

LIVELIHOODS
SIR DORABJI TATA TRUST

PROMOTING LIVELIHOODS ENHANCEMENT

S J PHANSALKAR

CONTENTS

Preface	3
I. Introduction	5
II. Addressing The Livelihoods Problem : An Assessment	11
III. Prioritising Regions	22
IV. Emerging Challenges	24
V. Recommended Priorities And Suggested Steps	27
Abbreviations	30
Note On Author	31

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Preface

Sir Dorabji Tata Trust, since its establishment in 1932, is guided by a deep sense of commitment towards the country – with a vision for national progress. In 1999, the Trust commissioned a series of strategy papers to scholars and experts whose mandate was to review the critical needs of the development sector in India and discern the role a sensitive philanthropic organisation could play. The process of producing these discussion papers was guided by a spirit of exploration and identification of what is best to give to the country in the fields of social development. The areas identified were management of natural resources, livelihoods, education, health and social development initiatives. The last paper included a number of sectors such as civil society initiatives, human rights, family welfare, the physically/mentally challenged, art and culture and disaster relief. The overarching questions that each discussion paper was expected to explore were:

- *How are perceptions/concepts in philanthropy changing? What is the perspective for the future?*
- *What, according to the academic and grass-roots perspective, are the needs in the different fields? And what could be the new fields of endeavour that could be explored?*
- *How does one choose an area of focus from the vast range of possibilities within each field?*
- *Within the chosen focus, what are the alternative approaches and what is the expected impact of these approaches? Which type of initiatives should be selected for major support and which should be given token assistance?*

A strategic direction for grant making was to be proposed in specific sectors. The experts were also to offer an opinion on how to respond to thematic issues in urban, rural or tribal areas; and suggest measures to incorporate equity and gender concerns.

The Trust is happy to present some of these papers to a wider audience. Each of the sectors is vast and although newer concerns will always emerge – because of the changing development context – the papers offer valuable insights and a perspective for the future.

We gratefully acknowledge the author, S J Phansalkar, and the contributions of all who have assisted and enriched the final publication of the strategy papers.

**Sir Dorabji Tata Trust
Mumbai, 2003.**

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PROMOTING LIVELIHOODS ENHANCEMENT

I. INTRODUCTION

Chambers and Conway (1992) define livelihoods as: "A livelihood comprises the abilities, assets (stores, resources, claims and access) and activities required for a means of living: a livelihood is sustainable which can cope with and recover from stress and shocks, maintain or enhance its capabilities and assets, and provide sustainable livelihood opportunities to the next generation; and contribute net benefits to other livelihoods at the local and global levels in the long and in the short term." (IDS Discussion Paper No 296.) Developing on essentially this definition, the Department For International Development (DFID) evolved their sustainable rural livelihoods approach that recognises five types of capitals (dealing with human, physical, social, natural and financial) and seeks to promote livelihoods that are capable of withstanding shocks and stress arising out of any one of these spheres of interaction.

Chambers and Conway refer to a combination of abilities, assets and activities required for a means of living.

- Abilities not only include sheer physical labour, but also knowledge, training and special skills. An ability will be adequate to provide a livelihood only if there exists a favourable constellation of circumstances including the materials needed to put those abilities to use, the existence of a market for the eventual product or service produced, etc.

- Assets include land, equipment, animals and money – assets that a person may legally possess, his/her rights to natural resources around him/her and access to public goods and services. Some of these assets are a matter of just plain wealth distribution, eg one person has much more land than others by sheer inheritance. The rights to use or to access common property resources such as forests, rivers and ponds, etc, are defined in tradition and modified by institutions of social custom and law. A tribal living in a forest had access to the forest and some of its produce, till the recent supreme court judgment upset his very right to live in it.

- Activities are to be understood in the sense of individual and group activities that transform materials using the abilities and resources to produce goods and or services that can be exchanged for a price.

A rights-based approach to livelihoods is consistent with the modern acceptance of the universality of human rights. This acceptance is symbolised in numerous charters and declarations of the United Nations. There has been much discussion in civil society in India about the fundamental right to work. In summary, the rights-based approach would assert that every one has a right to a livelihood consistent with human dignity and attempt to ensure that the state takes necessary action for enabling every citizen to enjoy this right.

A rights-based approach can work only if:

- There is a rule of law and the state always implements judicial pronouncements and legal enactments.
- The poor and the marginalised are aware of their own rights.
- Social activists, non-governmental organisations (NGOs) or other pro-poor civil society actors can wage an often protracted political and legal struggle for ensuring that the state does the needful to enable citizens to enjoy the rights thus enshrined.

While the creation of a situation conducive to a rights-based approach to work is desirable, clearly, the three conditions above require a significant amount of work to be done. In the meanwhile, constructive work to promote livelihoods enhancement can bring significant benefit to the millions of rural and urban poor and marginalised people.

The situation regarding assets distribution is very complicated and often regarded as an unchangeable constraint. While abilities make the task easier, the poor in the rural and the urban setting need to act in some chosen manner to meet their basic needs. Hence, I choose to focus on the aspect of activities. To me, therefore, livelihood is much more an activity. The word livelihood is used here for an occupation or engagement that provides lawful and gainful employment and a sufficient income to meet the basic food needs of a family. It is difficult to specify precisely what the money value of a minimum acceptable livelihood should be. I would argue that at least the basic food needs of the family should be met by it. I am not opposed to ideological insistence on recognising the utility of minimum wage or minimum income, etc, but I believe that it may be better to attempt to remove the imperfections in the market and then

recognise that the market determines wage and income in a manner which is perhaps more realistic and achievable. Thus, for me a livelihood is worth promoting if it meets the basic food requirements of a family and offers a better than market wage income to the participant.

The Need for Livelihoods Enhancement

The need for the enhancement of livelihoods arises because the current overall endowments of the factors of production, distribution of productive assets and productive abilities are grossly out of alignment with what is needed. The economy is not in a position to automatically generate livelihoods for all those who seek it. Our country has surplus labour power and also insufficient investible capital. A large proportion of the people who need to get work are uneducated, unskilled and without any capital. They can break stone or hard stony earth. They can lift and carry things, but they are not trained for much else. And the numbers are burgeoning. For instance, during the decade of the 1980s, India's own population rose by 16 crore (from 68 crore in 1981 to 84 crore in 1991). All these people, plus migrants from other countries are now in an age group that require livelihoods. The quality of livelihoods sought also varies. Of these 160 million people, there are millions of youth in urban as well as rural areas who are literate but do not have saleable skills. The problem of livelihoods is thrown up clearly because in the current organisation of the economy there is insufficient productive work that can profitably engage the energies of the surplus labour of this kind in the country.

