal where it uses the graduation approach with rural and isolated communities, particularly those belonging to scheduled castes (SC), schedule tribes (ST), PVTG and persons with disabilities (PwDs). So far it has worked with 2,30,000 ultra-poor individuals.

Over time, Trickle Up discerned that escaping poverty is a more challenging when tackled at an individual level, even with the provision of assets and continuous coaching support. The dynamic nature of markets presents formidable challenges to a lone graduate struggling to make ends meet. This realisation gave the impetus for the inception of a post-graduation approach in Bolangir District of Odisha in 2021. Under this new initiative, Trickle Up launched a pilot program focused on collectivisation,[11] called the 'Ladder Approach'. This initiative, known as Ultra Poor Market Access (UPMA), endeavours to organise participants into farmers interest groups (FIG) and making them 'market ready' by equipping them with the skills and mindset necessary to venture into higher-risk investments by taking gradual steps, hence the name 'ladder approach'. Trickle Up accomplishes this by establishing crucial market connections through a comprehensive analysis of market dynamics and supply chains. This ensures that economic opportunities are effectively harnessed for the benefit of the underprivileged.

Trickle Up team lists the following as its key learnings:

- **There is need to customise the interventions based** on the local context, needs, and resources. The intervention strategy needs to be understood and defined for the ultra-poor in rural and urban context and also with the PWDs.
- **The approach is cost-effective in the long run:** While the upfront costs of graduation programs can be higher than other poverty interventions (like cash transfers), the benefits over the long run often justify the costs, given the substantial and sustained improvements in participants' lives.
- **Not everyone graduates:** The goal is to help participants 'graduate' from extreme poverty, but not everyone does. However, numerous studies have shown that a significant majority of participants do experience substantial improvements in income, food security, savings, health, and other measures of well-being.
- **Role of savings:** Encouraging savings, often through formal savings accounts, plays a crucial role. Savings act as a safety net and provide a source of capital for future investments or to weather financial shocks.
- **Mitigating the impact of climate change:** The devastating impact of climate change is particularly acute for ultra-poor communities, who often bear the brunt of climate-related disasters. As a result, it has become imperative to formulate livelihood plans centred around climate-resilient activities. These measures are crucial for safeguarding the well-being of the most vulnerable members of society.
- **Diversifying livelihood activities:** The concept of livelihood extends beyond traditional off-farm interventions for ultra-poor communities. To ensure a consistent and improved income flow, it is essential to diversify income sources.
- **Digital integration works as an enabler:** The utilisation of digital technology, such as mobile apps, by coaches accelerates the knowledge advisory process during the graduation journey.
- **Innovation:** Working with the ultra-poor in different contexts helps in learning their diversity and brings greater maturity in addressing the needs of the ultra-poor and eventually graduating them out of extreme poverty. Learnings helps in bringing new innovations and customisation like usage of digital technology for coaching and better market linkages.
- **Intensive engagement:** The whole intervention for the ultra-poor households under the graduation approach needs to be implemented meticulously and intensively where each and every household needs to be taken care of. Dedicated time and effort is required to achieve the desired results. The process is sequenced and time bound, and takes time to bring changes in the lives of the ultra-poor.

b. **Bandhan Konnagar:**[12] Targeting the hardcore poor programme (THP)[13] was inspired by BRAC's Ultra Poor Programme. Grants (in the form of assets, not cash) are offered to destitute women. They start generating income out of these assets and are subsequently able to support themselves by independently making a living. It was seen that within 24 months of this **grant intervention,** these poverty-stricken women started to graduate to a basic income-earning capability, elevating themselves from extreme poverty and connecting with mainstream society. Besides grants, they also received **consumption stipend** (since they are usually assumed to have shorter term time preferences and hence, they may allocate the funds or assets to current consumption instead of investing in future income generating activities). They also get **handholding and mentoring support** (because of the presumption that the poorest of the poor are, vulnerable to risks and suffer from information gaps). These poorest and excluded families, after 'graduation' integrate into the socio-economic mainstream and become active clients of the microfinance ecosystem (self-help groups or SHGs, microfinance institutions or MFIs and banking system).

THP programme that started in 2006 has covered 24,082 villages from 72 districts across 13 states. It has worked with 1,80,976 ultra-poor people, of which 1,35,263 ultra-poor women have graduated out of poverty.

Some of the key implementation lessons learnt by the Bandhan team (captured in the Ford Foundation study mentioned above) are listed below:

- **Programme duration:** While 36 months is considered ideal after asset transfer for the livelihood to stabilise, Bandhan was constrained by lack of donor funding and had to compress the programme duration to 24 months.
- **Staffing:** Attracting the right people, training them and retaining them is critical. The physically and emotionally demanding nature of work results in high staff turnover in the initial months. A lot of investment is needed to provide regular training to the staff and keep them motivated. The psychological well-being of staff is crucial for staff retention.
- **Targeting:** Given the intensive nature of the programme, the cultural context of an area is critical as implementing in very conservative areas is unlikely to bring the results. Staff needs to be alert to contextual differences and exercise discretion in the selection process. The Village Assistance Committee can play a crucial role in developing and maintaining a relationship of transparency and trust within the community.
- **Consumption support:** Cash stipends are rarely used for consumption purposes as participants prefer to invest in asset related costs. However, cash support is essential for farm-based livelihoods as the return have a longer gestation while for petty trading the returns start flowing in with the asset transfer.
- **Market analysis and enterprise selection:** A purely livestock-based model has been done away with as 24 months is inadequate for any asset growth. As participants operate at commercially insignificant scale, focussing on local market analysis is more relevant than deeper value chain or commercial market analysis.
- **Asset transfer:** Working capital is transferred in installments so as to not overwhelm the inexperienced participants.
- **Technical skills training:** Systematic refresher training proved necessary for all participants, farm and non-farm alike. Refreshers are required every three months. Financial literacy-building is also critical and made mandatory for all participants. It is useful to devote one day of the three-day skills-building training to confidence-building and motivational training, drawing on success stories from past participants.
- **Savings:** Savings include two components-daily mandatory savings and 'capital' savings (remainder of profits after reinvestments). The daily mandatory savings amounts should be kept at a bare minimum so as to inculcate a regular savings habit without creating a strain on household consumption. The field staff must encourage participants to utilise their capital savings on housing repair, healthcare costs, and children's education.
- **Life skills coaching:** For effective support to the participant households the ratio of community organiser (CO) to participant should be maintained at 1:50/1:75 households. The weekly group meetings are important because they facilitate discussion on sensitive issues, create transparency within the community, and create a sense of solidarity amongst group members.
- **Monitoring:** A thorough monitoring and documentation system is crucial to successful scaling of the program that maintains quality and effectiveness. The CO/participant relationship calls for close monitoring and strict rules against any form of harassment of participants by COs. Embezzlement of funds is another primary concern. Strict monitoring ensures that there is no siphoning of funds especially during asset transfers.

3.2.3. Experience of Government-led Graduation Programme

The state governments of Bihar and Jharkhand decided to start working with the ultra-poor by embedding its programme within the SRLMs. In the case of Bihar, it was through Jeevika and in Jharkhand through JLSPS (Jharkhand Livelihood Promotion Society). Jeevika Bihar has a technical partnership with Bandhan Konnagar while JSLPS has two agencies as its technical

Box 3.1. Expectations from the Master Resource Person

1. *Confidence building meetings with the beneficiary.*
2. *Group meetings with all the Ultra-Poor Households.*
3. *Weekly home visits to all HH.*
4. *Market survey/analysis or feasibility of demand for products or microenterprise in nearby markets and villages.*
5. *Document each visit and results in a prescribed format*
6. *Prepare a detailed micro plan for each HH.*
7. *Get the enterprise endorsed by the village organisation (VO).*
8. *Capacity building support to the beneficiary for developing their asset. Maintain a book of records with cost, revenue and profit generated.*
9. *Helping the beneficiary open a Bank account and develop a habit of regular savings.*
10. *Coaching on social issues (child marriage, dowry, vaccination, etc.) and life skills building (personal health, hygiene, living conditions, basic numeracy and literacy, etc.).*
11. *Facilitate convergence of the beneficiary with social security schemes, entitlements.*

Source: SJY Playbook

partners, Trickle Up and the Nudge Foundation. In both cases, the institutional architecture of the livelihood mission is used for implementing the ultra-poor programme. In practical terms this means that the village organisations (VOs) are expected to play a key role. The premise is that the ultra-poor are left out of the SHGs created under Jeevika so one of the objectives is to either get them included in the existing SHGs or to form new SHGs of the ultra-poor and get these SHGs added to the VOs. The idea being that eventually the ultra-poor families get included in the livelihood mission's programme.

However, this is something that can happen only after the ultra-poor households have attained some level of stability in their livelihoods and started saving. The first step is to identify the ultra-poor in the village.

The Playbook released by Jeevika in August 2023 details out the various steps for each stage. Both the state programmes follow a similar process for the identification of the eligible ultra-poor households. The VO and the master resource person/community resource person/ particularly vulnerable tribal groups (MRP/ CRP/PVTG) change maker[14] play a key role in this exercise as they have the local intelligence. The list prepared by them is reviewed/verified by the block resource person/block co-ordinator (BRP/BC) and a final approved list is released.

The next steps are almost on similar lines with a few variations. Once the eligible households are identified and included in the management information system (MIS) of the SRLM, the MRP starts what are called confidence building meetings with the identified households. These are followed by home visits where the MRP tries to understand the situation of each household and what kind of skill set and interest they have. This helps in the process of identification of a suitable livelihood and asset for each household. Each MRP is responsible for 30 to 40 households. As mentioned in the graduation approach, the households start getting a cash transfer also called livelihood gap assistance fund (LGAF)[15] to meet its immediate survival needs. This is critical to wean them away from distress migration or to get engaged in insecure livelihoods, and to mentally prepare them to take up an alternative livelihood activity.

The MRP is expected to simultaneously do a market analysis and start mapping out the possible livelihood options for each household. Often these are livestock, a grocery shop, petty trading activity or vegetable cultivation for those with small patches of land. The CRPs (of the mainstream SRLM) - Pashu Sakhi in case of livestock, Krishi Sakhi for farm-based interventions and other resource persons in case of small business are expected to support the development of a business plan for each household (HH) for the MRP to track on a regular basis. The technical support organisation staff is also closely involved in this process right through the period of graduation which is 24 months in case of SJY. In order to help eventual integration with the main programme, and develop greater ownership of the community to work with the ultra-poor households, the VO has a key role not only in the selection process but also in the purchase and transfer of the asset.

It is clear in the operational system of both the states that the MRP/change agent is the backbone of the implementation architecture. These are selected from among the community. Usually, they are tenth standard graduate men and women. Both states try to get more women in this role, however this author was not able to get an accurate proportion of men and women MRPs. The MRPs carry the major burden of implementing the programme. The recommended number of HH for each MRP based on the NGO pilots is 30-35.[16] However, depending on the geography and ease of mobility this number can go down to 20 or go up to 50 in some cases. The MRPs receive intensive training over a period of around six months in five modules with a 45-day gap between modules. In case of Bihar, these modules have been developed by Bandhan Konnagar and in case of Jharkhand by Trickle Up and The Nudge Institute. In SJY, the MRPs also get three refresher trainings on graduation criteria; financial literacy, addressing social norms; facilitating inclusion of ultra-poor HH in the SHGs. After graduation, the technical resource person from NGO moves out and the social mobilisation and institution building (SMIB) team takes over the role of supporting the MRP.

It appears to this author that the expectations from the MRP seem to be way more than what someone with their level of education, exposure, and experience can handle. However, this is an assumption and only an in-depth study of the quality of services provided by them can throw

Box 3.2. Unpacking Counselling and Mentoring Support

Winning the trust of the ultra-poor is the most difficult step. In the experience of NGO functionaries, it takes several visits before they even agree to sit down and listen to what they have to offer. This is about 'listening' to the specific difficulties they are facing and not about lecturing them. The next step is helping them gain ***confidence*** *and believe that they can start an activity that can give them a regular assured income – enough to wean them away from distress migration or just living a very vulnerable existence where they survive by doing odd wage work, collect forest produce. Getting into a* ***discipline*** *to carry out an enterprise or any income-generating activity is another challenge as most ultra-poor are used to working as wage labourers. Transitioning from being a wage labourer to becoming an entrepreneur is a huge step that requires continuous hand-holding, skill building, and support. Running a grocery store for instance will involve buying stock, managing stock, dealing with buyers, keeping track of payments, and working out profits, etc. Or taking care of goats involves the discipline of managing the activity, ensuring goats are fed well, kept in a clean shed, get deworming and vaccination on time, and then negotiate with the buyers. All these are very new and often challenging tasks for the ultra-poor. A death of a livestock or a loss in an enterprise can break their confidence and make them abandon the activity. It is at such times the role of the MRP becomes very critical. It means that the MRP has to keep a very close watch on each household under her care and ensure that the participant is diligently pursuing the livelihood activity. Failure to do this will surely mean a regression. This support also helps the participant gradually develop the* ***ability to handle stress*** *as well as start doing some* ***long-term thinking*** *for a more secure future.*

Further, once the income starts flowing the MRP has to help them with financial planning where they save part of the income spent for household expenses and invest the rest in growing the asset. ***Regular saving habit*** *is important as eventually the idea is to integrate them in the SHGs and the village organisation of the livelihood mission.*

light on the actual output. They are expected to provide handholding and mentoring support in the livelihoods selected by the HH by making weekly household visits. They have to develop a micro plan for the business or livelihood (LH) selected and monitor it as well as document the progress. They are expected to also provide life skill coaching and psycho-social support to the HH. As mentioned earlier, this component of graduation approach is crucial and central for the success of the programme. This involves regular confidence building efforts, listening, encouraging the participant as well as motivating them to attend group level meetings to encourage them to learn and get motivated from each other's experience. The MRPs are expected to conduct regular meetings of the group. All of this requires a very high level of empathy and motivation on behalf of the MRP.

This author is unable to fathom how all of this can be done by one individual. It is possible that some of the MRPs have picked up well but is there a process of assessing the quality of work? What this author has gathered is that the work is monitored through a field reporter Pro App. The App gathers information on the weekly visits made by the MRP and the monthly progress of SJY households on core (income enhancement, savings, asset growth, and food security) and additional indictors (convergence with government schemes). The MRP is expected to upload this information on the digital App. It is not clear how the quality of information uploaded is assessed. While the scale realised by SJY is remarkable, so far there has been no evaluation of the programme. An evaluation is scheduled for 2024. This is critical because the quality of implementation depends hugely on the quality of counselling, mentoring and coaching support provided by the MRP. Any slip at this end would mean that the households can regress into a situation of ultra-poverty once again as shown by the research work of Eldar Shafir and Sendhil Mullainathan quoted earlier in this chapter. Having formats and digital tracking processes are of no use unless these are backed by quality and highly motivated human resource that interfaces with the HHs. This aspect may need some more thought as the states scale up the programme. There is a need to have a tracking system to keep an eye on the households that have graduated. Any regression needs to be identified in time and corrective steps taken.

There are two other areas that need attention of the programme implementers as this will further strengthen the households covered by the graduation programme. (These recommendations are based on the field visits made by this author to the graduation programme areas of Trickle Up and The Nudge Institute respectively in West Singbhoom and Gumla Districts of Jharkhand). These two areas have been elaborated below.

a. Facilitate the application for individual and community forest rights (IFR and CFR): This is specific to Jharkhand where there is a special focus on the PVTGs community. As per 2016-17 data, there are 73,000 PVTG households and according to the state lead of the ultra-poor programme, it is safe to assume that 90% fulfil the criteria of being ultra-poor. PVTG communities are located in interior parts of the state and their lives are intricately linked with forests. Desperation has forced some of them to migrate in wage earning opportunities but the households depend quite significantly on forests for their survival. They collect forest produce and sell it as well as consume fruits, tubers leafy vegetables and minor game. Often the land they cultivate falls in the forest area. It is therefore important that processes are created for them to get individual and community forest rights as mandated in the Forest Rights Act 2006.[17] This in addition to the livelihood intervention using the graduation approach is critical to safeguard their interests and address their vulnerability. Jharkhand government has shown its commitment to implement the FRA 2006 in letter and spirit and it must be leveraged by the SRLM teams.

b. Leverage Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) to build climate-resilient livelihoods: Many of the livelihood interventions promoted with ultra-poor households are based on use of natural resources such as vegetable cultivation and livestock among others. These need water as a critical resource, both for farming and for growing fodder crops for livestock. This author came across references to number of MNREGA job cards issued to ultra-poor households being used as an additional criterion in assessing a household being ready for graduation. However, just stopping at the issuing of job cards is not enough. The implementation teams need to leverage MNREGA for land development, for building small water harvesting structures that can provide water for protective irrigation and for building goat sheds or poultry sheds. It will not only create some wage income for the households in the short run, but also create productive assets to make their livelihoods more secure. This has been amply demonstrated by several NGOs under a programme[18] anchored by BRLF (Bharat Rural Livelihoods Foundation). This would of course mean that the SRLMs have to develop convergence with the Rural Development Department.

3.3. Need for a Graduation Plus Strategy with an Ecosystem Approach

Based on the NGO pilots, it is fair to conclude that it is important to take households who have graduated to the next level where they build greater resilience to future shocks. Else they are at risk to becoming ultra-poor again. There is need to build in more climate-resilient livelihoods as well as provide better linkage with mainstream producer collectives and markets. There is some work being done on these lines as a graduation plus approach by Trickle Up in Bolangir, Odisha. Trickle Up is also replicating this in other districts of Odisha and Jharkhand. Their experience might provide some insights for future programme development.

The Bandhan Konnagar team has also been deliberating on the need to work with the graduated households to further strengthen their situation. However, they have not started anything concrete as yet.

It is not very clear whether the state programmes have put in place any mechanism to track the households who have graduated.

What the graduation approach strives to achieve is to put in place a stable livelihood option for the ultra-poor households. However, that in itself is not enough to reduce their vulnerability or to create a better future for the families. There is a requirement to address other needs as well. There is a need to adopt an **ecosystem approach** as against working in different silos. Such an approach can help tap into the ecosystem of various government departments and their schemes that can help to further reduce the vulnerability of the participant households. Such an approach will involve building convergence with the relevant departments.[19] Some of these must include housing, health, education, safe drinking water and sanitation, access to nutritious food and cooking fuel, and support services for migrant labourers. Many of these are essential to address the time poverty of women. Access to clean drinking water and sanitation, cooking fuel and creche facilities, where possible, frees up their time to focus on livelihood activities. Studies have shown that women head a large majority of ultra-poor households.[20] This concern must be addressed in the design of the programmes. The SJY design does include a focus on convergence with social protection schemes. However, from the documentation it is not clear if it takes a **gendered perspective.** This is something that needs to be looked into whenever the programme is evaluated.

3.4. Looking Ahead: Some Conclusions and Suggestions/ Reflections

These conclusions and reflections are primarily based on conversations with practitioners from government and NGOs. These are individuals who are passionate about the graduation approach and who have been closely involved in implementing the graduation model in India, particularly in the states of Bihar and Jharkhand. Since this chapter is not an evaluation of the programme, the conclusions are limited to the design and operational structure of the programme.

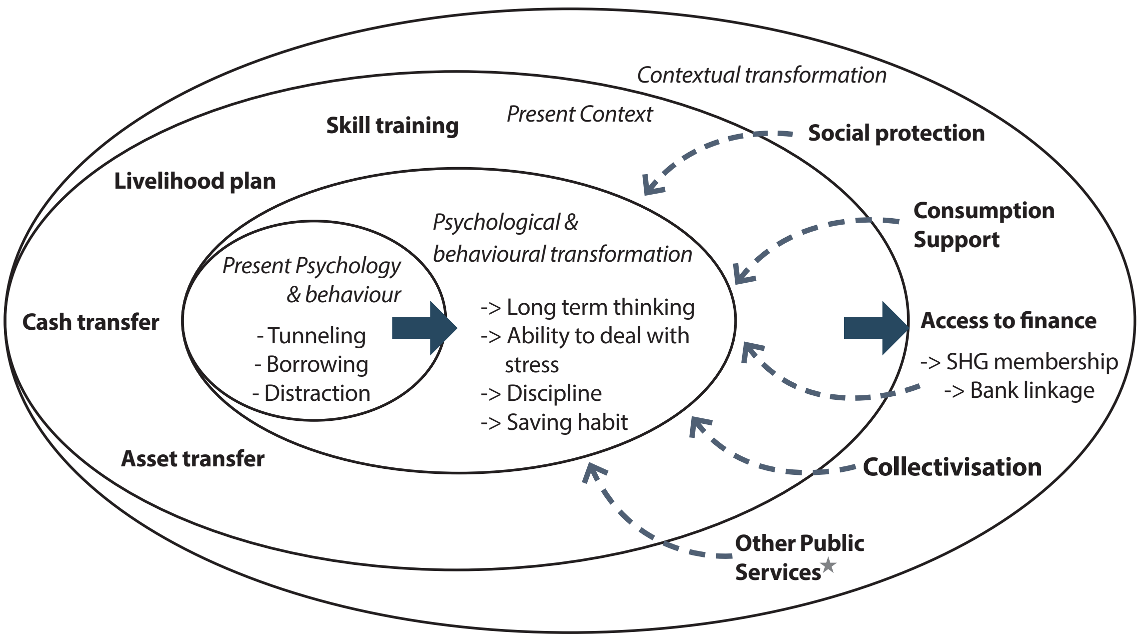
3.4.1. Invest in capacity building and retention of MRP and have a dedicated vertical for the graduation programme

The graduation approach is a highly human resource dependent approach. Investing in human resources is therefore critical for the success of the programme. The MRP or the change maker is a very important node in the system. While they are given a set of trainings at the beginning of the programme with a few refresher trainings as well, it is important that there is a system in place where the next level of staff provides them sustained support through the life of the intervention.

The NGO pilots have a dedicated pool of people starting from the district to Block to the Panchayats. This team works full time on the ultra-poor programme. However, in the government-led system, except the MRP, everyone else in the system has the work with ultra-poor as an additional responsibility. This is clearly a red flag in the delivery structure. For most of the tasks, the MRP is supposed to manage on her own. They too need a regular input to develop their own soft skills where they develop a sense of ownership for the ultra-poor households. Only then they can provide handholding, mentoring, coaching support with empathy and passion.

Further as shown by the experience of both Trickle Up and Bandhan, the MRP too needs regular training and support. Their job is physically and emotionally demanding hence they also need emotional support and motivation. Retention of the MRP is a concern flagged by most people interviewed by this author. Loss of trained human resource and that too the key staff interfacing with the participant household can trigger a set back to the journey of the households under her care. Dedicated resources are required for implementation of the project for e.g. block resource persons and district

Core of Graduation Approach - The Process of change



Health, education, clean water, sanitation, migration services

Direction of transformation; from -> to

Credit: Tejinder Singh Bhogal

resource persons who will handhold, mentor and coach the community cadres.

A dedicated vertical can be justified based on the number of ultra-poor households that need this kind of intensive support. While there is no clear assessment done, the numbers are likely to be significant. Socio Economic and Caste Census (SECC) 2011 captured data on the socio-economic status of 179.7 million rural households of which 1.6 million (0.91%) households were identified as PoP. While the SECC data is dated, the number of poor is likely to have grown. The pandemic has had a devastating effect on the informal sector workers. Most ultra-poor fall in this category, hence it is safe to assume that the numbers that need to be reached under the ultra-poor graduation programme is significant enough to justify a dedicated vertical or a special programme.

3.4.2. Ensure timely flow of funds

Timely flow of funds is usually the biggest challenge faced by government-led programme. Delays in payment to the community cadre as well as in the Livelihood Investment Fund (LIF) and Livelihood Gap Assistance Fund (LGAF) instalments due to the ultra-poor households can impact the quality of the programme. The identified household may end up waiting for the asset to arrive to start their activity and then lose interest, confidence and trust. It means the entire effort made by the CRP can come to nought.

3.4.3. Build a common set of graduation indicators

SJY looks at income enhancement, asset growth, increase in savings, and food security as core indicators and convergence with government schemes as additional indicators while assessing the household for graduation. SJY also has a long list of optional indicators. Different NGO led pilots follow a different mix of indicators. Ideally, graduation indicators should focus on asset growth (direct growth which means growth of the asset grant provided and indirect growth which includes purchase of other household/ consumable assets) and savings (bank, SHG, and other investments, if any) rather than on income enhancement which is difficult to calculate and track. There is need to arrive at a common set of indicators that can be pursued by all the state programmes adopting the graduation approach. This can be pursued jointly by all the NGOs that are technical leads in different states in consultation with the respective leads of the ultra-poor programme in the state livelihoods missions.

3.4.4. Develop a standardised poverty assessment tool (PAT) with scope for context specific adaptation

Presently different organisations are using different formats of PAT. Since the selection of eligible households depends on the PAT and the scoring, it is important that there is some kind of a standardisation.

3.4.5. Keep programme duration and MRP to household ratio flexible

It has been mentioned by many practitioners that the duration of the graduation programme needs to be decided based on the nature of the community, their cultural context, the terrain, the kind of livelihoods adopted and the time taken to ground these livelihoods. Hence fixing it to 24 months is not a wise strategy. Of course, in the desire to standardise processes as well as reach larger numbers or limitations of resources available, these adjustments have been made. However, it might be useful to review the performance of the graduated households and see how they are doing and if extending the duration of support could have achieved greater level of sustainability. This may guide future design of the programme.

Similarly, the number of households allotted to an MRP need to be a range depending on all the above factors.

3.4.6. Collaborate with NGOs with expertise in the graduation approach beyond pilots

While all the states have engaged with NGOs to implement pilots for demonstrating the graduation approach. Currently, the idea is that the functionaries in the SRLM system will develop the expertise and understanding to then take this approach into other areas where the NGOs are not present. The pilots have demonstrated the value NGOs experts bring into the system. Further, the approach does demand a much more intensive and empathetic engagement than is possible in a purely government-led implementation. The partnerships with government are non-financial with the NGOs mobilising resources from donors. Going forward, it is worth exploring resources to finance a model where the government and NGOs continue to join hands to deliver the programme. It needs more than manuals and apps to realise the desired results of graduation approach.

3.4.7. Build Convergence with other government programmes and schemes

As mentioned in earlier sections, there is need to adopt an ecosystem approach as well as develop convergence with programmes like MNREGA. It will be naïve to expect this to happen just by the efforts of an MRP or even a dedicated vertical for the ultra-poor programme. However, since the programme is anchored by the Department of Rural Development there is some possibility of working towards a convergence with other relevant Departments. Mission Antoyadaya[21] adopted in the Union Budget of 2017-18 offers a good opportunity for mainstreaming the needs and concerns of the ultra-poor in the GPDP (Gram Panchayat Development Plan) process. This author realises that this is easier said than done and building synergies and convergence across multiple departments and ministries has been a perennial challenge but important to address.[22]

Notes

1 SHGs were already around since early 1990s and mostly nurtured by NGOs although departments like Department of Women and Child Development (WCD) also promoted SHGs. The quality of government-promoted SHGs was variable. NGOs like Mysore Resettlement and Development Agency (MYRADA), Professional Assistance for Development Action (PRADAN) were successful in promoting these at scale. NRLM re-visioned these into a federated structure that enabled a bottom up connect with the government delivery system.

2 This paper was released in the Livelihood India Summit of 2014.

3 This approach was first pioneered by Bangladesh Rehabilitation Assistance Committee (BRAC) in Bangladesh since 2002. The approach has been used in almost 50 countries. This author has documented this approach as well as some innovative interventions made to develop livelihoods of the PoP in a policy paper written in 2014. See https://www.accessdev.org/wp-content/uploads/2017/07/strategies-for-building-livelihoods-for-the-poorest-of-the-poor.pdf.

4 https://www.cgap.org/blog/ending-extreme-poverty-new-evidence-on-graduation-approach

5 Some other state governments too have developed or are in the process of developing programmes to work with ultra-poor households. However, this chapter will only focus on intervention in the States of Bihar and Jharkhand.

6 The Playbook based on the Bihar Ultra-Poor programme implementation of around five years is a fairly comprehensive document. It has a blue print for a graduation programme adapted for implementation at scale by the State Rural Livelihoods Missions (SRLMs).

7 Eldar Shafir and Sendhil Mullainathan. 2013. *Scarcity: Why Having Too Little Means So Much*. (ISBN 0-80-509264-1).

8 The approach was developed by BRAC in 2002. Different organisations have made modifications

as per their context. However, the broad design follows these steps.

[9] IRDP is seen as one of the World's most ambitious effort aimed at alleviating rural poverty by providing income-generating assets including working capital to the poorest of poor. It was first introduced in a few blocks of the country in 1978-79 and covered all the blocks by November 1980. There are several studies carried out on the effectiveness of this programme. It is beyond the scope of this chapter to delve into these.

[10] https://trickleupindia.in/

[11] Coming together as a collective helps the aspiring ultra-poor households to provide mutual support and encouragement.

[12] https://www.bandhan.org/targeting-the-hardcore-poor-programme/

[13] See https://www.fordfoundation.org/wp-content/uploads/2016/11/pdf1-english-final-24-oct-14h30.pdf, page 157 to 203 India Case study Of Bandhan Konnagar THP (Targeting the Hardcore Poor) programme by Anasuya Sengupta. This is an excellent documentation of the Bandhan Konnagar implemtation and learning journey.

[14] Different nomenclatures are used in the two states for the resource person identified from within the community. For the purpose of ease in this chapter we will use the term MRP, a term used in the SJY playbook.

[15] As per SJY design an amount of rupees 1000 per household per month for a period of 7 months is given as LGAF

[16] Although the Bandhan case study mentions a ratio of CO: participant Households as 1:50 to 1:75, the conversations this author had with several implementers indicate that the number is a range depending on the density of the villages, the terrain and the spread of the ultra-poor households. There is a general consensus that this number should ideally be around 30 to 35 participants per MRP.

[17] https://tribal.nic.in/FRA.aspx

[18] https://www.brlf.in/programs-at-brlf/state-partnership-projects/high-impact-mega-water-shed-project-chhattisgarh/

[19] Bandhan Konnagar and SJY design does include some of these as tasks for the MRP i.e. facilitating access to social security schemes and programmes. However, an ecosystem approach will require a greater depth and intensity of engagement.

[20] According one survey by Jitendra K. Tiwari quoted by Vijay Mahajan in September 2020 webinar https://brlps.in/sjywebinar/#googleForm organised by Jeevika, the break up was: 53% were widows, 7% were unmarried women, and 40% women were with husbands who were not capable of supporting the family.

[21] https://missionantyodaya.nic.in/aboutUs.html

[22] I owe my deep gratitude to a large number of people who have been so generous with their time. It would have been impossible to write this chapter without their support. Suvakanta Nayak, State Programme Co-ordinator, PVTG and ultra-poor development with JSLPS; Sushant Verma, Asia Regional Director Trickle Up and Kaushik Roy, State Programme Manager, Trickle Up Jharkhand; Arijit Dutta, Advisor, Bandhan Konnagar; Srikanta Rauta, State Lead Jharkhand Nudge Institute; Sangeeth Sugathan, M& E Officer Nudge Institute; Ajit Ranjan Ex- Jeevika Bihar State Programme Manager (M&E) and SJY In-Charge and now with BRAC as India Programme co-ordinator. I would also like to extend my gratitude to the field team and the ultra-poor group members of Dodari village, Manoharpur Block of Srijan Foundation (local implementing partner of Trickle Up) in West Singhbhoom district of Jharkhand. My gratitude also to the Ultra poor group members – a PVTG group-of Tusurukona village, Bishnupur Block, Gumla District and the field team of the Nudge Institute. These visits gave me a first-hand flavour of the excellent work these NGOs are doing with the Ultra poor households. I would also like to thank my partner and fellow traveller – Tejinder Singh Bhogal-for his critical comments and moral support. And last but not the least ACCESS Development Services for inviting me to write this chapter.

Livelihoods Issues of the Flood-Prone Areas in Assam, Bihar and North Bengal

4

Dr Sanjiv Phansalkar, Shaswati Ghose and Kinshuk Ghosh[1]

4.1. Introduction

Flood-prone areas occupy huge part of the country starting perhaps around Gorakhpur in the north east, running through middle and lower Gangetic flood plains and reaching right down up to Halakandi in Barak basin. A population exceeding 120 million lives in these areas. These regions are characterised by poor infrastructure, negligible levels of industrialisation, low urbanisation, and high density of population. Slow river bank erosion, devastation due to flash floods caused by excess rain in Nepal or Bhutan, and/or breaches in embankments or barrages; long lasting *sailab* in specific areas such as Khagaria or Helakandi, and routinely occurring need to be relocated to safer places in periods of 'normal' flood are some of the challenges people of this region face. This chapter attempts to discuss livelihoods challenges of flood-prone areas. Livelihoods are derived increasingly from migration by able-bodied males from households. Local livelihoods come from uncertain monsoon crops and rich winter crops in Gangetic basin, but mainly from winter crops in some parts of Brahmputra and Barak valleys. Small ruminant and diary husbandry provide supplementary livelihoods in Gangetic basin while pig rearing, capture fishery in streams and *beels* (ox-bow lakes), and small produce from backyards provide livelihoods support in the Brahmaputra-Baak regions. Annual incomes per household in Gangetic plain tends to be lower while in Assam the income appears to average a little over ₹ 100 thousand per household. The following actions are likely to alleviate the livelihoods challenges of people living in the flood prone areas:

- An overall agreement among large corporates and leading civil society entities to form a consortium to address the problems of flood-prone regions;
- Designing and piloting housing and habitat solutions which help in reducing the need for displacement of rural poor during floods;
- Addressing the issue of potable drinking water and gender sensitive hygienic sanitation for people who get stranded or displaced during floods;
- Create large people's organisations which can enable the full productive potential of wetlands and waterlogged areas to be realised;

in particular urgent solutions to the water hyacinth problem is needed;

- Research and extension for developing flood-tolerant varieties of crops as well as techniques for creating paddy and other crop varieties which can be grown effectively despite constrained crop calendar;
- Investment in techniques and processing facilities of small-animal husbandry;
- Large-scale efforts at sill building of youth in flood-prone areas so that they can migrate for skilled rather than basic unskilled jobs.

4.2. Background

The riverine flood-prone areas in eastern and north-eastern India span eastern Uttar Pradesh, Bihar, Bengal, Assam, and to some extent Meghalaya and Odisha. These fall in the Ganga, Brahmputra, and Barak river basins. A river basin includes all the land drained by the main river, lending its name to the basin and all its tributaries. A river basin includes areas not directly lying along the main river's course and includes any river in any area that contributes to the river's flow as part of the basin.

4.2.1. Brahmaputra River Basin

The Brahmaputra originates in glaciers in Tibet as the Yarlung Tsangpo river and cuts through 500 km length and 5 km deep Yarlung Tsangpo Grand Canyon before flowing through Arunachal Pradesh (referred to as Siang or Dihang), Nagaland, a vast stretch of Assam, Meghalaya, and West Bengal. Then as Jamuna it drains into Padma-Ganges in Bangladesh. It is fed by numerous tributaries rising in Eastern Himalayan hills, including Teesta from Sikkim, Pagla Diya, Beki, Manas, Subhansiri, Dhansari, Kulsi, and many other rivers in Arunachal, Nagaland, Assam, and Meghalaya. The Barak River flows through Manipur, Nagaland, Mizoram, and mainly Cachhar of Assam. It then enters Bangladesh to first split and then rejoin known as Meghna River after forming the Ganges Delta with the Ganga and Brahmaputra rivers. Brahmaputra river basin in India 'extends over an area of 1,94,413 sq km which is nearly 5.9% of the total geographical area of India. It lies between hills of the Himalayas on the north to Patkari range in the east along India-Myanmar border, the Assam range of hills in the south and by the Himalayas and the ridge separating it from Ganga basin on the west.'[2] (India WRIS. n.d. Brahmaputra).

Within India, the drainage area as a percentage of the basin for different states is Arunachal (41.88 %), Assam (36.33%), Meghalaya (6.00%), Nagaland (5.55%), Sikkim (3.75%), and West Bengal (6.47%).[3]

Within India, it deposits huge quantities of fertile alluvial soil along its flood plains and causes major floods. The river has an average width of 5.6 km. The Brahmaputra Valley has an average width of about 80 km mostly in Assam. It also recharges large extent of flood plains with fish. In China, Brahmaputra is navigable for some stretch in Tibet only. Traditionally Brahmaputra River served as the economic lifeline in India as the 1100 km waterway for steamers and boats to ply between the Indian states of West Bengal to upstream till Dibrugarh in Assam. The earthquake of 1950 changed the course of the Brahmaputra owing to heavy silting and consequently, the river bed rose and steamers could not reach Dibrugarh.

The Brahmaputra River system is today the site of several hydroelectricity generation cum flood control projects. The Kopili Hydel Project at Umrongso was commissioned in 1984. The Pagladia Dam project came up around 2007. The construction of the Ranganadi Dam became operational in 2001. Karbi Langpi, at Borpani bcame operational in 2007. As per reports (Watts 2010), China will have commissioned a large hydroelectric project by 2045 which will include diverting water via tunnels in the stretch just before entering India, thus, changing flow of river and its sediment load.

4.2.2. Ganga River Basin

Ganga starts from Western Himalayas in Uttarakhand. The Ganga River system is fed by the melting ice of snow peaks ensuring year-round flow supported by recharge from underground. In monsoon, precipitation in the basin adds to the monsoonal flow. The total length of the

Ganga River is 2,525 km[4] and the total basin area is 225.2 million ha. Upper Ganga River (Brijghat to Narora stretch) is one of the sites recognised as Ramsar site in India since 2005. At Haridwar, Ganga enters the plains. It is joined by Yamuna. Yamuna runs parallelly to Ganga for a while and finally joins Ganga at Allahabad. Ganga is joined later by more rivers including prominent ones like Ghaghra, Gandak, Bagmati, Kosi, and Alaknanda from the Himlayan rivers, and Sone and Damodar coming from the South. After its initial point in Uttrakhand, there is little evidence of forest cover. Its main area is alluvial flats. Its delta region begins near Farakka barrage and then the river splits into distributaries. Hooghly River flows in India while another branch flows through Bangladesh as the Padma which joins the Brahmaputra River system at Goalunda and Meghna (also called Barak River in Assam), and then joins the merged river Chandpur (Sharma et al. 2008: 5) in Bangladesh before flowing into Bay of Bengal.

Though the main Ganga river itself flows through two countries, India and Bangladesh, the catchment area of the Ganga falls in four countries, namely India, Nepal, Tibet-China, and Bangladesh. The 'Ganges River Basin (GRB) has an area of 1.09 million sq km that spreads across India (79%), Nepal (13%), Bangladesh (4%) and China (4%)'.[5] Ganga and its tributaries are subject of multiple India-Nepal treaties starting with Kosi Treaty of 1954 and the India-Bangladesh Farakka Treaty on sharing of river waters. That the basin happens to be the lifeline of Northern India is evidenced by the fact that treaties were signed between different states even within India like Uttar Pradesh, Madhya Pradesh, Bihar, etc. to ensure fair distribution of water of the Ganga River basin. The Government of India declared the Ganga as a national river on 4 November 2008. Ganga river basis is home to '43% of India's population and covering about 26% of its land mass.' (Muthuwatta et al. 2014: 76).