The emerging economic trends in the country do not portend a very comfortable future on the livelihoods front. The situation regarding rural and urban livelihoods is shaped by several developments in the country. Many of these make the task of creating livelihoods

an increasing challenge. I briefly discuss some of the key developments and trends. (Since these are emerging trends, no more than anecdotal journalistic evidence may be available for them.)

- Even from a cursory perusal of the daily press, it is clear that most states are in terrible financial straits. The last to join the illustrious list of financially-stressed states has been Maharashtra. Faced with a number of suits in the Debts Recovery Tribunal (DRT) and having once faced the ignominy of having its offices sealed by the DRT for failure to honour guarantees, the chief minister has had to initiate some stringent measures (see *The Times of India*, February 17, 2003). If Maharashtra has come to this stage, the plight of all the other states can be left to the imagination. What this means is that the state sector will not only be unable to support NGOs through any public programmes, but it will also be unable to create employment through its investment in infrastructure. This can only complicate the difficult livelihoods situation.

- Water is becoming increasingly scarce particularly in the western and southern parts of the country. Hence, there is an increasing difficulty in carrying on with multiple cropping and its consequent loss of wage employment.

- National food stocks have risen and may have touched the 80 million tonne mark by now. This offers the possibility of huge livelihoods creation if donors were to take the initiative in forging joint programmes with the state for creating livelihoods.

- In my extensive rural travel and field work I hear a constant refrain from NGO workers as also community-based organisation (CBO) representatives about the new class of the rural unemployed. These are youngsters who have studied in schools and perhaps even in colleges. They do not wish to get back to their farm lands.

Nor can they find any employment in the non-farm sector of a kind they feel they deserve. This stock of the educated rural youth is expanding and becoming increasingly restive. Engaging them in constructive livelihoods tasks is an important emerging challenge.

- Alongside the expanding army of the educated unemployed is the depressing trend of deceleration in the growth in industrial employment. The Indian industry is automating, consolidating, modernising and outsourcing. As a result, it is shedding staff and workers at almost all levels. Simultaneously, there is an increasing trend in industry towards adopting technology that will need minimum employment of labour. This trend, when combined with the significant slow down in recruitment in the state sector, essentially means that the opportunities for wage employment are rapidly dwindling.

- The advancement of technology has also impacted livelihoods negatively, both on and off the farm. The large-scale mechanisation of farms has retarded labour absorption on farms. Post mid-1980s, the STD booth revolution nationwide saw the creation of almost two million livelihoods in manning them. The advent of GSM and CDMA phones with roaming facilities will reduce the business of this subsector significantly and livelihoods will shrink. The net-banking-led ATM revolution has reduced employment in the banking sector sizeably as well.

- Finally, increasing exposure to the electronic media and penetration by branded goods from the manufacturing sector has led to a shift of tastes and a slow death of traditional products, with a consequent impact on livelihoods. The death of the 'soda-water' bottling industry in South India has been legendary and well documented repeatedly. Livelihoods in sectors concerned with preparing and vending snacks and 'fun' foods have come under pressure with the march of branded

products as also changes in lifestyle induced by globalising consumer behaviour.

Components of the Livelihoods Enhancement Task

The livelihoods enhancement task involves four components:

- Identifying and realising work opportunities which result in outputs that are marketable on a sustainable basis.
- Ensuring a sufficiently large portfolio and pool of these work opportunities so as to create space for most of those who seek livelihoods.
- Ensuring that those who seek livelihoods have adequate skills for engaging in the work so identified.
- Enabling the participants to engage in this work close to their normal place of residence.

Bringing about these four things and then bringing them together is the task of livelihoods creation for any given population. Perhaps the most critical element concerns itself with the need to ensure that someone will continue to need what is being produced and will pay for it, and hence a marketing effort may be involved.

Desirable Features

Some desirable attributes of good livelihoods enhancement efforts common both to urban and rural settings are listed below. A livelihoods enhancement effort should:

- Create many livelihoods for little investment, ie have a high ratio of jobs per rupee of investment as well as a high output/capital ratio.



- Be such that principally the really needy are benefited, or else the gatekeepers will hijack the programme for their own benefit.

- Make it possible for women to benefit from it since additional income in the hands of women has a greater chance of being used for family well-being.

- Offer income at least larger than the existing available opportunity, if any.

- Reinforce rather than detract from the traditional system of social assurance.

- Not create new dependencies with unfamiliar entities in the environment.

- Be capable of becoming a viable economic enterprise on its own.

The Rural-Urban Dichotomy

As is known, some 64 per cent of those classified as main workers by the Census depend on agriculture whose share in the GDP is secularly falling and today stands around 32 per cent. Speaking in a rough manner, two-thirds of the people are trying to make their living on one-third of the national income. And these are mostly rural. While some rural pockets may be islands of enviable prosperity, these numbers clearly bring out the poverty in the rural populace that must earn its living from agriculture. Thus, there is no further need to argue why livelihoods enhancement efforts are needed for rural areas in the country in general. Yet, urban areas also have a pressing need for enhancing livelihoods for the poor. Having migrated to cities in hope of employment, the rural poor bring the problem of livelihoods with them to the cities. In the cities, three extra facets compound the problem:

- The urban poor have perhaps just no productive assets. Their rural brethren have some assets such as land and animals.

- The urban poor lack work space for any activity.

- There are no common property resources (such as common lands, ponds, streams, forests) for the urban poor to fall back on.

Arguably the livelihoods problem facing the urban poor is relatively simple on account of relative abundance of opportunities and of demand for services. The nature of solutions for the urban livelihoods problem is possibly different. Enhancement of rural livelihoods must be done in relative paucity of opportunities. The rural livelihoods problem is much more intense since absolute levels of poverty are higher in most parts of rural India. The number of people involved is much larger. Finally, the creation of demand for rural produce and services in a situation where consumer preferences are changing is tricky. A workable, logistical system of flow of goods, information and money between rural areas and the market is problematic.

Where is the Greater Need?

Data on the average monthly per capita consumption expenditure (AMPCCE) is reproduced in Table 1.

Admittedly, this data must be viewed in the context of the prevailing cost of living in the concerned state. For instance, it is believed that the cost of living is lower in Bihar than in Haryana and hence to that extent the AMPCCE tends to amplify inequality. Having said that, many interesting points emerge out of this:

- Intra-rural inequity as measured by the ratio of maximum to minimum AMPCCE is much higher. Better off rural areas in the country are 79 per cent better off than the worst off rural areas. The corresponding intra-urban inequity is just 18 per cent.