The Ganga basin in India, Tibet (China), Nepal, and Bangladesh covers over an area of 10,86,000 sq km. In India, it covers states of Uttar Pradesh, Madhya Pradesh, Rajasthan, Bihar, West Bengal, Uttarakhand, Jharkhand, Haryana, Chhattisgarh, Himachal Pradesh, and Union Territory of Delhi, draining an area of 8,61,452 sq km which is nearly 26% of the total geographical area of the country.[6] Some of its associated sub basins are:

Table 4.1. Sub Basins of Ganga

Basin Name	Area (sq km)
Bhagirathi and others (Ganga Lower) Sub Basin	63059.31
Damodar Sub Basin (drains into Hooghly which is a distributary arm of Ganga)	42050.58
Gandak and others Sub Basin	56573.83
Ghaghara confluence to Gomti confluence Sub Basin	26403.75
Ghaghara Sub Basin	58728.53
Gomti Sub Basin	29618.82
Kali Sindh and others up to confluence with Parbati Sub Basin	48511.99
Ramganga Sub Basin	30811.48
Sone Sub Basin	64789.32
Upstream of Gomti confluence to Muzaffarnagar Sub Basin	29381.01
Yamuna Lower Sub Basin (Yamuna drains into Ganga in Katihar)	125084.38
Yamuna Middle Sub Basin	34830.46
Yamuna Upper Sub Basin	35584.95
Kosi Sub Basin	19037.96

Source: Ganga—INDIA WRIS WIKI, n.d.

The proportion of rural population to total population in Bangladesh, India, and Nepal is 79.9%, 74.5%, and 86% of the total population, respectively. The population of Indo-Gangetic plains is 747 million as per 2001 census.[7] It is also a very polluted river system with the stretch around Kanpur being especially polluted. There have been many efforts to clean it including the first Ganga Action Plan in 1985 and onwards to Namami Gange that has operated from 2014 to 2021.

Ganges river basin is the region's economic lifeline in more ways than one. Since centuries, Ganga River holds the faith of millions of Hindus. Further, religious bathing rituals and worship in Prayagraj (Allahabad) and Haridwar attract millions. Many religious events are rotated every 12 years with some also hosting *ardh* *kumbh* both of which spawn a tented city and an economy centred on pilgrimage around it. Traditionally not only Dibrugarh in Assam was connected by Brahmaputra waterways to Kolkata in Bengal, in turn Kolkata was connected through Ganges River system to Bihar's Mokamah and was navigable as far as Allahabad. But with siltation this centuries old waterway lifeline is now largely broken.

According to a report by the World Bank (*The National Ganga River Basin Project* 2015), the Ganga Basin provides more than one-third of India's surface water, 90% of which is used for irrigation. The basin is contributing over 40% of the country's gross domestic product (GDP).

4.2.3. Barak Basin

Barak originates in the Manipur hills and flows along Nagaland-Manipur border, entering Assam, and then Bangladesh. Its main tributaries are the Katakhal, Jiri, Chiri, Modhura, Longai, Sonai, Rukni, and Singla. Mizoram does not lie along Barak's course but its rivers Tlawan, Tuirial, and Serlui drain in to Barak and hence is part of the Barak River basin. A small part of Peren district of Nagaland is drained by Barak but Nagaland is not seen as regular part of Barak basin as the state's major rivers flow into Brahmaputra and others. Seventy-five percent of the Barak basin is forested (*Barak and Others* n.d.). Its basin area spans hills and plains spread across Myanmar, Bangladesh, and India. It enters Bangladesh and splits and later rejoins to becomes the Meghna. The culturable area in the sub basin, 0.893 M. ha in India representing only about 0.5% of the culturable area of India (Government of Assam n.d.).

The composite Ganga-Brahmaputra-Barak (Meghna) drains into the Bay of Bengal through the mangrove deltas in Bangladesh.

4.2.4. Some Moot Points on the Ganga-Brahmaputra Basin

- Ganga, Brahmaputra, and many of their major tributaries are international trans-boundary river systems. Approximately one-third of India's land area is drained by the Ganga and Brahmaputra rivers along with their tributaries. Unlike rivers in Deccan and Maharashtra, which depend entirely on monsoonal rains and natural recharge from ground spring in some cases, Ganga-Brahmaputra River systems have a steady flow all year round including in summers as their flows are fed by melting snow. However climatic changes are believed to accelerate the melting of snow and result in increased frequency and intensity of pre-monsoonal floods in April-May in Assam and May-June in Bihar. The Indus-Ganges-Brahmaputra Basin is also a major aquifer spanning a surface area of over 2.2 million sq km.
- 'Ganga basin, an area of 860,000 sq km spread across 11 states, is the world's most populous river basin. It is home to more than 600 million Indians, close to half the country's population; and over 40 percent of the country's GDP is generated in this region. The basin provides more than one-third of India's surface water, 90 per cent of which is used for irrigation' (The National Ganga River Basin Project 2015).
- National River Linking Project of India proposes 30 links including 14 of the Himalayan rivers 'to divert potentially surplus water from the east and north-east rivers to the water-scarce basins in the south and western region' (Sharma et al. 2008: 12) and (PIB 2021)). The idea was first mooted in 1980 to shift water from donor river basins to recipient ones, and got a fresh lease in 2012 order of Supreme Court of India directing its implementation (Baten and Titumir 2016). Concurrently, India had proposed to dam Subhasri, Dihang, etc. and transfer water from the Brahmaputra River through a gigantic canal across northern Bangladesh to just above the Farakka. Bangladesh, in contrast proposed to divert water from the Gandak and Kosi River or build dams in Nepal and Bhutan.[8]
- Prospect of reduced flows in river due to river linking has been a cause for concern of neighbouring countries. Recently scientists (including those from the Indian Institute of Technology (IIT), Bombay and the Indian Institute of Tropical Meteorology, Pune), who analysed major river basins — namely Ganga, Godavari, Mahanadi, Krishna, Cauvery, and Narmada-Tapi between 1991 and 2012, have

flagged potential risk of 12% reduction in precipitation as a consequence of the linking due to alternation in the moisture content of the air and patterns of wind.

4.2.5 Floods Typology and Consequence

Floods can occur due to variety of reasons:

- River overflowing its banks (fluvial flood) on to its flood plains and even beyond due to local high precipitation, melting glaciers in its upper reaches of its catchment area, and release of dammed waters from barrages and dams.
- Coastal flood can occur due to ingress of seawater into land during storms originating in the sea as seen in Bengal.
- Glacial lake outburst floods occur when water is dammed inside Himalayan glacial ice and landslide lake outburst floods occur when water held by the mass of rocks and sediment (moraine) deposited by a glacier, that has retreated from the point, is released suddenly. These occur due to the melting of Himalayan glaciers because of global warmning or earthquakes or landslide, etc. This happened in Sikkim and Bengal.
- Cloud bursts occur due to 100 mm precipitation in one hour period caused by rain event like a thunderstorm coupled with as per Britannica 'violent uprushes of air, which at times prevent the condensing raindrops from falling to the ground' and causing tumultuous downpour at one go. Cloud bursts can also cause flash floods and have overall disastrous consequence.
- Flash floods occur due to excessive precipitation within a six-hour period of a major rain event.
- At the point of confluence with the main river, the river is not able to drain into the other river and instead there is a backing of flood water from one river into the other.
- For the map on flood vulnerability Index, Please see: https://bhuvan-app1.nrsc.gov.in/nfvas/

Table 4.2. Summary Characterising of the Flood-prone Areas in Eastern and North Eastern India

Aspect	Gandak Areas	Kamala-Kosi Areas	North Bengal	Lower Assam	Upper Assam	Barak valley
Population density	Extremely high, can be upwards of 1600 per sq km	Very high, upwards of 1000 per sq km	Very high, upwards of 1100 per sq km	High, upwards of 800 per sq km	Moderate, 400 per sq km	Moderately high, 600–800 per sq km
Land holdings	Very small	Very small	Small	Small	Fairly large coupled with extensive Badi	Small
Reliable crop calendar	July–April	July–April	July–April	November–April	November–May In several places with less pre-monsoonal floods mid-August to May	November–April
Flood risk type	Land erosion, short submergence	Land erosion, very long submergence, water logging	Flash flood damage, short submergence	Flash flood, long submergence	Flash floods, water logging	Very long submergence, water logging
Risks other than floods	Minor	Minor	Early summer cyclones	Early summer cyclones	Minor	Early summer cyclones
Ground Water availability	Good	Good	Modest	Very good but iron contamination	Very good but iron contamination	Very good but iron contamination

Aspect	Gandak Areas	Kamala-Kosi Areas	North Bengal	Lower Assam	Upper Assam	Barak valley
Demographic issues	Caste conflicts and feudalism	Caste conflicts and feudalism	Immigrants	Immigrants	Minor	Immigrants
Electricity supply	Poor	Very poor	Ok	Very good	Very good	Variable
Staple crop	Paddy and wheat	Paddy and wheat	Paddy	Paddy	Paddy	Paddy
Cash crop	Maize, fruit	Maize, fruit, fish	Vegetables	Fruit and fish	Limited	Fish

4.3. Livelihoods Challenges and Opportunities in Flood-Prone Areas

a. **High population density:** Flood-prone areas in Uttar Pradesh, Bihar, West Bengal, and some flood-prone districts in Assam (e.g. Dhubri) have very high population densities, in some cases reaching as much as 1800 per sq km; compared to the national average of about 480. Poverty levels in flood-prone areas tend to be higher for reasons discussed here. As a combined result, challenge of promoting rural livelihoods in flood-prone areas is manifold.

b. **Low industrialisation and urbanisation:** There are fewer cities of significant economic or industrial activities in these areas. In fact, the flood-prone areas are in general less urbanised compared to other districts (Madhubani is 96% rural compared to Gaya which is 85% rural; Deoria is 92% rural compared to Varanasi which is 56% rural, etc.).

c. **Low operational farm areas:** Dense population and low urbanisation implies low operational land holdings, often in small fractions of a hectare. This problem is further compounded by feudalism and incomplete implementation of land ceiling laws in Uttar Pradesh and Bihar, with many absentee landlords and high proportion of tillers working as tenants or share croppers.

d. **Low availability of common lands and common property resources (CPRs):** High population pressure has also reduced the availability of common or even public lands in these areas. In Assam and Bengal, this problem is further complicated by large influx of allegedly illegal migrants who have encroached all available common lands, including even the protected forests and sanctuaries like Kaziranga. Collection of fodder, fuelwood, herbs, etc. which supports livelihoods of the rural poor thus becomes very difficult for the rural poor in these areas. A slight redeeming feature is the availability of small fish for consumption and sale from common waterlogged lands, *beels,* hovars, etc. but embankments has reduced replenishment of these in several areas leading to little fish availability and resultant stagnant waters getting choked by water hyacinth etc. An intimidating aspect of commons is the highly contested access and control over river sand bars (*chor, chaporis, diaras*) often through violent means.

e. **Varying types of flood-induced risks:** Land erosion due to changing course of rivers, flash floods caused by embankment breaches, and slow river bank erosion are all observed to different degrees in the flood-prone areas. Each imposes varying degrees of instability and loss to crops, animal, and other assets. Huge floods spell complete ruin and long-term setback.

f. **Embankments and complications:** Embankments were designed to mitigate the damages caused by floods that occurred with unfailing regularity. However, as they changed the natural water flow patterns and as the deposition led to rise in river banks, the lands outside embankments are said to have become more prone to waterlogging.

Embankment breaches also cause massive and devastating flash floods.

g. **Shortened crop calendars due to weather geospatial peculiarities:** Floods of the *sailab* type recede from some districts like Helakandi, South Salamera, and Khagaria only by late November. This renders only one crop feasible considering that land can be dried and prepared only by end December. The flood-prone areas are quite close to Himalayas leading to much reduced temperatures in winter. In mostly rice-consuming states of Bengal and Assam, this impacts on the possibility of taking a winter crop of paddy. Since the flood-prone parts of Bengal and Assam are also prone to influence by early summer cyclones which hit that region, the reliably available crop period is significantly reduced.

h. **Abundant ground water of questionable utility:** Flood-prone areas are in a sense floating on ground water. The water table is so high that IDE could actually install bamboo treadle pumps by installing 'bamboo borewells'! Yet the ground water utility is questionable in many pats due to high contamination with iron and arsenic. Bihar is relatively less affected and Assam is worst hit in this regard. Thus, ground water based irrigation is not feasible in many parts of the flood-prone areas.

i. **Poorly developed infrastructure:** Frequent damage to roads by flash and standing floods has meant that transportation network in quite large tract of interior flood-prone areas is poor, reducing the feasibility of undertaking cultivation of high value perishable commodities (such as flowers, vegetables, etc.).

j. **Absence of industrial development:** As noted above, flood-prone areas are deficit in industrial development. This reduces local employment as well as local secondary effect of industrial development.

k. **High demand for low end consumption:** A redeeming feature is very high 'density of economic transactions' of low end consumption goods. This creates huge opportunities for rural citizens to supplement their farm income through petty trade in such consumption goods.

4.3.1. Current Pattern of Livelihood

Current pattern of livelihoods of the rural poor in flood-prone regions in eastern Uttar Pradesh and Bihar is a combination of cultivation of own small plots, share cropping if lucky enough to obtain a plot, small animal husbandry, and mainly migration to distant locales for wage work. Average family income (estimated for the poorest households by Bihar Chief Minister at ₹ 6,000 per month) is better than those noticed for tribals in central Indian belts (SAL report estimates these between ₹ 53,000 and ₹ 78,000 per household per year); mainly due to high fertility of the alluvial soil in these regions. A similar pattern combined with summer cultivation of paddy and other crops based on small pump based irrigation is noticed in flood-prone parts of West Bengal. In Bihar, solar powered based irrigation is becoming very popular due to its ease of installation and the fact that it enables rabi and even summer cultivation feasible if the household has a land plot on share. Huge surge in maize prices and popularity of elephant yam was seen as contributing to prosperity of landholders. Some districts like Samastipur, Begusarai, Munger, etc. have shown huge rise in dairy production in the last twenty years, supported quite substantially by dairy husbandry in the river islands.

Livelihoods pattern in Assam was studied in a more detailed manner. The state had shown decline in state GDP in the decade of the nineties possibly due to the instability induced by insurgency. Poverty levels in Assam had for decades got masked by the greater focus on curbing and controlling ethnic violence (United Liberation Front of Asom ULFA issues in most of Assam, Bodoland agitation and rioting in Bodoland districts, Karbi Onglong, and so on). However, there is little doubt that rural poverty in Assam is alarming due to increasing population density caused by unchecked influx of migrants, perennial issues of floods, and poor infrastructure. Livelihoods pattern in Assam flood plains is discussed in three parts.

Villages that are affected by floods but which do not have a *beel* (oxbow lake, typically a wetland formed either by meander cut off or natural topography) close to them show a pattern of cultivation of *sali* (kharif) paddy, rearing of pigs, duck, and small ruminants, and cultivation a range of produce in the backyards. Areca nut is among the most visible source of some income. Winter cultivation is not common due to the practice of open field grazing and the trouble of high iron contamination in ground water. Household handloom weaving supplements livelihoods to some extent. Recent trend has been to encourage youth to migrate to distant places for employment. Including the remittances from migrant family members and local wage earned, a typical family of five people seems to earn about ₹ 1,00,000 in addition to consumption of home grown paddy and small produce in the backyard.

Life in villages close to *beels* is quite influenced by them. *Beel* serves as a source of water if the household has a means of carrying water for irrigating small patches of land. People in the villages close to *beels* could supplement their livelihoods by deriving produce from the *beel* though the quantum of fish or other produce obtained remains abysmally low. There are issues of villagers not on the *beels* coming in and there is also a social class named 'mas mariya' who tend to depend more on *beels*. The intense problem of water hyacinth has tended to reduce the utility of *beels* in general.

Some observations based on author's field work in Assam are noted below. Data collected in five locales along *beels* in different parts of Assam is given in Annex 4.1. Many people dependent on intermediaries or *'vyaparis'* to sell live livestock, fish, paddy, vegetables, etc. Potato is a popular second crop across the tracks due to its extended planting season. Potatoes is a common rabi crop that can be sown from around early October to as late as mid-December annually so rabi potato harvesting extends from December to March. Rape and mustard, the primary oilseed crop in Assam is another common rabi crop, but yield approximately 6 q/ha only, which is only half of the country's average. However, providing at least one irrigation during the crop's flowering stage can potentially increase productivity by around 50%. Buffalo rearing, is a prevalent practice among farmers in the districts of Golaghat, Dibrugarh, and Dhemaji particularly in *khutti* system where the rearer may alternate between two locations. Across northern Assam rearing calf till milk rearing stage is also in vogue. Women are homemakers, weavers (mostly for own use), and assist men in agriculture or poultry and dairy farming. The Mishing women labour harder than the male population. They are intensely involved with agricultural activity in addition to domestic chores. Every Mishing woman is a skilled weaver, and they weave various bright clothes for every member of the family. In Cachar, women are only seen as homemakers who serve *paan* and tea to guests and look after the children.

4.3.2. Other Life Problems in Flood-prone Regions

People living in regions that are prone to *sailab* type floods face very severe problems of survival during the time their villages are inundated with water. Safe drinking water and hygienic sanitation both are very difficult to come by. Ground water is loaded with pathogens for months after floods recede. Due to severe impact on roads by floods, their access to healthcare gets badly affected during flood times and even afterwards. School premises are most commonly used as shelters when floods inundate villages and this in turn affects the education of children. While many of these issues manifest themselves in some pockets of the region each year, there is a strong media and policy fatigue about these problems. In fact there is a degree of scepticism about the intensity of these issues among common people who have not seen the situation on the grounds. Nor have civil society actors been very active beyond rescue and relief. Noteworthy exceptions are agencies like Megh Pyne Abhiyan and The Ant who are working on bringing effective solutions to some of these problems.

4.4. The Need of the Hour: Working on Issues of Livelihoods in Flood-Prone Regions

Flood-prone areas of Uttar Pradesh, Bihar, Bengal, and Assam together comprise one of the largest and possibly the most under-attended block of rural poverty in the country. The rural poor in these regions suffer multiple burdens of small land holdings, severe flood induced risks and vulnerability, absence of support to livelihoods from commons, and very poor infrastructure. Their livelihoods ae increasingly derived from income from migrant workers to distant places often as unskilled workers. Public policy attention in the past was almost exclusively on flood control through construction of embankments, efforts which have complicated their life situation further. Recent attention to them is often dominated by rescue and relief operations. It must be noted that given the geospatial attributes and the possibility of heavy monsoon showers occurring, the issue of flood is not going to end in at least in the medium-term future. Systematic efforts to address the livelihoods situation of local people and devise lasting solutions for them have not been made and are urgently needed. A possible set of actions for systematic attention to the livelihoods and life problems of rural poor in flood-prone regions would include:

- an overall agreement among large corporates and leading civil society entities to form a consortium to address the problems of flood-prone regions;
- designing and piloting housing and habitat solutions which help in reducing the need for displacement of rural poor during floods;
- addressing the issue of potable drinking water and gender sensitive hygienic sanitation for people who get stranded or displaced during floods;
- creating large peoples organisations which can enable the full productive potential of wetlands and waterlogged areas to be realised; in particular urgent solutions to the water hyacinth problem being needed;
- research and extension for developing flood tolerant varieties of crops as well as techniques for creating paddy and other crop varieties which can be grown effectively despite constrained crop calendar;
- investment in techniques and processing facilities of small animal husbandry;
- large-scale efforts at sill building of youth in flood prone areas so that they can migrate for skilled rather than basic unskilled jobs.