TABLE 1		
AVERAGE MONTHLY PER CAPITA CONSUMPTION EXPENDITURE		
<i>(In 1988-89 Rupees, for that year)</i>		
State	RURAL AMPCCE	URBAN AMPCCE
Andhra Pradesh	183	245
Assam	160	277
Bihar	153	227
Gujarat	171	278
Haryana	244	276
Himachal Pradesh	248	368
Karnataka	157	249
Kerala	217	280
Madhya Pradesh	152	234
Maharashtra	171	311
Orissa	147	256
Punjab	264	298
Rajasthan	218	264
Tamil Nadu	171	251
Uttar Pradesh	164	238
West Bengal	169	268
India	175	266
Maximum	264	268
Minimum	147	227

Source: CMIE

- The average rural-urban disparity in AMPCCE is 52 per cent, that is, the average urban person spends on consumption 52 per cent more than her/his rural counterpart. The maximum disparity goes to 83 per cent in the case of Maharashtra while the least is 13 per cent for Haryana. While the inclusion of Mumbai in Maharashtra accentuates the urban-rural divide in the state and the exclusion of Delhi from Haryana suppresses the real disparity there, there is no doubt that intra-state disparities are different. Such disparities cause migration and social tensions. Is it possible to move more states towards less disparity?

- In many of the industrialised states like Maharashtra and Gujarat, the rural AMPCCE is actually lower than the all India average! This implies that the 'normal' industry-led

development paradigm simply leaves the rural brethren behind.

Thus, we see that the rural income levels pose greater worry and hence need attention. That is why it might be more meaningful to focus on rural livelihoods. A donor may decide to allocate his overall livelihoods budget between urban and rural projects in some proportion that reflects his relative priority for the two regions. I suggest 80 per cent for rural projects.

The Magnitude of the Rural Livelihoods Problem

Seventy per cent of the population in India is rural. According to the 1991 Census the total main workers at 286 million formed 34 per cent of the population. The proportion of main workers in the rural population in India stands at 37 per cent. Cultivators and agricultural workers together account for 64.6 per cent of the total workforce and 80.2 per cent of the rural

workforce. Since agriculture contributes just under 32 per cent to the GNP but absorbs twice as much labour, the level of disparity between the standard of living of those working in agriculture and others is obvious. Farmers and farm labourers, on an average are half as well off as the others! Table 2 shows the break-up of main workers across categories of work and the rural share in the respective category. The rural share dominates in farming, allied activities of forestry, livestock and fishing, in household manufacturing and processing industries and is sizeable in mining and quarrying. It lags behind the urban share in all other sectors. This reflects on the existing opportunities as well as on the absence of activity diversification in rural areas. Considering that almost two-thirds of the lands are without assured irrigation, clearly a large majority of the workforce faces very uncertain livelihoods. While the rain gods have smiled in each of the last 11 years, despair and destitution in times of weather-induced stress is endemic in the country.

TABLE 2			
WORKING INDIANS AND WHAT THEY DO			
(Numbers in million. Excludes Jammu and Kashmir. Figures in brackets show the rural workforce.)			
ACTIVITY	MALE WORKERS	FEMALE WORKERS	TOTAL MAIN WORKERS
CULTIVATORS AND AGRICULTURAL LABOURERS	135	50.4	185.4 (178)
LIVESTOCK, FORESTRY AND FISHING	4.7	1.3	6.0 (4.9)
MINING AND QUARRYING	1.5	0.21	1.71(1.0)
HH INDUSTRY	4.5	2.2	6.7(4.7)
OTHER INDUSTRY	19.4	2.4	21.8 (7.8)
CONSTRUCTION	5.1	0.4	5.5 (2.3)
TRADE AND COMMERCE	19.8	1.4	21.2 (7.2)
TRANSPORT	7.8	0.2	8.0 (2.8)
OTHER SERVICES	24	5.3	29.3 (13.3)
TOTAL	222	64	286 (222)
Source: Census of India, 1991			

About the Paper

The next section specifically looks at the various ways in which rural and urban livelihoods can be enhanced. The section describes various approaches and identifies their advantages and disadvantages. Critical elements of some of the successful and unconventional approaches are discussed in detail. In section III, I present the analysis of the socio-economic situation in 373 districts in India. Absence of reliable data precluded the inclusion of Jammu and Kashmir (J&K) and the North-East in this exercise. Section 4 is devoted to a brief presentation of the emerging development challenges in India. The last section presents a brief discussion on the recommended priorities for the donor community.

II. Addressing The Livelihoods Problem: An Assessment

A Classification

In general, livelihoods enhancement options can be classified either as wage employment based or as self-employment based. The wage employment-based options can create employment opportunities in publicly funded infrastructure projects (rails, roads, irrigation structures, etc), in publicly funded resource regeneration tasks such as forestry and wastelands development, in labour-intensive industries specially promoted and protected for this purpose (eg handloom and other cottage industries) and in other firms in the manufacturing and services sector. Self-employment-based options in urban areas relate mostly to simple food businesses and diverse merchandising businesses in largely the services sector. This covers the repair and reconditioning of a wide range of objects starting from footwear and covering even hi-tech things like computers and electronic

gadgets. The services sector also includes typical modern services such as STD booths, tasks related to booking tickets, payment of bills and getting licenses and permissions. Self-employment options in rural areas can be farm based, other natural resources based or non-farm based. Farm-based options typically revolve around improving the productivity of lands and water. Natural resources-based livelihoods options pertain to collection and sale of vegetative matters available in forests, common lands and wastelands as well as sale of fish, etc, produced in commonly held water bodies. Some of these are illegal (eg collection and sale of fuel wood and hunting of small game for sale) though widely practised, while some others are regulated (eg collection of non-timber forest produce [NTFP] from forests, fishing in the backwaters of dams). Non-farm self-employment options that involve production and marketing of goods and services are also popularly called promotion and development of micro-enterprises. The above livelihoods options are discussed further.

Livelihoods for the Urban Poor

Livelihoods for the urban poor come from self-employment type options as well as wage employment. In fact, the hope of getting wage employment brings the distressed rural poor in droves to the cities. Many such people get employment as unskilled labourers in the construction, manufacturing, warehousing and transport sectors. While it is difficult to prescribe how a donor could influence the magnitude of the total wage employment situation per se, donor influence could contribute towards stabilisation and risk reduction in these walks of life and support initiatives that improve the levels of safety for the labourer. The work of Baba Adhav in Pune with *mathadi* workers (workers who carry heavy loads on their heads) for example, would fall in this category. Further, donor influence can

make social conditions of the migrant labourer more congenial. DISHA has attempted such an activity in Gujarat. Finally, donor support could help develop financial intermediation methods that assist the migrant labourers to save their little earnings, offer them financial products like insurance and help them reach their hard-earned money to their illiterate relatives in far-flung and inaccessible areas. Urban areas also tend to be veritable gold mines of opportunity for those who wish to make their livelihoods through self-employment. In a recent survey in Nagpur, we discovered as many as 83 different trades practised by the urban poor. In larger cities, these could be more. The specific enterprise issues of urban as well as rural micro-enterprises are similar and are discussed together. An incidental aspect of self-employment as a source of livelihoods for the urban poor is of key importance to a socially-conscious donor.

Urban self-employment provides livelihoods to a huge – perhaps the largest – section of Muslims. Muslims in India are mainly urban settlers and a majority practise some form of self-employment. Tragically, Indian cities are becoming more and more prone to social disturbances. The times of social tension are particularly hard for self-employed people who generally do not have much cushion. Economic hardship has its own implications on worsening the social divide and tensions. Thus, an alert donor could consider supporting programmes for upgrading and stabilising urban micro-enterprises and for assisting the evolution of social assurances for the urban poor not only for the likely livelihoods impact, but also for furthering social stability. An issue connected with urban small employment is related to rent seeking by regulators as well as by the underworld. Recently efforts of building solidarity among street vendors and ragpickers have been afoot and these will hopefully create a countervailing power that

will give these people a measure of protection. Donors need to encourage advocacy efforts in this direction.

Land-based Livelihoods Enhancement Efforts

Rural livelihoods can be created on the farm by:

- Upgrading farms and farming to make farm livelihoods more sustainable: The farm upgradation task involves activities such as farm bunding and levelling, soil testing and recommending optimal nutrient regimes as well as right crop combinations, etc. The farm improvement route is typically augmented by the agricultural extension-based approach. Modification of the land is labour intensive and can be combined with food for work (FFW) programmes. The availability of crop options and technologies for growing in specific conditions limit the effectiveness of this option.

A special subcategory in the above is small farm development. This involves deliberate focus on small holder agriculture and attempting to make technical and crop interventions that maximise their returns per unit of resources. There are several issues connected with this. The small holder is by need a risk taker and hence he can be assumed to be more interested in innovative ideas. But during the development phase, his risk needs to be covered by those intervening. As long as we are dealing with bona fide small holders and not on paper small holders and NGO partners know how to weed the fake ones out, the activity automatically selects the poor. The focus on the proper crop, irrigation method and technique choice and allied emphasis on extension can really work wonders as some work done by International Development Enterprises, India (IDEI) shows. The problem here often is that the activity tends to increase women's drudgery without adding to their control on the income.

- Providing/upgrading irrigation so that cropping intensity increases: Providing irrigation to lands hitherto unirrigated or improvement of the existing irrigation systems so that they become more reliable is about the surest way of impacting rural livelihoods. The type of efforts undertaken by NGOs in the country so far are illustrated in Box 1.

- Changing the cropping pattern in favour of livelihood-intensive crops: Some crops like vegetables need huge labour inputs and hence generate many more livelihoods per acre than a field crop like wheat. Cultivating cotton for seed multiplication needs several times as

much labour as cultivation for *kapas* (cotton). Among oil seeds, sunflower needs a much larger labour input than does, for example, mustard. Crop patterns can be changed by actually affecting the risk-return attributes associated or perceived to be associated with livelihood-intensive crops. This also happens by changing the opportunity frontier available to farmers. As milk markets have become more reliable due to the ubiquitous presence of Anand Pattern co-operatives, to support dairying farmers have started growing green fodder crops such as sorghum, maize and lucern – even in hot and dry Mehsana. At the Reliance Petro-chemical complex at Khavadi,

BOX 1: NGO INITIATIVES IN IRRIGATION

- Small-scale irrigation using surface or ground sources, has been done on a large scale by PRADAN in the Chhota Nagpur plateau and by PRERANA in Raichur district of Karnataka. In this mode, a small group (between two to 50) of farmers are assisted by providing them with a diesel engine driven pump-set to access the surface/ groundwater source. Each farmer irrigates an acre or two and virtually doubles his annual income. In the process, he provides employment to people around him during the course of his *rabi* crop. The cost per acre of irrigation comes to about Rs 4,000-8,000 for PRADAN's efforts in Jharkhand and around Rs 8,000 in Raichur. PRADAN has standardised the micro-irrigation schemes by fixing the limit of 8-10 HP power on the pump-set. This puts the limit on the irrigation command at about 50 acres. The PRADAN scheme is usually implemented for the poorest communities. Training in water use, cultivation of irrigated crops, credit and marketing support and above all, building the morale of the farmer so that he takes the risk of doing his second crop rather than migrating for work, all become more or less necessary. The cumulative impact of providing all these is very salutary.
- Large lift irrigation schemes (LI schemes) have been implemented by NM Sadguru Water and Development Foundation at Dahod. Command heads are greater here and water sources are scantier. Such schemes tend to be high in unit cost and demand a high degree of technical expertise at the hands of the implementing NGO. Selecting suitable sites for the scheme, the design of the scheme, its implementation and not the least, its maintenance all need technical expertise. Sadguru's expertise lies in superb site selection for building their check dams and in putting in place the hardware for the LI scheme. Sadguru followed the irrigation by tree plantation and later by the introduction of horticulture. However, unless the implementing NGO has such expertise or is assured of support from someone like Sadguru, it is perhaps safer to bet on small irrigation schemes. The employment and output effects of large schemes are comparable to smaller ones. The cost per acre is higher and the risk of huge investments going waste due to technical snags or social problems is higher still. In general, if the physical conditions permit, then small schemes may be preferred.
- Participatory Irrigation Management, such as the one being implemented by Aga Khan Rural Support Program in Bharuch and Surendranagar districts, is another example. In this kind of effort, the hardware is put up by the state government and is in a state of disrepair. The NGO organises the communities and takes up tasks 'below the sub-minor' water distribution. The NGO/CBO ensures that the distribution channels are kept in good condition, that farmers follow the discipline of taking water only when their turn comes up and it also collects the charges from farmers. Should opportunities arise, such efforts should be supported on a larger scale since they result in utilisation of assets in which the nation has already invested huge sums.

Western Saurashtra, with thousands of migrants working there, the demand for vegetables has suddenly risen. Hence, the risk associated with vegetable marketing has diminished almost by the day and has brought many farmers into the fold of vegetable growers. Clearly for changing the crop pattern, action is needed not at the farm level, but at the level of the marketing of the crop.

- Propagating technologies which retard mechanisation without losing efficiency: Without sounding retrograde, retarding mechanisation will tend to increase labour absorption in agriculture. The example of treadle pumps, which have revolutionised cultivation in Bangladesh and Eastern India and have made the lives of thousands of farmers far more secure than before, only demonstrates how relevant such efforts could be. What is being suggested in such approaches is the need to better exploit available factors of production. Support and encouragement to experiments that attempt to develop and popularise labour-intensive production techniques in rural areas is recommended.

Allied Livelihood Activities

Two subgroups exist within this category. The first subgroup of activities improves the infrastructure (other than irrigation, which we have discussed above). The second focuses on post-harvest activities.