Annex 4.1

Observations from Interviews during Study on *Beels*

	Bodobeel Dhemaji		Dhekera Dhemaji		Pitkari Cachar		Dorabeel Kamrup		Ververi Kamrup	
No. of households profiled	5		8		6		8		8	
Average family size	5		6		5		5		4	
Families with senior citizens	3		1		5		3		3	
	Average % the head represents in total income of reporting HH	No. of HH	Average % the head represent in total income of reporting HH	No. of HH	Average % the head represent in total income of reporting HH	No. of HH	Average % the head represent in total income of reporting HH	No. of HH	Average % the head represent in total income of reporting HH	No. of HH
Agriculture for sale	12	1	17	1	0	0	29	4	21	4
Vegetable cultivation	26	2	5	2	0	0	10	1	5	1
Plantation	15	1	15	2	0	0	0	0	16	7
Fishing	0	0	38	4	46	4	0	0	30	1

	Bodobeel Dhemaji		Dhekera Dhemaji		Pitkari Cachar		Dorabeel Kamrup		Ververi Kamrup	
Daily wage work	100	2	20	5	36	5	52	3	33	2
MNREGA*	0	0	0	0	0	0	0	0	0	0
Service	20	1	30	0	100	1	37	3	80	1
livestock selling	31	2	23	5	0	0	30	2	22	7
bamboo work	0	0	20	1	0	0	0	0	17	3
Pension	11	1	10	1	27	3	10	1	58	2
Milk	18	1	70	2	5	1	25	2	37	3
Others	0	0	0	0	25	2	45	2	0	0

*MGNREGA stands for Mahatma Gandhi National Rural Employment Guarantee Act

Source: Compilation of field interviews of Kinshuk Ghosh

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Women's Economic Empowerment in India
A Practitioner's Perspective

5

Suhela Khan and Dr Feroza Sanjana

This chapter looks at the challenges and opportunities facing women in the world of work, particularly women entrepreneurs in India. Drawing upon emerging evidence on what works in programmes that support and address the unique barriers faced by women entrepreneurs as well as examining practitioners' examples of good practices from the Asia Pacific region and India, some key lessons for scaling innovative interventions for advancing women's entrepreneurship are identified. These include the need to (a) provide long-term and targeted support in 1:1 and bespoke mentorship to entrepreneurs; and (b) identify and codify scalable approaches for accelerating women's startups especially in terms of measuring impacts of bundled offerings (trainings on finance, markets, and digital skills) versus programmes that also offer other support services; and (c) engage and work with ecosystem actors such as potential investors, buying corporations, and public actors. Further, (d) measuring the results of efforts of interventions in the long-term requires time and resources towards measuring and tracking systems that go beyond the immediate period of the intervention. Ultimately, the chapter argues that change is not just at the level of the individual but also to transform institutions and social norms that form structural barriers to women's economic empowerment. Drawing upon UN Women's innovative work in the region for supporting care entrepreneurship to redistribute the unpaid care burden from households to the market, this chapter shares an example of a transformative action for an inclusive care economy in India.

5.1. Introduction: Opportunities and Challenges for Women's Entrepreneurship in India

In India, women make up almost 14% of all entrepreneurs and own around 20% of micro, small, and medium enterprises (MSMEs) out of a total of 58.5 million enterprises.[1] Women collectively contribute to 3.09% of industrial output and employ 10% of the total workers engaged in different economic activities across the country.[2] Still, India has much room to close its entrepreneurship gender gaps, ranking 57 out of 65 countries for women's entrepreneurship[3] and women's total early stage entrepreneurial activity rate in India is only 2.16% according to the Global Entrepreneurship Monitor Report, 2021.[4] A UN Women's assessment notes that women's entrepreneurship tends to be necessity-driven, concentrated in low-risk segments and fewer sectors which are not too growth oriented, and tap into the local environment that allows them to bypass financial, regulatory, and technical constraints.[5]

A recent study by NITI Aayog shows that more than 99% of all MSMEs in India are in the micro sector. Most women-owned enterprises in India are single-person microenterprises and only 17% of women-owned enterprises have employed workers. Of these, 95% of women's enterprises operate with less than six workers.[6]

Entrepreneurship in India covers a range of entrepreneurs, from self-employed home-based workers, micro-entrepreneurs to medium and small enterprises. Their choice is often driven by economic necessity, restrictions on mobility, and need for flexibility for taking care of their children. Many such entrepreneurs are subsistence driven and choose to pursue entrepreneurship out of necessity due to limited wage employment opportunities. In addition to gender discriminatory financial institutions, the nature of their work also prevents them from building strong networks and gaining visibility for their business. For instance, a study in India revealed 36% of women entrepreneurs sell to those who come directly to their houses in contrast to only 20% of male entrepreneurs.[7]

India represents the world's third largest start up ecosystem and was named the fastest growing one, from 3,000 start-ups in 2014 to over around 11,000 in 2020. Yet, women remain under-represented, accounting for only 35% of employees in Indian start-ups. In 2018, women comprised only 9% of start-up founders.[8] The number of start-ups with at least one female founder declined from 17% in 2018 to 12% in 2019. In 2021, only 5 out of 136 unicorn founders were women and only 14% of tech unicorns have at least one female founder. Of the estimated 11.4 million women-owned MSMEs in the country, formal financial institutions serve only 10% of them.[9] Only 27% of the total finance requirements of India's women-owned MSMEs are being met through formal financing sources and 90% of women entrepreneurs in the country rely on informal sources of financing.

Women-owned MSMEs face unique challenges which raise the real costs of securing finance as compared to men. Studies show that women entrepreneurs are also less familiar with credit services and special efforts are needed to ensure they are aware of financial support in the aftermath of the pandemic, and how to access it. Women have fewer network resources and therefore fewer sources of information to access much needed capital. Male investors are often biased against women entrepreneurs, which puts them at a disadvantage for receiving funding. In addition to access to finance, women entrepreneurs also face challenges in accessing markets and wider corporate supply chains. Globally, public procurement is estimated to generate between USD 11 trillion to USD 13 trillion annually. Despite this, women-owned businesses receive only 1% of both public and private procurement spending.[10] Market access through procurement opportunities is key for gender-responsive enterprises and women-owned businesses as it empowers women to increase profits and further contribute to the economy and allows their businesses to thrive.

With the onset of the pandemic, women entrepreneurs increasingly adapted to a changing business environment, facing liquidity challenges as well as a need to shift to less familiar e-commerce platforms to sell their products and services. A 2022 survey of women entrepreneurs in India by UN Women revealed that women entrepreneurs are most in need of (a) knowledge, skills and tools to attract capital for their business; (b) support to help make their businesses more viable through market linkages; as well as (c) to engage in network-building opportunities.

Women-led MSMEs remain outside the fold of digital financial services, with only 29% of women account holders in India using digital payments compared to 42%[11] of male account holders. The gender digital divide is particularly pronounced in South Asia, and women are 36% less likely to use the internet than men. There is also a significant gender gap in mobile phone ownership in the region. These factors have restricted their ability to engage in e-distribution essential to coping and overcoming the disruptions to conventional market practices due to COVID-19.

Women-run MSMEs have comparatively less exposure and access to the technological tools that could modernise and boost their business models. Although entry barriers to these platforms are significantly low than physical markets, they are highly technical in nature requiring digital as well as manoeuvring skills and knowledge in areas such as search engine optimisation, performance marketing, among others. In these overcrowded platforms, women entrepreneurs need skills to create a niche and unique value proposition, which in case of social enterprises, is more challenging due to the nature of the business.

Thus, while many women entrepreneurs have accessed these markets by listing themselves on e-commerce platforms, they find it difficult to utilise them optimally. Other issues such as high internet data usage costs can further exacerbate this challenge. Further, it requires them to invest in their own skills and train their teams to navigate through these platforms, as well as to redirect their limited resources to pay fees, commissions, and purchasing of services towards search engine optimisation to be more visible to online shoppers.

As with majority of women in India, women entrepreneurs are also burdened by disproportionate care responsibilities that got further exacerbated during the pandemic. According to NITI Aayog, women spend 9.8 times the time that men do on unpaid domestic chores. Women's businesses are often located in their homes 80% or more of 'home workers' who are defined as industrial workers who work at home in developing countries are women. One reason for this is indeed the need for flexibility in childcare and balancing business and family life (World Bank 2018). However, this too affects their ability to concentrate on their business as they also have to focus on care responsibilities and work at the same time. In fact, this affects women's entrepreneurship outcomes with studies showing that the burden of household and family care play an important role. Some evidence suggests that the amount of time spent caring for children has a negative correlation with the time spent in self-employment. At the same time the presence of small children and more hours of housework in turn negatively impact female earnings.[12]

Supporting women's entrepreneurship can also contribute to employing more women. Women's entrepreneurship has the promise of creating an additional 150–170 million jobs, more than 25% of the new jobs that are needed for the entire Indian working age population by 2030.[13] Research shows that women spend 90% of their income on their families, and economically-empowered women boost demand, have healthier and better-educated children, and raise human development levels.

Efforts in India through the National Rural Livelihoods Mission (NRLM) has supported women through micro-credit initiatives. According to Observer Research Foundation, since the NRLM was first launched, India has the largest network of women's self-help groups (SHGs) across the world, with around 6.9 million SHGs in India having 75 million membership across 783,389 villages as of May 2021.[14]

Similarly, Mann Deshi Bank has contributed to enabling rural women micro-entrepreneurs to access finance. Now with 100,000 account holders, it has loaned over $50 million and new financial products to support the needs of female micro-entrepreneurs.

Practical experiences from UN Women's work with women's enterprises has also shown interestingly, that a business that is owned or run by a woman does not necessarily mean it is a gender-inclusive enterprise. Thus, it is crucial to also support women entrepreneurs to also be levers of change in supporting women entrepreneurs themselves to act in gender/responsive ways to ensure equal participation and equal and fair distribution of benefits. Evidence however, on what works needs more investigation. A recent review by Brookings Institution that provides a meta-analysis of evaluations of entrepreneurship programmes shared that for programmes that specifically target microenterprises, women's microenterprises are less likely to be responsive to incentives to formalise their businesses than men, owing to social norms around women's aspirations and relatively lower ease of interacting with authorities, combined with the small scale of the nature of their operations. While formalisation allows for these businesses to access government schemes and benefits, the costs of registration act as a barrier preventing them from doing so. What is more, sub-optimal hiring practices are common in such enterprises since they are often obliged to hire friends and family who may not be the most efficient workers. Given the prevalence of gender stereotypes across women's life cycles as described above, women often 'self-select' into low-paid and low-potential sectors and the study notes that interventions that encourage women to 'cross-over' into traditionally male-dominated sectors with greater growth potential appear to be strongly effective.

When it comes to small and medium-sized enterprises (SMEs), while entrepreneurship support programmes like business training courses appear to help women, some studies point to networking and mentoring as being especially important for encouraging 'cross-overs'. In addition, trainings that provide non-traditional skills such as psychosocial training, risk taking, and self-confidence show some promise and can encourage growth oriented entrepreneurship.[15] More evidence however, can help build a richer tapestry of what works and what doesn't contextualised to the regional and national context. The next section provides a few examples from the ground to showcase the variety of tools, approaches, and programmes that can be employed to address barriers faced by women's SMEs.

5.2. Interventions on WEE: A Practitioners Take on What Works (and What Gaps Remain)

5.2.1. Good Practices from India and Asia Pacific Region

For improving access to finance, UN Women in the Asia Pacific developed a localised curriculum, toolkits and capacity-building training materials catering specifically to the needs of women owned and led SMEs. The 'WeRise' toolkit was designed improve women businesses' access to finance and enable them to enhance their business models in a holistic way. Co-created by women entrepreneurs for women entrepreneurs, this unique tool supports them to identify their specific finance needs; access the right kinds of finance; understand gender bias to respond to it assertively and in a way that helps them run their businesses successfully; and to become gender-responsive and inclusive business themselves. To date, this tool has been adapted to local contexts through trainings in Indonesia, Thailand, Vietnam, Philippines and in India. What is more, through UN Women's WeEmpower Asia (WEA) programme funded by and in partnership with the European Union (EU) which ran from 2019 to 2022 in seven countries,[16] UN Women has supported more than 3,000 women entrepreneurs across seven Asia Pacific countries to improve their networks, increase their access to finance, and improve their abilities to access markets.

Similarly UN Women's programme 'Markets for Change' in the Pacific, worked with 20 market sites across Fiji, Solomon Islands, and Vanuatu to help ensure they are safe, inclusive and non-discriminatory. UN Women's 'WeLearn' in Indonesia aimed to empower 5,000 women in Indonesia to develop and/or grow their businesses and to be better prepared to benefit from the changing world of work and market development.

UN Women's WEA programme in India, focused on promoting women's entrepreneurship in a more holistic approach to increasing the number of women who lead and participate in business in the Asia Pacific region. The programme targeted over 2000 micro, small, and medium women entrepreneurs or the 'missing middle', with a forward-looking growth outlook and potential, to address the service gap in their access to finance, markets, and networks. The Investor Consortium platform enabled women entrepreneurs to pitch their business ideas to impact, commercial and angel investors in partnership with NITI Aayog's Women's Entrepreneurship Platform (WEP). UN Women created the 'Industry Disruptor', the first-ever platform for women entrepreneurs with responsible businesses to be a part of the value chains of major brands in the textile, homeware, and lifestyle sectors. The platform enabled women entrepreneurs' access to the value chains of brands, namely H&M, Bon-Prix, and Tchibo, and e-market platforms namely Amazon and Okhai, thereby expanding markets for their products and services. Women entrepreneurs increased their capacity for developing gender-responsive business development strategies, access to finance, markets, as well as technical skills in collaboration with seasoned mentors. They also co-created solutions with industry partners in response to their brand-specific sustainability challenges. Women entrepreneurs received trainings in digital marketing leading to an increase in their ability to navigate digital and e-commerce platforms. Entrepreneurs reported an immediate increase in sales, business, and/or digital engagement, found access to peer networks as one of the most significant and relevant outcomes resulting in increased collaboration among themselves for growth and development of their business.

To develop not only skills but also behavioural competencies demonstrated by successful women entrepreneurs, WEA India supported 100 high-growth potential women entrepreneurs in collaboration with United Nations Conference on Trade and Development (UNCTAD) Empretec India Foundation's High-Impact Entrepreneurs from Emerging Regions for Action (HiEERAs) programme, which used a unique methodology to hone entrepreneurial behaviours of women entrepreneurs, develop an entrepreneurial culture and consciousness by deep-diving into entrepreneurial philosophies; and focus on improving quality decision-making and formation of habits by practising these behaviours through successive, moderated sessions. The intervention improved women entrepreneurs' business confidence, decision-making abilities, collaboration, and peer-networking opportunities.

Other approaches that are holistic and widespread include government measures that seek to have a wide and inclusive reach. The Ministry of Micro, Small and Medium Enterprises (MSME), GoI has adopted a cluster-development approach as a key strategy for enhancing the productivity and competitiveness as well as supporting the capacities of MSMEs and collectives within the country.

Yet, there is a need for more long-term support that continues beyond the short duration of accelerator programmes. Based on these interventions, key lessons have emerged for deepening the support provided to entrepreneurs: (a) support needs to be long-term and targeted with a focus on 1:1 and bespoke mentorship; (b) scalable approaches for accelerating women's start-ups need to be identified and codified; and (c) ecosystem actors such as potential investors, buying corporations need to be engaged from the very onset of intervention design to assure deeper buy in and match between investors and potential investee enterprises Finally, (d) the results of efforts of interventions take time to materialise and development organisations need to invest more time and resources towards measuring and tracking of long-term impacts of programmes over a period of years.

5.3. Emerging Areas for WEE Policies and Programmes

5.3.1. Advancing Care Entrepreneurship as a Pathway to Reduce the Unpaid Care Burden

Women entrepreneurs cannot thrive until the pressure of unpaid care and domestic burden is reduced. Care work is the backbone of thriving families, communities, economies, and societies and the economy would grind to a halt without it. It can be paid or unpaid and consists of two overlapping activities: direct, personal, and relational care activities, such as feeding a baby, or caring for elderly, or an ill partner; and indirect care activities, such as cooking and cleaning.[17] In many countries, care work is not yet considered as an economic activity, and it remains unrecognised and undervalued.

The situation is not so different outside of India and in the wider region. Women and girls across Asia and the Pacific spend up to 11 hours of their day on unpaid care and paid care work than do men and boys.[18] There is a need to address unpaid care and domestic work through subsidised childcare, employer-supported care services, paid and equitable parental and family leave policies, and flexible working arrangements among other solutions which can reduce the unpaid care burden borne by women. Demand for care jobs (caring for children, for people with disabilities, the elderly and both in urban/rural areas) is also expected to increase with working parents and aging population. Simulation results show that increasing investment in the care economy in order to meet the sustainable development goal (SDG) targets by 2030 has the potential to generate a total of 69 million jobs in India.[19]

Public spending on care-related services is still inadequate to fully address labour market distortions in many lower-income and middle-income countries (LMIC) countries. At the same time, the full potential of market-based provision of childcare services has seldom been fully explored. Women-owned/benefitting entrepreneurs have been increasingly contributing to solving this issue by developing innovative, market-driven solutions in providing different type of care services including child and elderly care as well as care for people living with disabilities. Moreover, technology has the potential to create solutions that can support the delivery of accessible, affordable, and qualitative care services - especially child and elderly care.

UN Women takes an innovative approach that recognises entrepreneurship as one important pathway for reducing the unpaid care burden and redistributing women's amount of unpaid care work from families to the market. Accelerator programmes such as the UN Women Care Accelerator have shown that supporting care enterprises, or enterprises offering services in healthcare, childcare, disability care, etc. and strengthening their business models can complement and enhance the public provision of care and support the delivery of care schemes.

In 2021, UN Women's Care Accelerator supported 13 startups from Asia Pacific countries to develop their business skills and expand their knowledge and understanding of the investor ecosystem. It so this by preparing these start-ups to pitch their business models to investors and representatives from governments and international organisations. Two companies, Kiddocare from Malaysia and Lovecare from Indonesia, received USD 5,000 each to support the building of a more inclusive care industry in the Asia Pacific. A key learning was that many care enterprises also need additional support to become gender-responsive in their own workplaces and policies and practices.

Key learnings were also documented in the report - 'Think Piece: Innovation in Childcare to Advance Women's Economic Empowerment':

- Market-based solutions through care entrepreneurship have the potential to complement and enhance the public provision of care and/or support the delivery of public-supported childcare.
- There is a need to ideate, incubate and test care models that reach the base of the pyramid (BOP). The Care Accelerator focus was limited to small and medium-sized enterprises with English-speaking founders. Models to reach the BOP exist, but they are few and often informal. They tend to be run as microenterprises and receive limited financing.
- More, and country-specific research is needed to identify existing models that have been already established in other entrepreneurship ecosystems in Asian countries.
- Technology not only helps to fill information gaps, but can be leveraged to provide other complimentary services, for example, online childcare businesses have an important function as marketplaces that match care workers and consumers in a faster way and meeting evolving on-demand needs.

- Care-enterprises are not necessarily gender-inclusive enterprises. Childcare enterprises in the region have limited awareness of gender equality, and only a few have policies and practices that promote inclusive business conduct and decent work opportunities.
- There remains a strong need to engage with governments for creating new delivery mechanisms for childcare entrepreneurs to close the care supply and demand gap; strengthening legal provisions; simplifying business processes for care entrepreneurs; and collecting data on the hidden economic burden of childcare.

In its second phase, the Care Accelerator has since 2023 supported new care enterprises in healthcare, childcare, and elderly care to once more strengthen their business models and improve their own gender-responsiveness to act in ways that advance gender equality and women's economic empowerment right from their employees, to workers, contractors, and customers. The Care Accelerator has seen participation from enterprises from Bangladesh, India, Indonesia, Thailand and is part of UN Women's recently launched new regional care programme fix 'Gender-Inclusive Care Entrepreneurship Ecosystem Programme (GICEEP)', a joint initiative of Canada's International Development Research Centre, Visa Foundation, UN Women Asia and the Pacific, Bopinc, and SAFEEM. The programme aims to promote women's economic empowerment by fostering a more inclusive care entrepreneurship ecosystem through business training, mentorship, access to networks and finance, and inclusive and gender-responsive business-building practices. The GICEEP's three pillars focus on developing base of pyramid solutions (in India and Bangladesh), implementing a gender-responsive care accelerator (accepting regional SMEs but priority given to those from India and Indonesia), and facilitating knowledge exchange to scale up entrepreneurship-based care solutions.

Accessible, affordable, and quality care delivery models for low-income consumers can help support the creation of livelihoods for women, offer community learning opportunities and complement existing government and private early childhood and skills development schemes. UN Women together with Bopinc and Dharmalife is piloting base of pyramid models for childcare in India and Bangladesh. UN Women is working together with partners on the business viability and positive impacts of these models on women's freed up time for engaging in work, increased labour force participation and redistribution of work between households and the market and increased awareness of social norms surrounding the gendered division of labour within households.

Building on the momentum on the care economy during G20 deliberations in India, at the G20 Ministerial Conference in Gandhinagar on 1 August, UN Women launched the Call for Funds for Care Entrepreneurship Accelerator as we see the relevance of entrepreneurial models in addressing supply gaps.[20]

Finally, there are other risks to consider when designing solutions for women's economic empowerment. Women's economic empowerment can increase the risk of violence against women and girls — however, at the same time, it can empower women to leave violent relationships, reiterating the need for holistic programme design including training on gender-based violence and awareness raising that involves both men and women and working with the wider ecosystem to support legislations that protect women and women entrepreneurs from violence.

5.4. Conclusion: Existing Programmes and Interventions to Promote Entrepreneurship Need to Address Structural Barriers

Supporting gender-inclusive women's entrepreneurship holds the potential for greater business returns and investing in women can have ripple effects for national economies. Drawing upon emerging evidence on what works in programmes that support and address the unique barriers faced by women entrepreneurs as well as examining practitioners' examples of good practices from the Asia Pacific region and India, some key lessons for scaling innovative interventions for advancing women's entrepreneurship are identified. These include the need to (a) provide long-term and targeted support in 1:1 and bespoke mentorship to entrepreneurs; and (b) identify and codify scalable approaches for accelerating women's start-ups especially in terms of measuring impacts of bundled offerings (trainings on finance, markets, and digital skills) versus programmes that also offer other support services; and (c) engage and work with ecosystem actors such as potential investors, buying corporations and public actors. Further (d) measuring the results of efforts of interventions in the long-term requires time and resources towards measuring and tracking systems that go beyond the immediate period of the intervention. Crucially, UN Women's work shows that women entrepreneurs too require support in becoming gender-responsive themselves.

Ultimately, the chapter argues that change is not just at the level of the individual but also to transform institutions and social norms that form structural barriers to women's economic empowerment. Building on lessons from UN Women's innovative work in the region for supporting entrepreneurship as well as the need to redistribute the unpaid care burden from households to the market, this paper shares an example of a transformative and replicable action for an inclusive care economy in India.

Notes

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20 UN Women was involved in key working groups and engagements with government and private sector, including for the G20. Efforts to advance this issue to the top of the agenda for policy makers resulted in the W20 Communique, 2023 which called upon the G20 leaders to: Commit to increased funding for a universal 'Basic Care Basket' supported by actions to standardise, professionalise, and formalise the care economy; deliver on prior UN commitments by G20 donor countries to provide 0.7% of gross national income (GNI) to develop and improve care infrastructure; and implement policies that protect and improve maternity/parental benefits and support gender equitable care responsibilities, including family leave programs.

From Burdensome Expectations to Sustaining Institutions:
The Farmer Producer Organisation Challenge

6

Prof. C Shambu Prasad and Dr Deborah Dutta

As twenty-first century farmers' institutions, farmer producer organisations (FPOs) have generated substantial enthusiasm, hope, and heightened expectations. FPOs, since the fourteen-volume *Doubling Farm Income Report* by the Government of India (GoI) was published, have been seen as the key institution in improving farmer livelihoods (Prasad 2019). Previous State of India's Livelihood (SOIL) reports have highlighted the need for collectivisation, an early assessment of the 'capital and capability' constraints that FPOs face (Mahajan 2014), and a cautious celebration of the rapid growth of FPOs with them acting as intermediaries between banks and their members. A 'clear thinking and strategy on FPO functioning could help them become nimble footed players transforming agricultural livelihoods' (Srinivasan and Srinivasan 2017). More recent reports have pointed to the need for a significant shift from quantity to quality (Govil and Neti 2021) and a deeper dive into engendering women collectives (NAFPO 2023; Srinivasan 2023).

This chapter, building on the understanding and insights of past SOIL reports, begins with an overview of the rationale of producer organisations worldwide and the spread of FPOs in India. Despite indisputable growth in numbers there are few insights on their longer-term sustainability. A recent book, *Farming Futures: Reimagining Producer Organisations in India* (Prasad, Kanitkar, and Dutta 2023) has put together fifteen detailed case studies of FPOs across different commodities including the lesser studied FPO Federations. This chapter explores if these detailed case studies of existing FPOs and their viability, can inform the supply-driven thrust of registering over 10,000 FPOs in India. A closer look at the financial performance of these FPOs underscores the need to look at FPOs as social enterprises or dual-purpose organisations. As inclusive and responsible businesses in the rural areas there is a case for innovative mechanisms that can build on the social capital with communities nurtured by civil society organisations (CSOs) so that they could become empowered negotiators in working with the private sector for enhanced farmer welfare. The chapter reviews recent innovations in the FPO space that could pave the way for a more focused attention on building a resilient institutional architecture for greater sustainability of FPOs beyond their growth in numbers, even as the goal of doubling farm incomes continues to be elusive. As the FPO movement enters a new phase, a few key challenges of growth versus sustainability are highlighted.

6.1. Understanding the Evolution of Producer Organisations in India

Producer Organisations (POs) have been seen as key and innovative actors for integrating small farmers into economic production chains, helping them compete in modern markets through member engagement, and important for democracy and human development (Gouët et al. 2009; Trebbin and Hassler, 2012). Within India, since the 1980s, high dependence and excessive interference by the state produced 'a vast but spineless cooperative movement' (Shah 1995), necessitating reforms that led to producer companies as new generation cooperatives. Farmer producer companies (FPCs) have been the dominant form of farmer organisations in twenty-first-century India. This evolution of FPOs can be seen in four phases – the first from 2003–10 that saw this model being tried out by a few CSOs with most of the pilots in Madhya Pradesh. Following initial success and under the dynamic leadership of the then Managing Director of the Small Farmers Agribusiness Consortium (SFAC) a nation-wide pilot of forming 250 FPOs was undertaken between 2011–12. The larger spread of FPOs in the third phase (2014–17) was possible through formulation of policy guidelines for spread of FPOs in 2013 and the National Bank for Agriculture and Rural Development's (NABARD) active involvement in engaging producer organisations promoting institutions (POPIs) for the creation of over 2000 FPOs that were registered as cooperatives and producer companies.[1] In the fourth phase (2017–20), the FPO model was accepted enthusiastically by many state governments through World Bank and other support that led to an acceleration of FPC formation in states like Maharashtra and Uttar Pradesh (Prasad, Kanitkar, and Dutta 2023).

The ongoing phase, since 2020, is one of rapid acceleration with the central government's thrust for creation of 10,000 FPOs by 2024–25 with a budgetary allocation of ₹ 68.65billion. FPOs are provided financial assistance up to ₹ 1.8 million per FPO for a period of three years. In addition to this, provision has been made for matching equity grant up to ₹ 2,000 per farmer member of FPO with a limit of ₹ 1.5 million per FPO and a credit guarantee facility up to ₹ 20 million project loan per FPO from eligible lending institution to

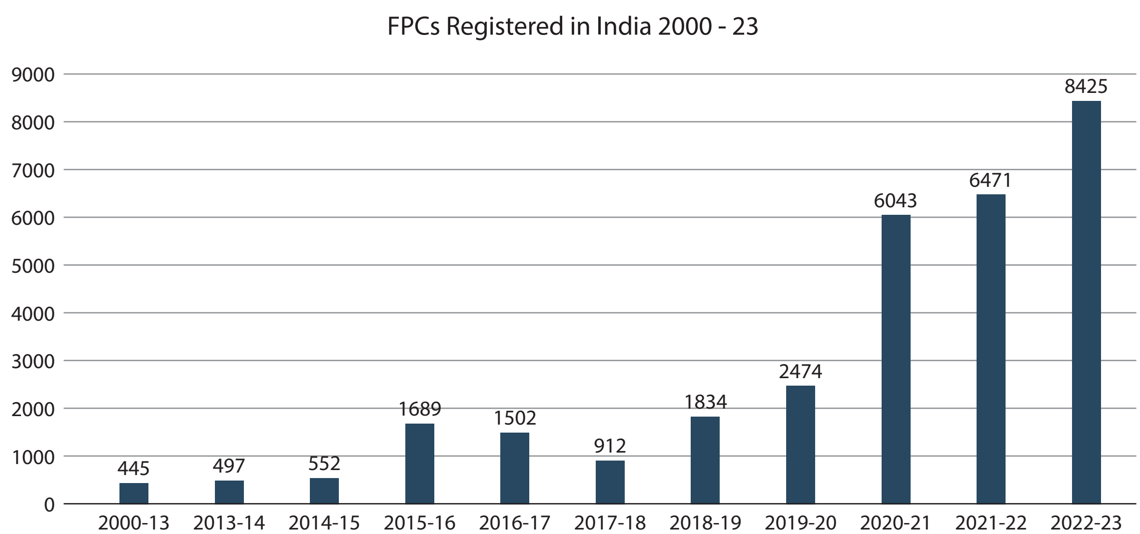

Figure 6.1. FPCs Registered in India 2000–23

Source: Collated from Ministry of Corporate Affairs (MCA) database and national association for farmer producer organisations (NAFPO) 2022 ensure institutional credit accessibility to FPOs. Further, ₹ 2.5 million was given to cluster based business organisations (CBBOs) for hand-holding each FPO over a period of five years.[2] Currently, there are an estimated 30,840 FPOs in India (see Figure 6.1).

The state-wise distribution of FPCs registered is in Figure 6.2. As is clear from the figure, over half the FPCs registered in India have been from the states of Maharashtra, Uttar Pradesh, and Madhya Pradesh.[3]

Despite the popular perception that all FPOs have been central government funded, figures indicate the total number of FPOs promoted by Small Farmers Agribusiness Consortium (SFAC), NABARD, and other agencies are not more than 10,000 or a third of the total.[5] As of 30 June 2023, 10,000 FPOs have been allocated to various implementing agencies (IAs), out of which 6319 FPOs have been registered across the country. SFAC has been allotted 3599 FPOs under the Central Sector Scheme for promotion of 10,000 FPOs of which 2984 were registered until 9 October 2023. Over 44% of those registered are from the states of Uttar Pradesh, Madhya Pradesh, Bihar, and Rajasthan. NABARD has registered over 5600 FPOs until March 2023 in all schemes that seem to be relatively evenly distributed across the country with Maharashtra, Tamil Nadu, and Andhra Pradesh having over 400 FPOs registered. While these two implementing agencies have been promoting FPOs even before the Central Sector Scheme, National Cooperative Development Corporation (NCDC) and National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) are newer implementing agencies that work on registering FPOs as cooperatives. NCDC has registered 610 FPOs in the scheme and 1100 new FPOs have been allotted to it that also includes a mandate of setting up FFPOs or fishery-based FPOs. NAFED indicates presence and operation of over 1200 FPOs and there are also FPOs promoted through the National Rural Livelihood Mission (NRLM) that are conservatively estimated to be about 400.[6] Many FPOs registered as companies for which comprehensive data is available have come through state government projects supported by the World Bank in states like Maharashtra, Rajasthan, Tamil Nadu, Andhra Pradesh, etc.

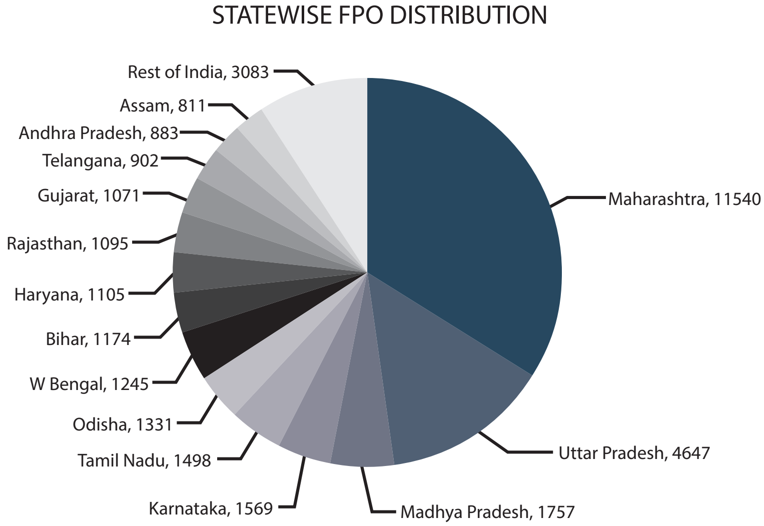

Figure 6.2. State-wise FPO Distribution

Source: Tata-Cornell Institute for Agriculture and Nutrition (TCI) dashboard[4]

6.2. Co-creating New Knowledge on FPOs

The massive expansion of FPOs across India has also revealed structural shifts in the FPO movement with little investment in state capacity, a greater role of consultants and a diminishing role of CSOs, especially at the grassroots, that were at the forefront in embedding the FPO movement in India (Prasad 2021; Singh 2022). This phenomenal growth of FPOs in India has not been matched with sufficient academic engagement. A cursory review of scopus indexed journals indicates a growing contribution of India in the PO literature worldwide with Indian authors or studies on India contributing about 80 of the 595 articles.[7]

The need for a new inclusive frame to understand and make sense of the diversity and complexity of FPOs in India was undertaken by the Institute of Rural Management Anand (IRMA), resulting in a unique, detailed volume of fifteen cases on FPOs in India, *Farming Futures: Reimagining Producer Organisations in India* (Prasad, Kanitkar, and Dutta 2023) that includes twelve FPOs and three federations. The collaborative initiatives was a result of several stakeholder dialogues, in the form of national workshops hosted by IRMA since 2015 to co-create knowledge on these complex organisations.[8] With inclusion being an important theme, scoping of cases was predominantly focused on rain-fed areas and those with significant woman or tribal leadership, given their conventional invisibility in policy dialogues.[9] Table 6.1 presents a snapshot of the fifteen FPOs studied pointing to the maturity of the FPOs. Seven of the twelve FPOs (excluding the three FPO federations) were all-women FPOs in rain-fed and mountainous areas, often with a significant tribal population. Jeevika was the only state-supported FPO and most of the FPOs had not accessed state funds for their incubation (the federations received initial support from SFAC).

The case studies included field visits, interviews, and financial analysis covering the

Table 6.1. Snapshot of the Fifteen FPOs as of April 2021

FPO Name	Promoting Institution	State	Date of Registration	No. of shareholders	Commodities (in order of importance)
Krushidhan	Development Support Centre	Gujarat	2013	4409	Potato, groundnut, wheat, paddy, maize, spices, cotton
Jeevika	Jeevika	Bihar	2009	1206	Maize, mango, wheat and mentha oil
Bhangar	ACCESS Development Services	West Bengal	2012	1751	Fruits and Vegetables
Ram Rahim	Samaj Pragati Sahyog	Madhya Pradesh	2012	5062*	Red gram, Bengal gram, wheat, maize, jowar, soybean
Mahanadi	Vrutti	Chattisgarh	2014	613	Custard apple, non-timber forest produce
Umang Mahila	Grassroots	Uttarakhand	2009	1142	Spices, walnuts, pickles, preserves and hand knits
KBS Coop	Professional Assistance For Development Action (PRADAN)	Jharkhand	2003	2680	Horticultural commodities
Hasnabad	Access Livelihoods Consulting India Limited (ALC India)	Telangana	2012	1004	Red gram, groundnut
Pandhana Pashu Palak	Aga Khan Rural Support Programme (AKRSP)	Madhya Pradesh	2016	552	Goats, back-yard poultry chicken
Kazhani	Mysore Resettlement and Development Agency (MYRADA)	Karnataka	2016	1000	Banana, Paddy, millets
Navyug	Bhartiya Samruddhi Investments and Consulting Services Ltd. (BASIX)	Uttar Pradesh	2014	1005	Mangoes, wheat, paddy
Desi Seeds	Sahaja Samrudha	Karnataka	2013	500	Organic seeds – (paddy, horticultural crops, millets)
Maha FPC#	42 FPCs meet	Maharashtra	2014	600+ FPCs	Pulses, soybean, onions
Madhya Bharat #	Rajya Aajeevika Forum	Madhya Pradesh/ Chattisgarh	2014	134 FPCs (11 Coops)	Certified seeds soybean, wheat, pulses, paddy,
Gujpro Consortium#	Sajjata Sangh	Gujarat	2014	30 FPCs	Groundnut, wheat, mango, cumin, coconut

Note: * comprising of 364 SHGs shareholders
FPO federations

Source: Prasad, Kanitkar, and Dutta (2023: 17)

processes of incubation, entrepreneurial quality, capacity building, and ecosystem support (or its absence), decision making, business models, and performance assessments. In the following section, salient findings of the case studies are presented.

6.3. Important Yet Ignored: Social Mobilisation, Member-Centrality and Stability

The cases bring out the importance of pre-incubation and social mobilisation in building strong FPOs (Prasad et al. 2023).[10] Institutions, especially those of small and marginal farmers in rain-fed and mountainous areas, with women and tribal members, require careful nurturing and time for forming and norming before performing. In terms of longer-term success, CSOs with strong grassroots presence and having mobilised communities to build institutions around credit, water user groups, farmers clubs, etc. are often better equipped to play the role of FPO incubators as promoting organisations. However, even they need support for capacity building on the business aspects, as these are newer, niche areas for them as well. Social capital built through earlier projects are the 'hidden costs' that are not reflected in balance sheets but critical for FPO growth. In contrast to this organic mode, a newer and increasingly more dominant pattern of FPO formation is that of the promoting institution, in the new 10000 FPO scheme, CBBO, forming an FPO without any prior experience of intervention in the geography or any prior development efforts with the community. There are not many successful cases of institutional BOLT (build, operate, lease and transfer) in the FPO space. The deselection of many CSOs that have been built FPOs through earlier schemes as their annual turnover is less than ₹ 25 million is an unhealthy institutional feature of the 10K FPO scheme. Table 6.2 provides a snapshot of the selected FPO's and their performance.