Improvement of infrastructure: Watershed development is a classic case of this type. It has assumed great significance in the country. It results in making additional areas capable of supporting a second crop, stabilising rain-fed crop yields, significantly improving crop yields, augmenting availability of drinking water, fodder and fuel wood. It is likely to be particularly effective in regions that are undulating and drought prone, but with a reasonable (750 mm)

rainfall. A range of approaches has been tried out by different implementing agencies in different agro-climatic and topographical areas. A national integrated watershed development programme is currently being implemented in several states. There is no doubt that watershed development will continue to attract significant funding support from the central and state governments for several years to come. Donors can contribute significantly by:

- Enhancing the abilities of the government and NGOs alike to evolve cost-effective and better techniques.

- Enabling and capacity building of NGOs to participate in the implementation of the programme particularly in the poorer and neglected areas.

- Supporting training, research and documentation in the field to then feed into the mainstream.

Improvement in post-harvest technology:

While the importance of post-harvest technology has been realised and a significant pool of researchers have developed a range of technologies suitable for Indian farmers, much needs to be done due to the following constraints:

- The relative isolation of the researchers from those who could possibly take the applications to scale.

- The absence of sufficient awareness in the NGO world about available technologies.

- The absence of institutional mechanisms which can adopt the techniques for the benefit of the people.

- A fixation with 'modern and large' techniques in the minds of the private sector entrepreneurs.

This area is thus neglected and could profit from pioneering efforts. In particular, donors could support initiatives that involve field implementation of technologies developed in the country but currently ignored by NGOs and commercial organisations alike. (Typically, the former would reject them since they lack the capital to invest and experiment with; while the latter would reject these because they are not glossy and *phoren* enough for them.) Such a task might seem arduous but would result in wider acceptance of a more efficient post-harvest practice. DFID has been supporting crop post-harvest projects (CPHPs) for some time now. I studied one in Himachal Pradesh where new packaging was developed for the off-season tomato grown there. The effects of this are salutary for farmer income as well as the

environment. Donors could consider joining hands with or strengthening the CPHP efforts of DFID.

The Rural Non-Farm Sector as a Source of Livelihoods: Micro-credit and Micro-enterprises as Livelihoods Enhancement Vehicles

Table 2 shows the current stage of activity diversification in the rural workforce. As I stated earlier, one of the important ways of improving the condition of the rural poor is by reducing the number of people directly dependant on agriculture. Finding productive opportunities for them in the non-farm sector can do this. Since the categories in Table 2 are broad, they do not reveal much about the nature of the activities. These have been partially enumerated and

BOX 2: MEADOWS

MEADOWS evolved out of a very interesting livelihoods promotion effort of MYRADA in their Dharpuri project in Karnataka. In that project, MYRADA experimented with promoting livelihoods for the rural poor using the urban and industrial demand for goods and services. One effort has evolved into a rural polytechnic for several groups of school drop-outs from rural poor families. These boys are trained into trades like machining and plumbing by experienced industrial trainers. With upgraded skills, the boys are able to find fairly lucrative opportunities in the informal sector. The second effort has evolved into MEADOWS.

Titan Industries Ltd and MYRADA started a joint programme of involving the community surrounding Titan's facility in Hosur in the mid-1990s. After a series of consultations, jointed metal watch straps were identified as an item that could be produced by the rural women in a location away from the Hosur factory. The two organisations worked together for several years and

- Selected the right type of participants from MYRADA's SHGS in the area.
- Trained them in the requisite production, polishing and quality inspection skills.
- Encouraged them to start dealing with the relevant departments of Titan so as to secure orders, collect raw materials, deliver materials and have their bills paid for, etc.

The effort has worked very well and as of now over 200 women participants from MYRADA groups are working in this company they manage on their own.

This livelihoods promotion effort demonstrates that industry can play a significant role in promoting non-farm livelihoods not only by creating demand for services and consumption goods, but by actually involving seemingly untrained communities in their core production activity itself. The scope to do this varies by the extent to which technology can be demystified and broken down and production can be modularised. Industries that require several components to be produced for assembling their products have a higher scope to involve communities particularly if some components can be manufactured off-site without seriously jeopardising quality. The collaboration with a NGO is a must since the latter can act as a very useful interface in training and hand-holding the participants in the whole effort to make the exercise mutually rewarding. The motivation for the industry can come perhaps from the possibility of the number of reduced workers on the payroll and hence reduced overheads. After all, this is the famous Japanese model of linking households with large industries through Just-In-Time (JIT) systems!

discussed in *The Forgotten Sector* (Thomas Fisher and Vijay Mahajan, New Delhi, Oxford and IBH, 1997), chapter 3, pp 55-83 and include leatherwork, food processing, other primary processing, metalwork, traditional manufacturing services, etc. The authors report that the rural non-farm sector (RNFS) is a fast growing sector of the economy. While 'RNFS' has become a phrase much in vogue these days, rural livelihoods can be created off the farm by following several routes.

- Creating work opportunities within the village to cater to local needs: This would not need efforts at all if it were not for the appearance of competition from the modern factory sector for services till date provided in the village. The task is to upgrade local skills sufficiently so as to make them competitive with the modern factory sector. This particular line of activity has not attracted too much attention from NGOs.

- Establishing a link for the supply of goods and services to the towns nearby without needing migration: NGOs prefer to augment

traditional craftsmanship in a manner that enables them to sell their wares in towns. This kind of effort is to be seen in several places: Lunkaransar effort of Urmul, the Lucknow effort of PRADAN, etc, fall into this category. Simultaneously, some efforts at establishing such links for non-traditional products have also started. One of the most innovative ways of creating rural livelihoods by linking the people with industry was observed in the case of the combined efforts of MYRADA and Titan Industries Limited in Hosur. It is described in greater detail in the Box 2. Box 3 describes the effort of PRADAN in Kesla to link rural producers with cities for such unconventional produce as mushrooms.

- Creating wage employment in the public sector for initiating and managing the publicly owned properties/infrastructure: Watershed development in the current context or the Employment Guarantee Scheme (EGS) and FFW programmes are good examples of creating wage employment by undertaking asset building in the public domain. A problem with

BOX 3: PRADAN'S FORAY IN BROILER CHICKEN AND MUSHROOMS IN KESLA

PRADAN has been engaged for a number of years in promoting livelihoods by introducing products that were hitherto not produced in the area in question. Located in Hoshangabad district of Madhya Pradesh (MP) some 30 km from Itarsi, the work area lies close to a reserve forest. The community had no previous exposure to commercial farm or non-farm occupations and was engaged primarily in farming, forest-based livelihoods or migration for sand mining or other occupations. PRADAN tried with two products. Their work in enabling the communities produce broiler chicken by adopting decentralised deep litter, small poultry farms has led to a reasonable degree of success. PRADAN undertook a series of intensive interventions in the training of the community, of linking them to government schemes for financial assistance, linking them to banks for loans, arranging supplies of poultry feed and medicines for them, setting up a system of collection and logistics of transport of the birds for marketing and setting up marketing outlets in promising markets. This effort has been long and arduous but has led to a stable and working model that is now being replicated in another district at the behest of the MP government. A parallel effort was launched in the production of mushrooms using straws of locally produced cereal crops. Here too, PRADAN has worked hard and developed remarkable innovations such as the demystification of technology of producing spawn in a rural setting. Dozens of families have been trained in the production of button mushrooms and PRADAN arranges for its marketing. The chicken activity has a more stable livelihoods impacts than mushrooms, given the relative ease of marketing from this remote locale.