Table 6.2. Performance Summary of FPOs in Financial Year 2020–21

Name of FPO	Equity / Share Capital in ₹	Revenue in Million ₹	Net Profit/ Loss in ₹	Reserves and Surplus (R&S) in ₹	Total Equity (Share Capital + R&S) ₹
Krushidhan	4,408,500	85,045,944	16,641	425,756	4,834,256
Jeevika	375,600	15,884,230	(1,448,248)	9,480,436	9,856,036
Bhangar	1,486,600	134,036,052	891,276	3,055,567	4,542,167
Ram Rahim	7,055,740	85,347,394	3,293,074	2,007,133	9,062,873
Mahanadi	110,000	6,839,649	12,196	150,264	260,264
Mahila Umanag	215,880	14,030,936	82,310	3,951,025	4,166,905
KBS Coop	245,400	16,716,037	1,283,834	6,187,725	6,433,125
Hasnabad	1,457,000	34,612	(1,349,450)	(5,603,682)	(4,146,682)
Pandhana	300,950	2,995,488	787,335	356,705	657,655
Kazhani	1,987,000	13,494,000	34,000	6,817,000	8,804,000
Navyug	1,313,000	5,359,636	38,089	(104,145)	1,208,855
Desi Seeds	346,850	5,595,000	652,194	1,091,617	1,438,467
Maha FPC	3,860,000	510,646,801	88,639,097	91,155,526	95,015,526
Madhya Bharat	4,997,380	299,966,471	544,585	2,003,815	7,001,195
GUJPRO	840,000	49,031,651	(2,569,512)	18,359,705	19,199,705

Source: Prasad, Kanitkar, and Dutta (2023: 279)

As is evident from the above table, their financial performance in terms of profitability or net profit margin is significantly lower than what is considered healthy for investor-owned firms. Even as these FPOs struggle to increase their profitability, a closer look indicates these institutions are member central and value their purpose of being inclusive beyond mere tokenism. There are interesting lessons from these 'pioneering' FPOs that were set up with an underdeveloped ecosystem with little access to capital or even grants. A good indicator of FPO vitality or member centrality is their ability to increase equity over the years. On average, the twelve FPOs have increased their member equity every three years, with some like Krushidhan, Ram Rahim, and Navyug, this increase is almost every year. The recent revision of minimal membership in the 10K FPO scheme has rightly been reduced from 1000 to 300. Hasnabad's business model suffered in part due to a hurry to mobilise 1000 members to access equity grant without building a strong business case.

A closer look at longer-term trends, so critical for sustainability of FPOs, is available in Figure 6.3 that shows the fluctuations of five FPOs over the years with a turnover of over ₹ 20 million. While FPO ecosystems, including access to capital and market linkage, have improved in recent times, the time taken for an FPO to reach revenues of ₹ 10 million on a consistent basis without active government support, that some livelihood missions are able to provide, can take four to five years or even more.[11] The dominant 'roller coaster' trend of revenues in the journey of FPOs is one of the significant findings of the study. Some of the huge spikes, as seen in Krushidhan, are due to minimum support price (MSP) procurement in a particular year. While MSP is usually good for farmers and their incomes, the inconsistency of procurement processes across years, unlike in rice and wheat, means that FPO business models can be significantly impacted in the long run if there is an overdependence.

There is no direct correlation between the size of the FPO and profitability, and a lot depends on their business plans, business acumen, and the commodity. The chief executive officer's (CEO) salary, in most cases, continues to come from the promoting institution, and not all FPOs are able to generate enough surpluses to keep a CEO for a longer period from their own finances.

A significant challenge in FPO growth is the management and governance of these institutions and increased ownership of activities of the FPO. Most FPOs (7 of 12) have federated structures with members organised into informal, often unregistered, farmer interest groups (FIGs) and self-help groups (SHGs), and then federated them further to form village-level structures (such as village organisations or producer organisations), or clusters of SHGs/FIGs, that are finally federated at the level of FPO. Good practices

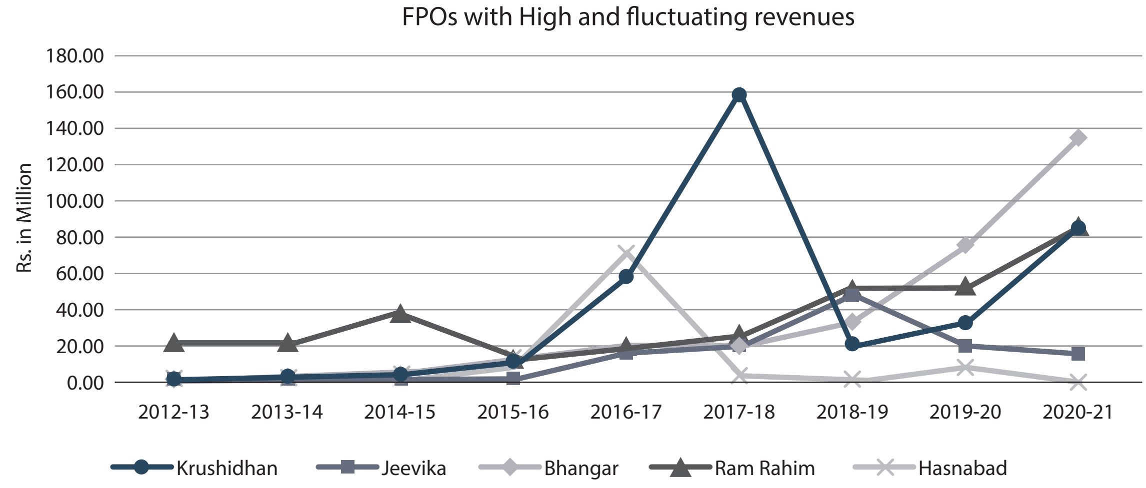

Figure 6.3. FPOs with High and Fluctuating Revenues
Source: Prasad, Kanitkar, and Dutta (2023: 281)

observed include decentralised decision-making with a view to identify and empower leaders at all levels, frequent meetings of the Board beyond the statutory considerations every quarter, Board members being actively engaged, and leading procurement operations.

Given their significantly smaller size, with few exceptions like Sahyadri, or state-supported FPOs through the livelihood mission that have reached scale, attracting professionals is a serious challenge. Instead, grooming local talent to become CEOs and involving Board of Directors (BODs) in operations is increasingly the norm. Further, a critical element of FPO management and governance is the role of the promoting institution as an incubator in the initial stages and as a steward after the project period in building the FPO ecosystem with stakeholders.[12] Unlike strict rules to prevent non-members from participating, FPOs like Krushidhan actually encourage non-members and even larger farmers to be part of the FPO enterprise, indicating the complex trade-offs that often happen at the ground level. Agricultural extension is the unspoken corporate social responsibility (CSR) activity of FPOs, and ones that are smart use these to benefit non-members too, thereby building the FPO ecosystem.

Provisioning of input services is often the easiest route for FPOs, but in the longer term, they face two issues relating to sustainability. First, margins are often low and second FPOs tend to become last mile delivery agents of agro-chemical input companies that might go against the grain of promoting institutions keen on rooting sustainable agricultural practices. The managerial capacities required to handle MSP procurement is higher and FPOs often engage with these activities even with lower margins because it enables better farmer connect (an estimation in the Krushidhan FPO indicated that for every rupee that the FPO earns through MSP, the farmers earn ₹ 22) and importantly builds FPO management capacity. MahaFPC sees itself transiting from business to government (B2G) to business to company (B2C) with greater business expansion and an opportunity to serve more farmers.

The cases present a sobering note of caution suggesting that in the absence of significant managerial capacity and access to capital, FPOs are ill-advised to look at engagement of an end-to-end value chain, aka Amul. The 10K FPO policy that links milestones with the actual execution of the business plan is ill-advised and against the flexibility that is required of entrepreneurs.

6.4. Reimagining FPOs as Social Enterprises or Startups

It is evident from the financial analysis that the true story of an FPO is beyond the numbers. Are FPOs the new collective institutions of the twenty-first century? The case studies encourage us to go beyond the restrictive framework of conventional cooperative literature and seek to engage with newer frames of FPOs as social enterprises (Kaushik 2022) within the social and solidarity economy (Utting 2016). Future public policies need to recognise FPOs as start-ups, if only to be more open to failures, and acknowledge the significant social learning in building alternative business models.

Public policy in India has unfortunately viewed FPOs as a single-stop solution and the institution that could resolve multiple issues plaguing the farm sector. It is important to recognise that many issues that FPOs face are beyond the ambit and capabilities of members, BODs or CEOs and relate to the larger ecosystem that determines their access to credit and addressing capability issues.

Public policy needs to shift from being prescriptive with quantitative targets to working with partners and stakeholders in creating a supportive and enabling ecosystem. Features of this ecosystem support should recognise and build on the following ideas that cover their design, finance, governance, and management:

a. Social capital is critical to resilient FPOs and business success.
b. Designing FPOs to be inclusive and purposeful is critical in seeking performance efficiency.
c. Diversification is a key part of mitigating risks and FPOs have shown how engaging

with multiple commodities, while complex, is a better route than aiming to capture value in a single-commodity value chain. Newer prescriptive policies such as the 'One District One Product' run counter to the rationale of member-owned institutions and farmers being more actively involved in decision-making.[13]

d. In managing post-incubation growth there is a need to explore blended finance (comprising of grants, investments, debt at low costs, and commercial capital at a later stage) in a more pro-active manner that is suited to the life cycle of the FPO.[14]
e. Capacity-building support to nurture managerial and governance capacities within the organisation is currently low and is significantly under-invested in comparison to schemes like the National Rural Livelihood Mission (NRLM). While there are many service providers in this space, the content and pedagogy of their capacity-building efforts needs a greater focus on skilling new entrepreneurs in rural areas.
f. As the number of FPOs grows, the demand for such apex federations that negotiate and lobby on behalf of member FPOs will increase. Currently, FPO federations have received only the initial grant from SFAC of ₹ 1 million in 2014 and face working capital challenges. The evidence from the three federations indicate that they need significant support, and the current policy architecture provides none.[15]
g. FPOs are to be seen as public goods, and state support is essential for their survival and growth. Excessive compliance requirements that treat these fledgling institutions on par with bigger and well-resourced corporations in the producer company format does not create a level-playing field for FPOs.
h. There is a need for FPO incubators beyond the current CBBO system that tends to favour a few big non-governmental organisations (NGOs) and private foundations instead of encouraging a startup culture.
i. Markets can be enabling, but with greater emphasis on making agriculture more sustainable, FPOs can play an important role in managing sustainable transitions and need to envision themselves as sustainable transition intermediaries. Transition is not a binary between pure organic and chemical but a spectrum of possibilities.[16]
j. A substantive role of women in the governance and functioning of FPOs can help steer these organisations towards sustainable agriculture and equitable livelihoods. By design, FPOs offer an effective vehicle for strengthening women's competencies through financial independence and social empowerment. However, their involvement requires active social and financial investment, beyond provisioning of representation on paper. Policy planners thus need to prioritise the meaningful participation of women in FPOs to address socio-ecological and economic concerns effectively.[17]

6.5. Exploring Initiatives and Innovations in the FPO Space

The FPO ecosystem has seen several developments beyond the supply push of the government with different actors beginning to engage and innovate. A few of them are listed here:

6.5.1. Marketing Innovations

There have been several initiatives as FPOs seek to market their produce and get more into output marketing. These range from bigger FPOs like Sahyadri or Ram Rahim doing contract manufacturing for Unilever's Kisan or at a much smaller scale with social enterprises like Safe Harvest. Corporations like ITC have begun mentioning FPOs in their annual reports with the Chairman, Sanjiv Puri, indicating that through their digital ecosystem ITC is working with 1150 FPOs in 9 states.[18] A significant initiative is the lead taken by SFAC recently in enabling FPOs to sell directly through the Open Network for Digital Commerce (ONDC) platform and Mystore. 930 FPOs were onboarded by March 2023, and there were over 600 orders from 180 cities in May 2023. SFAC has been promoting FPOs under its 'Buy Pure- Buy from FPO farmers' campaign that has provided an opportunity for FPOs to build their brand and identity, with the government playing a facilitating role.[19] 180 FPOs were also onboarded on the Government e Marketplace (GeM) portal and were reported to have transacted ₹ 36.6 million through 1909 orders.[20] These are early days for such initiatives, and a key parameter would be the extent of repeat orders, business growth and profitability for the FPOs and farmers through these mechanisms.

6.5.2. Innovations in Access to Finance

While NBFCs like Samunnati, NABKISAN and FWWB continue to lead FPO financing with an estimated total of ₹ 6.85 billion to 2683 FPOs in 2022–23 (NAFPO 2023: 59), there is increasing evidence of both national public and private sector banks taking leads in reaching out to FPOs. Andhra Pradesh Mahila Abhivruddhi Society (APMAS), in collaboration with the State Bank of India (SBI), organised five FPO *melas* where FPOs were encouraged to participate through promoting institutions, interact with SBI officials, and process their applications too.[21] HDFC, Axis, and other banks have undertaken training of their officers on FPOs in different locations and are actively exploring supporting FPOs. The Tamil Nadu Vaazhndu Kaatuvom Project (TNVKP), a project of the State Rural Livelihood Mission (SRLM), recognising the need for performance-based grants to build assets has provided its FPOs between ₹ 1-5 million for graded funding that includes an establishment grant (for setting up office, CEO, and accountant salary), a business expansion viability grant (working capital and expanding business) and an additional optional Green Fund.

6.5.3. Newer Financial Mechanisms

With FPOs having institutional constraints in attracting equity capital, newer models are emerging to overcome difficulties. The most talked about one being the Sahyadri Farms Post-Harvest Care Limited, a subsidiary of Sahyadri FPO that has received regulatory clearance to hive off its post-harvest wing with ownership by the FPO not to be less than 51%. If successful, this could pave the way for similar entities by FPOs and their federations.[22] Ploughman Agro Private Limited (PAPL) is another private company that was incorporated in 2020 with FPOs investing in the enterprise, and this market-facing enterprise serves 50 FPOs that deal with private companies such as Arvind Mills, ITC, etc. to process and value-add primary products and enable the sale of niche organic or non-pesticide produce of small and tribal farmers. According to its sustainability report of 2022, PAPL has provided 10–22% additional income (conventional produce of its farmers leads to 7–10% increase) to the 21,000 farmers associated with the 20 FPOs through processing and sale of organic cotton.[23] Joshi and Prasad (2023) discuss the need to envision two distinct categories of FPOs (Type 1 and 2) to account for the diverse functions, constraints and contexts in different geographical areas. Type 1 FPOs could consist of smaller FPOs to deal with the production or wholesale procurement of seeds and other inputs, providing agri equipment on rent, extension activities for various agriculture operations for relevant crops, and promotion of individual or group enterprises for activities like bioresource input production. Potentially, these Type 2 organisations could be larger FPOs, Federations or social enterprises. Currently the Government has not envisaged any support for such innovations and could provide risk capital that would enable FPOs to go to scale and negotiate better with the market. In the absence of such institutional innovations and collective bargaining with greater voice of farmers, there is a danger that FPOs might come under the big sway of corporates and can dilute their purpose (Shagun 2023). Some of the FPOs and federations have crossed the 5 billion turnover mark (Sahyadri, MahaFPC, etc.) and are looking at contributing to building the FPO ecosystem through their foundations and CSR activities too.[24]

6.5.4. Collaborations and Institutional Innovations

An area where there have been significant developments is in collaborations between actors and trying to provide an enabling ecosystem beyond the specific FPOs they are working with. A key parameter for FPO success is good capacity building of FPO Board members and CEOs. Even as there are several standardised training modules organised as part of the 10000 FPO scheme, there have been several interesting collaborations in capacity building. Some of them are:

a. Skillgreen, a social enterprise that emerged out of the need for capacity building of FPOs, has, in collaboration with partners organised training-of-trainers (ToTs) and trained nearly 450 trainers on participatory methods who become observers in facilitating FPO workshops across the country using the manual in nine Indian languages.
b. Mentoring existing FPOs for growth and scale needs to be done sensitively. Reliance Foundation in partnership with Skillgreen and other FPO partners is investing in a longer-term program for CEO (FPOs) leadership and development program (CLAP) that would provide on-job capacity building for CBBO FPOs.
c. Vazhndhu Kattuvom Project (TNVKP) invested in a joint training at IRMA with Skillgreen for all its enterprise staff and CEOs. In what might be a first in the sector, the workshop resulted in FPO CEOs and young professionals pitching a vision of their FPOs in the vernacular.[25] Unlike other FPO trainings, TNVKP invested in a training need assessment before the training and enabled flexibility of training modules depending on the roles and responsibilities.
d. Bhoomika, a new project of Welthungerhilfe and the European Union (EU) is focused on co-creating clean, green and fair food systems through a rigorous selection of FPOs and producer groups who will be mentored over two years with capacity building, market and financial linkages, improving supply chain processes, upgrading small infrastructure, etc.
e. With the government and bilateral agencies looking to promoting natural and regenerative farming and building climate resilience of farmers through FPOs, there is a need for specialised incubators built in collaboration. Some examples include World Wide Fund for Nature (WWF) supported regenerative production landscape cluster (RPLC) in Madhya Pradesh, the Promotion and Stabilisation of Farmer Producer Organisations (PSFPO) by Tanager in Odisha, the World Bank supported Bihar Kosi Basin Development Project (BKBDP) and the Holistic Agriculture Development Programme (HADP) in Jammu and Kashmir that are exploring deeper farmer connect through FIGs after registering several FPOs. All these state-level initiatives show states are seeking to innovate through collaborations with established actors in the FPO ecosystem.
f. Digitising FPO services: There are several agri-startups that are providing digital services to FPOs. The actual use of these services by FPOs and their ability to pay for services need more investigation. Samunnati, with its FPO next initiative, digitally connects over 5500 FPOs. Samudra Network offers VarunaStar Agri- Value- Digitisation Platform, used by FPOs in several states and Dvara e-registry offers Doordrishti platform, which has reached 200+ FPOs.[26] There are also agri-business management solutions like FarmERP and Gramworkx,[27] which are used by FPOs. Several startups like Arthagri are developing new solutions, in close consultation with FPOs.

6.6. Towards Viable Institutions

There has undoubtedly been enormous growth in FPOs in the two decades since the first FPO was registered. The growth and maturity in the ecosystem with newer innovations and collaborations augurs well for building healthy and viable FPOs. There are today many more FPOs with a turnover of over ₹ 10 million and are able to reach this much faster than some of the pioneers. Yet, there is also a lurking fear that a large number of FPOs are unlikely to survive beyond the project period and support. Policy support has been inconsistent too with cooperatives today, including the primary agricultural credit societies (PACS) getting a new lease of life from the Ministry of Cooperation and producer companies today are not seen as part of the draft cooperative policy nor as part of aggregated market facing entities like the new National Cooperative Organics Limited. There is a case for a reality check on the financial health of the large number of FPOs that have been promoted and create conditions for sustained growth of those that have been resilient. Despite the rhetoric of having a stronger business orientation through CBBOs, the survival of FPOs beyond the project period of three or five years is under question. FPOs continue to be capital starved and despite their promise of providing a more inclusive face of agricultural market reform they still lack support at the state level, where FPOs in many states are yet to have a level playing field for ease of doing business. Creating a national cadre of young professionals who could drive growth of FPOs as business entities is one way of attracting much needed talent in the sector.

There are no quick fixes either to double farm income or to make FPOs an integral part of the farm revival story. The sector needs a greater focus on consolidation of lessons learned and steer clear of a growth in numbers accompanied with burdensome expectations. FPOs have empowered farmers and have been more inclusive than erstwhile cooperatives and as twenty-first century institutions are also in need of newer imaginations and metrics that could assess their performance. Even as standard metrics are proving to be inadequate in appreciating their contribution to empowering farmers, newer mechanisms like the Social Stock Exchange might need to look at these institutions afresh and CSR foundations too need to explore enabling greater investments in these institutions. FPOs, like the successful cooperatives earlier, are autonomous business organisations that are part of the social solidarity economy that present credible alternatives beyond the state and the market. The next decade of the FPO movement will need to establish these on much firmer grounds and work towards attracting greater investments that they truly deserve. To stay true to the vision of FPOs as being foremost farmer-oriented and farmer-owned institutions for their wellbeing, growth, and sustainability can't be pitched against each other. As worsening ecological crises amplify questions of food security, these institutions can be expected to play a more crucial role in enabling innovative and sustainable agriculture.

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Notes

1 NABARD is currently the biggest player in the FPO ecosystem with an estimated 55% of all FPOs registered in the country (Suryakumar 2022). 5606 FPOs were registered with NABARD support as on 31 March 2023.

2 Unstarred question number 871 in Lok Sabha on 'Strengthening of FPOs', answered by the Minister of Agriculture and Farmers Welfare, Shri Narendra Tomar on the 25 July 2023.

3 Also see https://tci.cornell.edu/? blog=maharashtra-leads-the-way-in-fpo-promotion.

4 Accessed from https://fpo.tci.cornell.edu/dashboard. There is a discrepancy between the numbers of FPOs in the TCI database and the NAFPO and our analysis of the MCA data. This does not change the overall trend as per states, though.

5 There is still no consolidated database for the cooperatives registered in India in the farm sector in the last twenty years, as cooperatives are largely registered at the state level. The overall FPOs in India thus will be more than the total of 30,000 that are FPCs.

6 Data accessed from SFAC and NABARD websites and https://pib.gov.in/PressReleasePage.aspx?PRID=1942484 and https://pib.gov.in/PressReleasePage.aspx?PRID=1945051.

7 An annotated bibliography covering the period between 2003 and 2019 looking at the literature on FPOs in India found a preponderance of cases on Western India and limited work on the inclusive participation of marginalised sections and women in producer organisations (Prasad and Prateek 2019). The Scopus search using keywords of 'producer organisation' and 'farmer' conducted in May 2023 indicated 50 of the 80 articles emerging in the last three years, suggesting a revived interest in FPO research.

8 For more details, see https://www.smallfarmincomes.in/fpojourney, as well as the deliberations of the various national FPO conferences on the website.

9 Some of the contributors were part of 'Farming Futures', a similar collaborative volume of fifteen cases on agri-based social enterprises (Kanitkar and Prasad 2019).

10 This section draws a lot from the concluding and synthesis chapter of the Farming Futures book (Prasad, Kanitkar, and Dutta 2023: 266–93.

11 A closer look at the figures indicates that four of the twelve FPOs are yet to reach 10 million in revenue, the KBS Coop took 16 years and Krushidhan three years. The idea of FPO as a unicorn was shared by the Prime Minister at the Post-Budget Webinar on economic empowerment of women on 10 March 2023.

12 For more on the emerging use of stakeholder theory in managing FPOs see a recent case study of Prakriti Foundation, available at https://www.iveypublishing.ca/s/product/prakariti-foundation-exit-or-loyalty/01t5c00000CBt3SAAT and https://www.smallfarmincomes.in/post/engage-stakeholders-early-and-often-how-prakriti-foundation-created-an-enabling-fpo-ecosystem.

13 See https://www.smallfarmincomes.in/post/creating-and-evaluating-portfolio-of-products-in-mul-

ti-commodity-fpos for a case for diversification and avoiding the one district one product (ODOP) strategy.

[14] See https://www.sattva.co.in/ski/harnessing-social-stock-exchange-for-farmer-producer-organisations/ for recent insights on this.

[15] For an analysis of FPO federations performance, see Prasad, Kanitkar, and Dutta 2023: 282-84.

[16] For more information see Prasad, Kanitkar, and Dutta 2023: 270-71.

[17] See Prasad, Kanitkar, and Dutta 2023: 268-70 as well as Srinivasan, G. 2023.

[18] https://timesofindia.indiatimes.com/business/india-business/india-emerges-as-beacon-of-growth-to-remain-fastest-growing-major-economy-itc-chairman-sanjiv-puri/articleshow/102641788.cms?from=mdr

[19] There was a mention of 1600 FPOs too but as is increasingly found in government pronouncements their targets are often reported as achievements. See https://government.economictimes.indiatimes.com/news/governance/modi-launches-onboarding-of-1600-farmer-organisations-on-ondc-inaugurates-medical-colleges-calls-for-modern-infra/102165336.

[20] Extracted from presentation made by Maninder Kaur, MD, SFAC at the National workshop on FPOs under Central Sector Scheme on 12 July 2023. See https://pib.gov.in/PressReleasePage.aspx?PRID=1938992.

[21] In five such FPO melas held between August to October 2023 in Hyderabad, Tirupati, Patna, Madurai, and Bhopal, 332 FPOs registered, 245 attended, and provisional sanction letters were given to 197 FPOs with full sanction for 10 and many being processed.

[22] See https://www.financialexpress.com/business/industry-sahyadri-fpcs-corporate-structure-move-to-set-a-trend-for-others-2708769/.

[23] See https://ploughmanagro.com/PAPL%20Sustainability%20Report%202022.pdf.

[24] https://www.thehindubusinessline.com/economy/agri-business/how-a-farmer-produce-company-yielded-1000-cr-turnover/article67402782.ece.

[25] The 78 pitches are available for https://www.youtube.com/playlist?list=PLDJCO7wNwKuWy5r-F2OkFFoAhRY7Yyd5- and https://www.youtube.com/playlist?list=PLDJCO7wNwKuVfByG8F3uHiRgl1BfFotyg.

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Carbon Offsetting and Smallholder Indian Agriculture

7

Raman Ahuja*

7.1. Introduction

Rural livelihoods are centred on productive use of natural resources — land and water. These livelihoods contribute to climate change and are also impacted by climate change. The impact of climate change is the hardest on the weakest links in the rural economy — the smallholders and the landless workers. Smallholder farmers produce one third of world's food farming on about 12% of agricultural land. Smallholders comprise 84% of all producers — 70% of them farm on less than one hectare and remaining 14% farm on about 2 hectares[1]. Globally, agricultural is a large contributor to greenhouse gases (GHG) emissions at 11.2% of total emissions. Projections indicate that these emissions will increase if agricultural growth and development proceeds under a 'business-as-usual' model of technology and resource use. A recent International Finance Corporation (IFC) publication[2] on smallholders highlights that the overwhelming majority of smallholder farmers face constraints in accessing inputs, finance, knowledge, technology, labour, and markets; and all farming must contend with a changing and unpredictable climate.

There has been significant effort to develop tools to both reduce (low carbon intensity) the contribution of rural livelihoods to climate change and to minimise the impact of climate change on rural livelihoods. However, the resources required to deploy these tools are grossly inadequate to address the scale of the problem. Innovation in financial and commodity markets and in regulations is necessary to generate new sources of funding. Carbon offsets are seen as one potential source to generate finance that may be deployed to address climate change mitigation in the agriculture sector.

This chapter is divided into three sections. Sections one will set the context by outlining what are carbon offsets and the mechanisms for crediting carbon offsets. The section will end with a brief introduction to the developments in Indian carbon markets. Section two will focus on India's agriculture sector and its vulnerability

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to effects of climate change, and the availability of climate finance for the sector. Section three will outline the challenges in carbon markets in general and in implementing carbon offset projects in the agriculture sector. The chapter will end with suggestions on creating an ecosystem that can engage with smallholder farmers in carbon offset projects.

7.2. Carbon Offsets

Carbon offsetting is defined as a reduction in greenhouse gas emissions and/or increased storage that is used to compensate for emissions occurring elsewhere.[3] The term 'compensate' is the operative word in the definition of carbon offset and the process for 'compensation' has the potential to create a market for carbon offsets. Market creation mechanism, bringing together sellers (suppliers of carbon offsets/credits[4]) and buyers (those entities wanting to offset their GHG emissions), allowing for a transparent price determination and a regulatory framework. It is anticipated that the funds generated through sale of carbon offsets would be used to finance projects that will contribute to mitigating climate change thereby bringing the world closer to the 1.5^{o} target agreed at the Paris COP (Conference of the Parties, of the Paris Climate Change Conference).

Carbon offset projects span the entire spectrum of the economy — from energy, transportation, construction to forest restoration, sustainable agriculture, and blue economy to waste management, etc. These projects would contribute to reduced emissions (e.g. shifting from fossil fuel based energy to renewable energy like solar), and enhanced carbon removal from atmosphere (e.g. agro-forestry, DACCS or direct air carbon capture and storage). Depending on the nature of project, these can be implemented at individual level and aggregated at community level (e.g. smallholder agro-forestry), company level (e.g. an energy company expands its supply through new investments in renewable energy like solar, wind, etc.), or economy-wide project (complete ban of fossil fuel based transportation).

Carbon offsets or credits can be generated from a range of crediting mechanism that can be broadly categorised as:

a. International mechanism established under global treaties like the Clean Development Mechanism (CDM) established by United Nations under the Kyoto Protocol projects or the more recent Article 6.4 mechanism established by United Nations Framework Convention on Climate Change (UNFCC) under the Paris Agreement
b. Domestic or national mechanisms established by national governments (Thailand Voluntary Emission Reduction Program[5]) or sub-national entities (California Compliance Offset Program[6])
c. Independent mechanisms that include crediting mechanisms developed and managed by independent, non-governmental entities (World Bank's Forest Carbon Partnership,[7] Verra's Verified Carbon Standard[8]). These mechanisms are broadly termed as voluntary carbon markets (VCM)

Each of these crediting mechanism would require standards (rules, procedures, and methodologies) to which the carbon offset project should comply to for generation and issuance of carbon offsets. The process of project development to issuance of carbon credits is illustrated in Figure 7.1.[9]

Carbon offsets can be sold to different types of buyers. These include government and private sector entities. The end use of the credits is determined by the nature of credits — the type of authorisation linked to the credits. For example, in the international market a credit generating country-authorised seller, can sell to another country, whereby the credit will be used to reduce the buying country's carbon commitments (NDC or nationally determined contribution). This is an example of jurisdictional carbon credit exchange that is governed by the international mechanism (point 'a' previously mentioned). A carbon credit sold domestically or internationally to corporates to meet their stated goal of net zero emissions, is an example of a voluntary carbon credit exchange/market, typically governed by the independent crediting mechanism (see point 'c' in previous list).

The Government of India (GoI) signaled its intention to create Indian Carbon Market (ICM) through the introduction of Energy

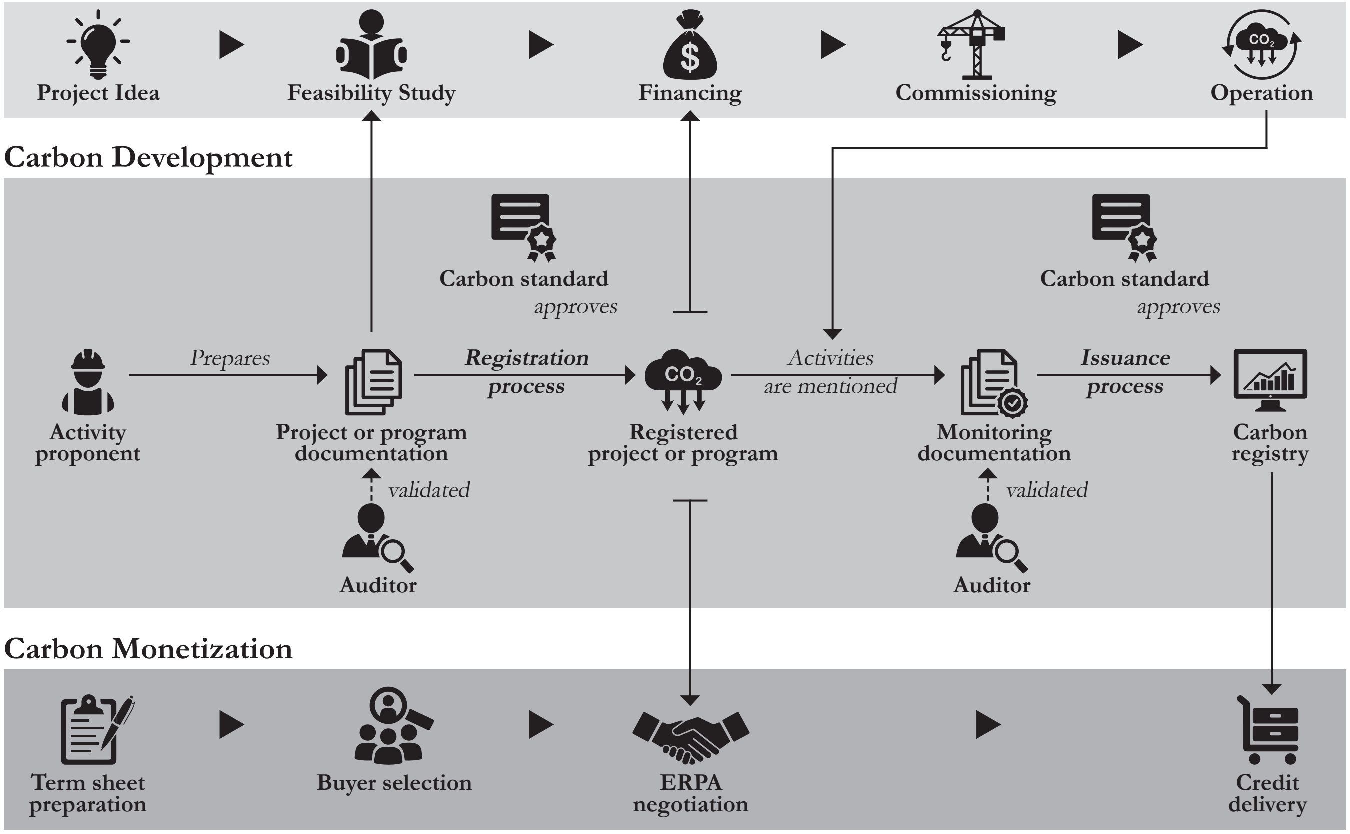

Figure 7.1. Lifecycle of Carbon Offset Project in the Voluntary Carbon Market

Conservation Amendment Bill in August 2022. The objectives of the Indian Carbon Credit Trading Scheme (CCTS) 2023 are four fold:[10]

a. To facilitate the achievement of India's enhanced NDC targets and future NDC goals.
b. To mobilise new mitigation opportunities through demand for emission reduction credits by private and public entities.
c. To mobilise a significant portion of investments in clean technologies required by growing economy to transit toward low-carbon pathways.
d. To leverage the potential of international collaboration and financing opportunities under Article 6 of the Paris Agreement.

The CCTS notification[11] underlines the necessary framework and the roles of diverse stakeholders for the development and functioning of the ICM. This framework will cover:

- definitions and detailed procedures;
- National Steering Committee and Technical Committee (formation and functions);
- role of the Administrator- BEE or Bureau of Energy Efficiency is the designated Administrator; and role of the Registry-GCI or Grid Controller of India is the designated Registry, and their functions;
- regulations for trading;
- accredited carbon verification agency;
- trading of certificates; and
- compliance mechanism.

The BEE is the Administrator for the ICM with responsibility to identify the sectoral scope and methodologies to be used under offset mechanism with the support of respective technical committees; and once approved, these will be published. The Administrator is responsible for developing the standards and processes for project registration and for registering the projects under offset mechanism. The compliance mechanism for ICM will be built on existing perform-achieve-trade (PAT)[12] framework that has evolved over the last 10 years. It is important to note that there was no role for agriculture sector in the erstwhile PAT scheme. It is anticipated that the initial focus of the ICM would be to support generation of finance through trade of credits from the high carbon intensity or hard-to-abate sectors like energy, transportation, iron and steel, etc.

7.3. Indian Agriculture Sector and Climate Vulnerability

Agriculture is the primary livelihood source for 58% of India's population.[13] The gross value added by agriculture, fishery, and forestry was estimated at ₹ 19,480 billion (USD 276.37 billion) in financial year (FY) 2020.[14] Majority, over 84% of farmers, are resource-poor and operate on less than 2 hectares of land, with limited ability to adopt sustainable resource use technologies. Additionally, more than 50% of agriculture in India is predominantly rainfed, and its success is largely contingent on a good monsoon season. Farmers of rain-fed areas contribute nearly 40 % of the total food production, supporting two-thirds of livestock population.

A detailed risk and vulnerability assessment of Indian agriculture to climate change[15] using representative concentration pathway (RCP) 4.5 in 573 *rural districts* of the country predicts that:

- 109 districts out of 573 rural districts (19% of total districts) are 'very high-risk' districts, while 201 districts are medium-risk districts based on the intensity of climate change risks; and
- maximum temperature is expected to increase by 1 to 1.3°C in 256 districts, by 1.3 to 1.6 °C in 157 districts (period 2020–2049). The increase ranged from <1.3 °C in 199 districts to >1.6 °C in 89 districts.

Many of these 109 very high-risk districts and the 201 medium-risk districts have scheduled tribes that survive on margins of subsistence agriculture while complementing livelihood through forest-based sources.

In 2016, India's agriculture sector contributed[16] about 17% of the total GHG emissions in the country — emissions from enteric fermentation are 8 per cent of the total emissions, while rice cultivation, agricultural soils and manure management contribute 3%, 3%, and 1% of the total emissions, respectively.

All farmers are extremely vulnerable to climatic variability and climate change implications due to their poor capacity to cope with extreme weather events and water scarcity. Rainfall has become more erratic, shorter, and heavier within seasons. Further, 'unseasonal' events such as heavier rains, long drier spells, unusual storms, and temperature fluctuations have been increasing, and thereby adversely impacting agricultural yield, rural livelihoods, and food security. Additionally, volatile market prices for agricultural commodities and weak market linkages create further uncertainties. Agricultural sector, and particularly the rain-fed farmers, is thus exposed to a variety of risks emerging from the nexus of climate and markets and complicated by anthropogenic action.

As noted earlier, resources (climate finance) specifically allocated for agriculture, forestry, land use, and natural resources management is insufficient to meet the magnitude of the climate change challenges faced within the sector. In 2017—18, investments in the agriculture sector made up only 5.1% of the total climate finance outlays globally, which was estimated at USD 579 billion[17] and less than 1% of private sector climate finance was directed to agriculture. India's climate actions are largely financed by domestic budgets through a combination of policy action and market instruments. The National Mission on Sustainable Agriculture (NMSA) is one of the missions under the National Action Plan on Climate Change (NAPCC). The National Adaptation Fund on Climate Change (NAFCC) with National Bank for Agriculture and Rural Development (NABARD) as the National Implementing Entity (NIE) currently has thirty adaptation projects with an outlay of ₹ 8475 million (USD 106 million).[18] NABARD is also the NIE for Adaptation Fund (AF) under the Kyoto Protocol wherein six projects with an outlay of ₹ 98.59 million (USD 1.23 million) are under implementation. Of the seven Green Climate Fund (GCF) projects under implementation in India,[19] two are in the agricultural sector with a total investment of USD 296.558 million, of which USD 77.786 million is the GCF grant component.

7.4. Challenges and Emerging Opportunities in Agriculture Based Carbon Offset Projects

Indian agriculture presents a significant opportunity to build resilience of the producers while potentially contributing to GHG emission reduction and emission removal. This is well aligned to the targeted benefits that reflect the carbon offset framework described in section 7.2 of this chapter.

While carbon offsets/credits appear to be attractive proposition to raise climate finance for the agriculture sector, there are issues with carbon credits and voluntary carbon markets (VCM) that potentially create barriers to development and successful execution of carbon offset projects in the agriculture sector. Additionally, the development of carbon offset projects in the agriculture sector will have to contend with several issues emerging from the predominantly smallholder led structure of the sector.