PRADAN's efforts highlight the fact that it is optimal to ensure that at least two of the three features of a market-based livelihoods effort (technology & skill, raw materials and supplies and stable and remunerative markets) must be local for the effort to become a success in terms of stability of livelihoods generated.

these schemes was their insistence that the labour cost must form a very significant part of the total cost of the work to be done, and that the work should be carried out strictly on public lands. If only it were possible to undertake, for instance, farm bunding under these schemes, they would have been much more productive. After all, not much durable asset building can be done on public property unless one also invests significantly in materials needed for it. Secondly, unless the assets themselves directly contribute to the stabilisation, enrichment or enhancement of livelihoods for subsequent years to come, these activities become more in the nature of disaster relief rather than livelihoods creation. This has indeed been the case once the basic work in the construction of rural roads, digging and deepening of village ponds, etc, is done.

- Establishing linkage-intensive industrial activities within the vicinity of the locale of interest: The presence of a linkage-intensive industry in an industrial township can create a huge desirable impact on rural or urban livelihoods for the poor. In fact, industrialisation brings in demand for services and products, which can be better provided for proximate populations. I mean something beyond the effect of the creation of the demand for washerwomen, barbers, rickshaw pullers and housemaids. The linkage effect of the Tirupur knitwear industry created much impact on the livelihoods of people in the surrounding villages. (Fisher and Mahajan, *ibid.*) Not all industries are so linkage intensive. The cement industry creates far fewer jobs by way of linkages than say a sugar mill: the latter prompts so many more farmers to cultivate sugarcane which in turn creates livelihoods. The seed industry is very livelihood intensive since the production and processing of all seeds is highly labour intensive. A HPS groundnut unit creates and enriches many more livelihoods when compared with a groundnut oil mill next door that could be using twice as many groundnuts.

The task of rural (or urban) livelihoods creation and enhancement using this route has not yet been attempted on any significant scale: There have been inadvertent positive fall outs of the industry that came about for reasons other than livelihoods creation. Hence, the importance of looking at the opportunity of using linkage-intensive industries as a livelihoods creating mechanism. Two booklets brought out in 1991 at the end of a seminar conducted by International Commission on Peace and Food at the Institute of Rural Management, Anand (IRMA) lists several activities in this line (the seminar gave a concrete push to the idea of setting up a small farmers agro-business consortium in the 1991 budget). Examples of fisheries, vegetable processing, fruit processing, cotton, etc, are given in great detail in the booklet. Donors could perhaps consider sponsoring studies and advocacy efforts that lobby for the setting up of industrial clusters of linkage-intensive industries in high-potential areas.

Micro-credit and Micro-enterprises

It is increasingly believed that the chief bottleneck faced by the poor in realising productive livelihoods opportunities around them is the absence of an investible surplus. Since household subsistence expenditures are invariant, farm incomes in unirrigated farms are uncertain and small holder farms are inadequate, these categories face perennial deficits in their annual budgets. As a result, they get into the trap eloquently described by SHARE as 'low incomes-low investments-high consumption loans-high repayment burden-even lower investment-lower net incomes'.

Adherents of the Grameen model believe that there are real livelihoods opportunities known to the poor right within their communities, which they could exploit if only they had access to credit. Hence, their emphasis

is on providing credit and getting the poor out of the trap described above and onto the upward ratchet described as: 'low incomes-investment credit-higher incomes-savings-more credit-even larger investment-larger incomes-more savings'.

This then is the fundamental belief behind providing micro-credit to rural individuals. There are at least two distinct subsets of the micro-credit practice. The first, possibly best represented in India by MYRADA, relies on the now established technology of creating self-help credit management groups (SHGs) on the affinity principle. (Affinity groups, a term coined by Fernandez of MYRADA refers to groups of rural poor who share some organic bond other than their own poverty. The poor persons in an affinity group could all be from the same neighbourhood, same community or caste, same trade or some such common element that ties them together.) Members follow the discipline of:

- Compulsory periodic (usually weekly savings) at a predetermined rate.

- Regular and unfailing attendance at weekly meetings.

- Collective decision-making on matters concerning the group through active participation.

- Prompt repayment of the interest and principal amounts borrowed from the group.

The sponsoring organisation may or may not extend a matching grant to augment the lendable resources of the group. But the efforts are to link these groups with a mainstream bank and the line of credit extended by the bank is used for providing credit to the members. SHGs do not make a distinction between credit for production or for consumption, nor do they involve themselves into choosing the productive scheme for the members as the mainline banks are wont to do. Yet, SHGs in general show a far better performance in terms of higher on-time repayment (OTR) ratio, lower portfolio at risk (PAR) ratio and a much lower number of non-

The March of the SHG Movement in India						
Particulars	As on/Up to					
	March '97	March '98	March '99	March '00	March '01	March '02
No of SHGs linked during the year	3,841	5,719	18,678	81,780	149,050	197,653
Growth in linkage		49%	227%	338%	82%	33%
Total no of SHGs linked	8,598	14,317	32,995	114,775	263,825	461,478
Total no of NGOs involved	220	291	550	718	1,030	2,155
Total bank loan (in Rs million)	118.36	237.6	570.7	1,929.82	4808.79	10,263
Growth in loan disbursement		101%	140%	238%	149%	113%
Average loan/SHG (in Rs)	13,766	16,596	17,297	16,814	18,227	22,240
Source: Excerpted from NABARD Annual Reports, various years						

performing assets (NPAs) than even the most sophisticated banking institutions. The table on the previous page indicates a statistical profile of the SHG movement as of March 2002.