Given below are few challenges that need addressing.

a. Carbon credit issuance has observed a declining market sentiment since 2022 and this is attributed to demand and supply integrity and emerging concerns related to market integrity.
b. In the recent past, the integrity of the monitoring, reporting, and verification (MRV) of carbon projects has come into question. The buyers are questioning the underlying technology used to determine sequestration, the role of verifiers, and also that of the independent agencies like Verra. For example, the science behind soil carbon sequestration is not fully established, leading to doubts on the veracity of credits from increased soil carbon.
c. Carbon credit pricing varies for different types of credit (for the same amount of carbon sequestered). There is likely to be price differentiation of carbon credits depending on the co-benefits generated by the act of sequestering carbon. There is a growing demand for nature - based solution (NbS) projects and these are commanding a higher unit price.
d. Majority of the carbon credits continue to be traded bilaterally or over-the-counter (OTC) rather than through a market mechanism that should be catering to large number of buyers and sellers pricing the carbon credit. The absence of a price discovery mechanism and limited or no market depth raises questions about the transparency of the carbon market and the transactions that take place.
e. While the project developers enter into written contracts with producers, they are usually opaque in their communication about the potential benefits of the carbon offset project. Further, there is high level of variability in the monetary benefit that is passed on to the producer (usually it is around 50% or less of the price per ton of carbon sequestered).
f. Farmers have to maintain the carbon sequestration practices for a long period of time to ensure sustained benefits. This is expensive and more so for the smallholder farmers. There is likelihood of leakage or farmer reverting to old practices that will reduce the amount of carbon sequestered. Monitoring of smallholder fields is an expensive and time consuming exercise. The economic cost of developing and sustaining a carbon offset project in Indian smallholder scenario is likely to be higher than the price of the carbon credit.
g. Land ownership and land tenure of smallholder (and large) producers is an issue in developing carbon offset projects. The period for land tenure is grossly inadequate when compared to long period required for carbon offset project. It is likely that the producer who is part of the project development stage will not have access to the land when the carbon credits start to generate income.
h. Project developers (many are technology companies) are accessing and storing farmer and field data which is often shared with other private sector players including agribusiness companies. This could potentially lead to exploitation of farmers.
i. India based carbon offset projects under the voluntary carbon market (VCM) are

not governed by any local regulations. This creates a further potential for exploitation of smallholder producers.

Financing the transition to low carbon intensity of Indian agriculture is essential to ensure a sustainable long-term food secure future. While the smallholder led structure of Indian agriculture is unlikely to change in the foreseeable future, there are strategies that can be used to develop evidence based approaches for carbon offset projects. Once the body of evidence has been established, the lessons from these projects will help in scaling out the process across agro-ecological zones. Envisioning this future will require the creation of multi-stakeholder ecosystem with all actors — government, civil society, producers, private sector, research and development institutions, etc. playing a pivotal role.

A few suggested steps that may be undertaken for creation of a robust carbon offset ecosystem for the smallholder led Indian agriculture:

a. Contextualised to the agro-ecological conditions.
b. Decoupling incentives for production and procurement of environment 'unfriendly' crops (e.g. rice) to coupling incentive for diversification and transition to low carbon intensity — e.g. shift to millets where feasible.
c. ICM under the CCTS Scheme should be designed to address the market failures observed in international voluntary carbon markets.
d. The ICM governance mechanism should ensure the primacy of the rights of the entity (producer in case of agriculture) over all other stakeholders. This should be protected through a robust recourse mechanism.
e. Explore floor price for carbon offsets from different agriculture activities — e.g. agro-forestry based credits versus credits from reduced emissions from paddy production through direct seeded rice (DSR) route or alternate wetting and drying (AWD) approach.
f. An insurance mechanism should be in place with contributions by the buyers of carbon offsets. This pool can be accessed in case the buyer reneges on the contracts or there is a market failure.
g. Investments are required towards developing capacity of farmer and community institutions to undertake long-term interventions for a climate resilient agriculture. These would need to be financed through a combination of government and private sector contributions (e.g. CSR funding).
h. Development of digital public goods infrastructure (DPI) in agriculture that will allow for low cost, transparent and consistent data collection, monitoring, reporting, and verification of activities linked to carbon offset projects. The DPI should be able to monitor the environmental co-benefits (e.g. agro-biodiversity protection, water use efficiency, etc.) of the carbon offset projects. The DPI should ensure that all data privacy rules are followed when allowing access to external entities (other than data owners).

A robust carbon offset ecosystem should be complemented by a credits market for environmental benefits that may accrue as co-benefit to carbon sequestration. The valuation of these credits will add to the income pool available to smallholders for transition to low carbon intensity production.

The impact of climate change on the agri-food system is well established; a combination of modern scientific knowledge and the traditional knowledge systems are showing the way towards mitigating the impact of climate change. These interventions, however, will come at a huge cost that cannot be borne by any producer — let alone by the smallholder producers. It is imperative that a holistic approach is developed to pilot innovative climate finance tools like carbon offsets in the agriculture sector. Lessons from these pilots should lead to development of a large numbers of carbon offset projects that reflect the underlying diversity of the Indian agriculture ecosystem and the large number of smallholders.

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[3] https://www.offsetguide.org/understanding - carbon-offsets/ what-is-a-carbon-offset/

[4] For the limited purpose of this chapter the term offset and credit will be used interchangabiliy.

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[6] https://ww2.arb.ca.gov/our-work/programs/compliance-offset-program

[7] https://www.forestcarbonpartnership.org/

[8] https://verra.org/programs verified- carbon-standard/

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Contemplating the First Decade of Corporate Social Responsibility (CSR) Regulations in India

8

Ruby Thapar and Santhosh Jayaram*

8.1. CSR is Section 135 of the Companies Act

Corporate social responsibility (CSR) became part of the Companies Act published in 2013 and with this India became the first country to bring the term CSR under a law. It must be noted that this was only one section of the broader Companies Act which has nearly 500 sections. In support of the Section 135 of the Companies Act, the CSR rules came into force.

The difference between Act and Rule in India is that an 'Act' is the law passed by the legislature, while 'Rules and Regulations' are generally made by an executive authority in exercise of a power conferred in the Act. Rules are subordinate to Act. Rules cannot go beyond the Act or extend it. This distinction is important in order to understand the journey of the CSR Act. The CSR Act tables a very important point, namely – 'that the company must conduct the CSR activities preferably in the local area.' This focus on local area is the genesis of why CSR formed part of the Companies Act.

The Companies Act of 2013 was replacing the Companies Act of 1956. Although the earlier Companies Act went through approximately 25 amendments, it was still not up to date compared with regulations in many other jurisdictions. The amendment of 2013 held the spotlight over improved governance. It brought focus on board constitution, independent directors, reporting, audit rotation, related party transactions, ease of doing business, and other much needed changes. It also asked the companies to spend 2% of their profit on CSR. It was meant to serve as a good governance measure to improve trust within local community — an important stakeholder of the company.

Looking back at the decade of CSR, the first thing that hits home is that Section 135 was a first. There have been many learnings from this past decade of formalised CSR, as it kept getting refined year on year. While there is much gained,

*The views expressed by the authors are their own and do not necessarily represent the opinions of their companies.

there is some that got lost in the process and there are aspects to ponder on as India steps into the next decade of the CSR Act.

The next section offers an amalgamation of some questions still unanswered, some for which answers have been found, and some propositions for the next decade.

8.2. CSR was already Practiced in India, So Why the Regulation?

Corporate philanthropy has always existed in India. There are many cases to corroborate this amongst the top business houses. The term CSR was not part of the vocabulary, as the international definitions of CSR went beyond spending profit to include how companies can generate profits responsibly. Initially, when CSR was defined in the Companies Act, it was limited to policies, structures, monitoring, and reporting of spending 2% of the profit. Later Securities and Exchange Board of India (SEBI) included the responsible business conduct by creating a reporting requirement known as business responsibility reporting (BRR). This has further evolved to the latest business responsibility and sustainability reporting (BRSR).

The CSR mandate has definitely helped move corporate philanthropy from being close-to-heart project of the company leadership to a more structured and transparent process. It has provided a common framework for all involved institutions to align to the social needs of the country. It gave the social sector professionals a seat at the table; aspiring professionals a career in this field; the non-governmental organisations (NGO), became the valued and new partner in the eco system; ensured allocation of funds; brought focus on impact and outcome; became a reputation and trust-building tool; formalised volunteerism; became a Board agenda and part of the business model of some companies. It also shook some of the laggards into action.

It also brought improvements in the NGO processes. Many corporate professionals started engaging with the social sector and vice-versa. This cross pollination at various levels has helped not only the corporate, government, communities, and the NGO segment but it brought a new dimension to the development sector.

The CSR Act has been in evolution for a decade.

8.3. Is Section 135 a Pigouvian Tax?

Pigouvian tax, which is named after the British economist Arthur C. Pigou, is a tax on a market transaction that creates a negative externality, which create costs that are borne by unrelated third parties, borne by the entity behind that externality. Examples include tobacco taxes, sugar taxes, and carbon taxes.

But, in case of CSR there is no specific externality that can be singled out. If it was a tax, why would it feature into a Companies Act? The key is to understand why CSR formed part of the Companies Act. The prime role of the Companies Act is to provide protection to investors' money and for this the companies need to function without any disruptions. Globally the trust levels between society and business have been at a low. This resulted in companies losing their social licence to operate (SLO) in many places resulting in investors losing money.

SLO is the ability (permission) of an organisation to carry out its activities because of the trust the society has placed in them to behave responsibly. This is true across the board, be it the extractive industry, manufacturing industry, or the service industry. It is very evident in the case of extractive industries and/or manufacturing companies, but how is it applicable for services industry? Take an example of a bank, why would someone deposit money in a branch of a bank if they did not trust that institution? Hence it is not a tax, but a window of opportunity for the company to improve trust with an important stakeholder.

8.4. Localising CSR and Social Licence to Operate: Two Sides of the Same Coin

In the past two decades, there has been several incidents of societal unrest towards some of the big names in the industry in India, leading to erosion of investor's wealth at times. It was the exploration of what can be done to help improve the trust quotient between society and industry that led to the introduction of CSR into the Companies Act. Hence the need to ensure that CSR activities be undertaken preferably in local areas building trust within local communities.

On the other hand, the spending of 2% of profit needs the legitimacy of investor approval. To get that approval there has to be value creation for both parties. Thus, the requirement in the Companies Act for the Board to be actively involved; to define the CSR policy and set up a separate committee to oversee the CSR spent. This governance structure was to uphold the legitimacy of the investor approval and for the company to have skin in the social milieu.

The challenge is that over the last decade since CSR came into the Companies Act, there seems to be a selective amnesia of the genesis as to why Section 135 came into being and why the governance structure was so formulated.

8.5. What has been the Impact of these Allocated CSR Funds?

The question that begs attention is along with the enhanced inflow of funds how did the CSR mandate change the socio-economic landscape of India? It is important to ask this at this juncture of the CSR law's critical milestone of a decade and as India readies itself to become the third largest economy by 2025.

Companies are neither a substitute nor a tool for government to run its social agenda. The challenge while formulating the CSR rules was how to keep this pool of money away from the harness of the political leadership and that of the government. It was in this regard that Schedule VII was formed. But over the last decade Schedule VII has gone through revisions which have resulted in some level of dilution from the intent.

The overall CSR kitty is still less than ₹ 250 billion in any given year. There are many estimates around this, but across years, none of these estimates have crossed this. To give a comparative sense, the 2023–24, the union budget allocated ₹ 1.13 trillion only for education, state budgets not factored. The total union health budget through the ministries of AYUSH (ayurveda, yoga, naturopathy, unani, siddha, and homeopathy), health and family welfare and finance is to the tune of ₹ 1.07 trillion for 2023 – 24. Just these two add upto almost ₹ 2.2 trillion. If the state budgets are added, the total annual budget allocation for education and health in India could be estimated upside of ₹ 7 trillion (7 lakh Crore). These are only two segments of the CSR expenditure. The study of top companies shows that companies spend almost 60% of their CSR budget on these two segments. This means that the overall CSR expenditure in these two segments accounts to close to 2.15% of the government budgets.

While the impact of a social project should not be gauged in proportion of the money spent on the project, this estimate should give some fact checks on the potential impact that can be created by CSR in the overall social agenda of the country. This reality check is imperative, because there is a general feeling emerging in India, that the CSR funds are aplenty; India is the first country to mandate CSR, and that if done right, Section 135 could become a best practice for the world to emulate.

8.6. Compliance around CSR: A Boon or Bane?

One of the advantages of this mandate was a universal framework of CSR and assured flow of funds. The challenge on the other hand was the requirement for disclosure. The mandatory disclosure which requires a sign off from the member of the Board means a high level of accountability and responsibility. It also meant that the companies have to disclose not only the project but also the location of the project and the partner with whom they are working. This information is now available for every stakeholder to see. The rules also became stringent in later years that the company must spend the CSR budget and not doing will attract penal provisions. All this while contributing to better governance has added to the regulatory risk quotient for the corporate. The super focus on compliance can sometimes take away the spirit of CSR for both companies and the NGO partners.

If we are to look at the scale and impact of the CSR projects from an Act of this nature, it has been limited compared to the potential.

There are not too many NGO partners with the might to run big projects. There are only a handful of NGO partners who could run CSR projects with a budget of more than ₹ 100 million at a specific geography as specified by the company. Add to that the regulatory clampdown on the NGO sector, especially with tightening Foreign Contribution Regulation Act (FCRA) regulations. All this meant that the companies had to spread their funds across multiple partners and projects. According to the 2019 CSR survey done by KPMG,[1] the average expenditure on projects was around ₹ 42 million. The survey only includes the top 100 listed entities in India. Post 2019, no such elaborate survey is available.

Additionally, if one considers a company having its operations in multiple states and if their CSR expenditure weighs heavily in some states, they would have a public relation challenge in other states. This puts further burden on companies to spread their CSR expenses across all regions of operations, leading to smaller projects with limited scale and impact which is almost like carpet bombing.

CSR can be a great testing ground for new models of interventions to create impact. But the compliance requirements tie the companies to navigate inside the narrow guardrails. During the last decade, the compliance requirements have only become more stringent, adding to considerable burden around the effort for compliance. CSR is being increasingly led through the lens of compliance.

8.7. CSR Stayed in the One-way Lane

'Alone we can do little; together we can do so much.'

– Helen Keller

This quote turns out to be so true when it comes to social impact. But how much collaboration happens in CSR?

Every company, every leader wants to have a flagship exclusive CSR project. While explaining the project at least one of these superlatives is of common usage: innovative, radical, transformational, path-breaking, state of the art, life changing, revolutionary, disruptive, reforming, metamorphic, catapulting, catalytic and so on.

When it comes to CSR projects, the pressure to stand out and distinguish is very much evident. Even if a project is supported by multiple companies, each company will seek the implementation partner to bring in a differentiation either through design of the project or at a minimum, fencing of the boundary of the project to showcase it as theirs.

Some well-branded projects did attract multiple corporates to join those projects. More CSR projects are needed to showcase the power of collaboration. Such case studies must be brought forward to encourage companies to come together to create a meaningful impact. Glimpses of collaboration could be seen during the peak of pandemic, when companies came together without seeking to hoist their flags (there were exceptions), but post the pandemic, things have gone back to the 'old normal'.

The stakeholders also need to recognise that CSR alone cannot be the remedy; it is only one player in the system. Although the latest CSR Outlook Report[2] indicates that 55% of companies prefer government partnership in projects, it is not clear how many projects have these partnerships.

While it is understandable that the companies want to collaborate with the government, the interesting question to ask will be how many companies are willing to collaborate with other companies on CSR? The follow-up question will be to ask whether they will be comfortable with shared outcomes and not being attributable for the portion of their spending.

8.8. Postulating the Next Decade of CSR

8.8.1. Value for all

Companies and their boards must keep in mind that there is a fiduciary angle to the 2% of the profit being spent on CSR and it needs to be appropriately explained to the shareholders. Hence there should be a recognition that CSR is beyond corporate philanthropy and while the impact is measured, the value for the company also needs to be measured. The regulations do not prevent this. Genuine CSR is a platform for companies to improve their trust with stakeholders.

8.8.2. Role of CSR

CSR cannot be big scale like government projects. CSR projects can be good testing grounds and or can complement/fortify government programs. An effort like this will ensure consistent innovation and engagement in the social space.

8.8.3. Reigns of regulation need to loosen

Transparent reporting and regular audits under the regulation have helped improve the process and make it a level playing field. But the complexity of compliance with frequent changes and amendments have taken the focus of designing a CSR project focussed on impact to designing a CSR project for compliance. The regulations also need to provide some room to test new models of CSR. It has the potential to explore outcome-based funding, or guarantee models, impact bonds, or even participate in social stock exchange, which is being set up.

8.8.4. Collaborations and partnerships

There is much potential to create sustainable impact through collaborative projects between corporates. This will not only help in mitigating risk, but also enhance efficiencies and scale.

It is time to inject innovation into CSR; create impact that is demonstrable along with the implementation partners and collaborate with peers to produce a healthy sustainable development goal (SDG) report card for India. A holistic and unified approach to CSR will also help boost the trust quotient between communities and companies.

It is time to rewrite the CSR playbook — from Corporate Social Responsibility to Collective Shared Responsibility — a playbook that focuses on delivering value for all stakeholders and lives the true intent of the CSR Act in the next decade.

Notes

[1] https://assets.kpmg.com/content/dam/kpmg/in/pdf/2020/02/india-s-csr-reporting-survey-2019.pdf

[2] https://csrbox.org/media/India-CSR-Outlook-Report-2023-by-CSRBOX.pdf

The State of India's Livelihoods (SOIL) Report is an annual publication that aims to collate emerging trends in the livelihoods sector. For the last 15 years, ACCESS has continued to publish this one-of-a-kind document that aggregates the experiences and challenges of the sector, analyses case studies, and reports on the progress of both government and privately run programs.

Given the diversity and complexity of the livelihoods landscape, a single edition of the SOIL Report can never be complete. While some core themes are continued from the previous reports to provide stability to the structure, interesting new themes have also been added to bring knowledge to the sector. The continuing coverage includes an overview of the emerging agenda for livelihoods promotion and policy and programme measures taken by the government in the last year while trying to understand the nature and impact of their implementation. Another chapter on private sector engagement in livelihoods promotion, the reports looks back at a decade of formalized CSR and the learnings from it for the next decade. Building on the understanding and insights of past SOIL Reports, a chapter on Farmer Producer Organisation highlights a few key challenges of growth versus sustainability. Another important theme that has continued from the last year's report is a detailed assessment of the ultra-poor graduation approach. With a focus on the key issues around women's economic empowerment, one chapter looks at the challenges and opportunities facing women in the world of work, particularly entrepreneurs. Under new coverage, a chapter looks at the developments in Indian carbon markets, with a focus on an enabling ecosystem that can engage smallholder farmers in carbon offset projects. Another topical coverage includes livelihoods challenges of people living in floodplain areas.

The report is authored by multiple experts in the sector and researchers engaged in the livelihoods landscape.

Editor
Dr Sanjiv Phansalkar

Contributing Authors
Dr Ashok Kr. Sircar
Ranu K Bhogal
Dr Sanjiv Phansalkar
Shaswati Ghose
Kinshuk Ghosh
Suhela Khan
Dr Feroza Sanjana
Prof C Shambu Prasad
Dr Deborah Dutta
Raman Ahuja
Ruby Thapar
Santhosh Jayaram

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