Despite a large and nationwide presence, the following attributes of the SHG movement must be noted. In the first place, the SHG movement has in general been unable to deliver on the ground credit of more than Rs 3,000 per member. The reasons are generally to be found in the inability of the formal banking sector in refinancing the SHG at terms and conditions that are practical for them. Secondly, a large bulk of

the SHGs are able to basically provide for consumption smoothing credit to their members. The SHG movement has so far managed to loosen the shackles of the moneylenders on the poor, but not completely break them. Thirdly, the SHG movement finds that the effective cost of its loans to members or the size of the loans that can be given to them or some other factor prevents them from impacting livelihoods of the poor in any significant manner. Finally, many leading SHG promoting organisations have recently started working towards direct and more emphatic work in livelihoods promotion, but not without starting trouble. In fact, donors would

BOX 4: SHARE

SHARE has adopted and followed the Grameen model. SHARE began in 1993 with the money received from Grameen Trust and Asia Pacific Development Corporation. It started work at two places: Veldurty in the drought prone Kurnool district and Dachapally in the relatively prosperous Guntur district of Andhra Pradesh (AP). The basic operating policies were the following: Villages in which the programme was to be run were determined using data on prevalence of poverty, distance and other criteria. Beneficiary families were carefully identified by rigorous verification of their status. A family was deemed eligible if its per cap monthly income was smaller than Rs 250, if it had less than two acres of dry land and if the total assets of the family were worth less than Rs 20,000. SHARE worked only with women. Eligible women were formed into groups of five. Members of each such group were of similar age, were neighbours, friends, socially compatible, agreed to help each other in case of adversity and were willing to stand guarantee to each other. Each potential group was trained in the proposed procedures and practices of SHARE: compulsory attendance of weekly meetings, compulsory savings of Rs 2 per week, the SHARE pledge, the 16-point social development agenda, loan procedures and repayment schedules. SHARE staff worked with these groups for one or two weeks in building them as a group and ensuring that they in fact would remain together. A group recognition test would be administered after the group was deemed to be ready. The tests, conducted by the branch manager then, would serve as a checkpoint on whether the members were chosen properly and whether they would function as a good group. A centre would be opened in a village once two-three groups were so formed. First, two members of the group were given small loans of Rs 2,000 to help them buy an asset (or a project in SHARE parlance) which they could manage and which would give them additional income. They would start repaying this loan two weeks thereafter. Two more members of the group were given similar loans after four weeks. The group leader would get her loan four weeks later still. All the loans were repayable in 50 instalments, at the end of which the members would be given fresh loans for another asset. Every week the members would pay an instalment towards the loan, put in their compulsory savings and also contribute a fixed amount towards the emergency fund. Loans for consumption purpose would be available to the members from the Group Fund (the fund created from member savings, maintained groupwise.) Emergency assistance would be available from the Emergency Fund. Based on assessment of the distance of centres from the branch office, etc, norms were worked out about the staff required, their mobility, administrative structure for governing the operations, etc. Quickest achievement of sustainability was the main objective. SHARE has established several branches in AP by now.

Virtually all these procedures are taken from the standard operating procedures of Grameen. Other agencies working in micro-finance areas have much to learn from this model in terms of discipline and detailed systems of running the operations. It seems to me that this is an excellent model to encourage in areas that have a high volume of economic transactions. In a densely populated locale, though each of the families is poor, the total of all small transactions is sizeable and can sustain several petty businesses if opened locally. This model is thus better for thickly populated, perhaps irrigated belts where acute poverty exists despite good natural resources. Its utility in drought prone areas or for assets that do not start yielding within the first two weeks needs to be cautiously assessed.

perhaps be well advised to support efforts at the capacity building stage of the SHG movement in this daunting task.

The second subset is of those organisations which follow the Grameen model and who run a bank for the poor on terms that the poor can understand and can afford. For example, SHARE (see Box 4) runs a programme like this in Andhra Pradesh. Excepting that the sponsoring organisation provides most of the credit (obviously through the groups), there are few ostensible differences between the two approaches. The activities for which the credit is finally given to the poor are fairly similar: animal husbandry, petty shops, petty trade in things like vegetables, small rural hotels, a locally popular cottage industry, etc. The second approach places a much smaller emphasis on savings and hence, needs huge amounts of funds for the sponsoring organisation to be able to lend. In the former, much of the credit is generated through the group's own savings and the supplementary amounts are obtained from commercial banks who, at least in India, must also meet their priority sector credit norms.

The third kind of micro-credit effort was launched by BASIX in Hyderabad where the operating systems are not restricted to the approach of starting groups of poor for lending operations to begin. Here, the attempt is to play on the access and transactions cost of credit much more than on giving money at low interest.

Assessing Livelihoods Enhancement Efforts

The diverse possibilities briefly touched upon are assessed further on the parameters already identified. This comparative assessment has been done to generate discussion and raise questions rather than to offer a pre-emptive view. Table 3 presents the comparison in full.

As can be seen from it, the only livelihoods enhancement route that is undoubtedly women friendly is the micro-credit route. While most of the micro-credit adherents have chosen to work with women, it is also experienced and hence believed by them that the SHGs of men invariably perform less effectively than those of women. While linkage-intensive industries or building linkages as well as livelihoods-intensive crops could substantially augment women's participation in the local workforce, the income and control of it may not necessarily go in their hands. The main use of this kind of a comparison is not to prioritise development support in favour of one approach or the other, but to become alert to the possible dimensions for appraising a support request and to assess its prima facie advisability. Also, as will soon become clear in the next section, some of the options would seem to be better suited for certain parts of the country. Next I move to highlight the critical elements of each type of livelihoods enhancement effort. This should help while appraising a support request.

- Farm upgradation: Does the support request provide evidence that the proposed upgradation technology is affordable, manageable with local resources and materials and yet rich in the yield/income effect?

- Irrigation: Does the request indicate the familiarity of the agency with the design and technology of irrigation? What assumption is made about power supply? How is 'free-rider' behaviour controlled? What are the systems for maintenance?

- Labour-intensive crops: Assumptions regarding reliability of the market (in terms of access, price and off-take) for the crops and system of control on pest and diseases.

- Watershed development: Community involvement and inclusion of landless.

TABLE 3 COMPARING LIVELIHOODS ENHANCEMENT APPROACHES							
	1	2	3	4	5	6	7
	Farm Improvement	Irrigation	Labour-intensive crops	Watershed development	Micro-credit	Linkage industries	Small farm development
Attribute 1 ICOR	F	F	F	F	F	?	F
2 Livelihoods intensity	?	F	F	F	F	F	F
3 Poor-friendly	UF	UF	F	?	F	?	F
4 For women	UF	UF	?	?	F	UF	UF
5 Income to people	?	F	F	?	?	F	F
6 Assurance	F	F	UF	F	?	?	UF
7 Dependencies	F	UF	UF	F	F	UF	UF
8 Sustainability	F	F	F	F	?	F	?
Source: Self-compiled.							

Note: The entries in cells are F: favourable effect, UF: unfavourable effect. A question mark indicates that I can not judge. The cell entries reflect my own judgements.

- **Micro-credit:** Adherence to saving and repayment discipline as well as basic availability of productive opportunities around the locale.

- **Building linkages:** This approach can work wonderfully if the sponsor can understand and handle crucial contingencies coming from the input or output markets. (Can PRADAN sell the mushrooms or broilers at a good price? Can MEADOWS ensure that Titan will keep the volumes at the current level, etc.)

Enterprise Promotion

When viewed as a tool for poverty alleviation, enterprise promotion is mainly concerned with assisting poor persons with minimum skills and no financial strength to participate in the market and earn their livelihoods by competitively offering their

goods and services. The three prerequisites for a successful enterprise are access to resources (of raw materials), skills and markets. A fourth element often not recognised as a critical determinant of success, is the management of a group enterprise where initiated. The last happens often when enterprise promotion is sought to be done through existing CBOs and where the investment needed is beyond the scope of one individual. It is very important to recognise that of the three prerequisites at least two need to be local for the people engaging in the enterprise. Secondly, it is important to recognise that the market is a complex entity and the individuals involved in the market need to learn how to deal with the market. The third important thing is to understand in each specific context which tasks need to be done individually and which can be done through a group enterprise. Finally, whenever group enterprises are proposed, the

quality of group processes becomes an important issue.

At a broader level, the field of enterprise promotion as a strategy for livelihoods enhancement has several advocates such as the UNIDO. Three strategic inputs which the donor community has tended to emphasise in the design of enterprise promotion programmes are: (a) the use of a cluster focus, (b) that they are based and designed for a subsector and (c) the creation of business development services (BDS).

If at times the micro-finance world treats micro-enterprises in a naive manner (70 per cent of the micro-enterprises promoted tend to be petty shops or in animal husbandry), those who talk of enterprise promotion per se seem to distance themselves from the most important target segment, namely the poor, and perhaps out of necessity deal at higher, more technical and rarified levels. Yet since self-employment and micro-enterprises are willy-nilly the practised option of the urban poor, donors may consider systematically focusing on a NGO's efforts at promoting, stabilising and strengthening urban micro-enterprises.

III. Prioritising Regions

From 1974 when the Sukhomoy Chakravarty Committee submitted its report the focus on poverty alleviation has been modified to give weightage to regional disparities. In several states, similar efforts were launched at mapping out and redressing regional disparities within the state (eg IG Patel Committee in Gujarat, Dandekar Committee in Maharashtra). The belief in linking regional analysis with poverty alleviation strategies is that people in certain regions (such as drought prone regions, deserts, flood prone regions, remote and hilly regions, forested regions with tribal population) have more vulnerable livelihoods. This belief is often

borne out in reality from demonstrable evidence of mass destitution, stress migration and starvation reported from the more vulnerable regions. Thus, it would appear reasonable that a donor may consider devising different strategies for particularly backward regions. In recent times, this trend has been noticed in the international donor world. For administrative reasons, some of them choose focus states. DFID for example has chosen Rajasthan, MP, Chhatisgarh, AP, Orissa and West Bengal as its focus states. Donors who are not mandated to work mainly through state or central governments have opted to choose specific regions. Swiss Development Corporation, for example, has decided to focus on the drought prone regions in the Western, Central and South Indian continent covering largely the hard rock or Deccan plateau regions of Rajasthan, Gujarat, MP, Maharashtra, Karnataka, AP and Tamil Nadu. A private donor is generally not bound by any need to route its programmes through the government. But if one presumes that the donor would want its funds to be used for producing maximum impact on livelihoods of the most needy, then regional analysis becomes relevant. Yet the general question whether regional focus is necessary for a national donor needs more careful consideration.

I have three points to make on this question. In the first place, I do not at all suggest that a private charity should focus on a geographical area for reasons of language, religion or culture. Secondly, while the government faces an expectation that makes it give special attention to the weakest/poorest sections, there is no compelling reason why a private charity should take such an obligation unto itself. Each donor would and perhaps should form its own vision and aims. I must nevertheless argue that a rupee of support would probably be better spent if it benefited the oppressed and the poor rather than the city slicker. I believe that even

while allocating a bulk of its funds for the purpose of promoting innovative projects, innovations in more deserving regions can be given higher priority. Exceptionally deserving projects from proven civil society organisations in districts of relatively low priority as I shall explain below, need to be looked at from the point of their relevance to more needy regions. Successful innovative projects in developed areas could then be transplanted on less fertile soils.

A Comparative Picture of Poverty and Opportunities for Supporting Livelihoods Enhancement Efforts in India

Supplementing the data conveniently compiled by the Centre for Monitoring Indian Economy (CMIE) in its report "Profiles of Districts" (CMIE, Nov 1993) with relevant data from the documents of the Agro-climatic Regional Planning Unit of the Planning Commission and other sources, I prepared profiles of 373 districts of all the states except J&K and the North-East. What I have done here is to present the analysis of the data. My logic for choosing the parameters for profiling is given in the following lines. It is explained here for the sake of transparency without intending any finality about the nature of the analysis done. In the following discussion, bold, italicised words indicate the names of the variables as used in the analysis. I am showing here the results of the prioritisation exercise and not the workings themselves.

Rain-dry status: Districts with an annual average rainfall of less than 750 mm are more likely to be dominated by rain-fed agriculture and hence likely to be poorer. It is true that those districts in North India which have canal irrigation would be well off despite poor rains, but that is captured elsewhere.

Tribal Concentration: Districts where tribals account for more than a fifth of the population

are likely to need greater attention than the others.

Irrigation status: If the ratio of gross irrigated area to gross cropped area is less than 20 per cent, the district is dominated by dry-land agriculture.

Groundwater use status: If the level of groundwater utilised (as calculated by the Central Groundwater Board) is over 40 per cent, the district is likely to be facing a shortage of water for irrigation as well as for drinking. At the same time, if the groundwater use is well below this figure, then there is scope for enhancing rural livelihoods by supporting small irrigation schemes for the poor farmers.

Industry employment status: If the proportion of the workforce employed in industry (whether in a household industry or in the factory sector) is small, there is less diversification in the district and hence it is likely to be more stressed.

Output-weighted average holding: This refers to the agricultural output per operating holding. This parameter combines the land holding size with agricultural productivity. If the output-weighted operating holding in a district is small, then it is relatively poorer.

Districts were then assigned priorities derived from these parameters. The higher the priority number, the worse off the population of the district. I also developed a summary economic development index (economic devp index) using the following as components: the proportion of the cultivated area from the total area of the district, the size of the holding, the proportion of irrigation and the proportion of the manufacturing sector employment. The higher the value of the index, the greater the expected economic development in it.

In my judgement, districts which deserve a high priority (all with Priority 5) of attention are:

Phulabani (OR), Jhabua (MP), Mandla (MP), Gumla (JH), Bastar (CH), Paschimi Singhbhum (JH), Surguja (CH), Lohardaga (JH), Dungarpur (RO), Raigarh (CH), Koraput (OR), Kalahandi (OR), Gadchiroli (M), Dumka (JH), Godda (JH), Shahdol (MP), Panchmahals (G), Betul (MP), Ranchi (JH), Giridih (JH) and Hazaribagh (JH). These districts deserve attention because:

- The people who live in them are very poor.
- They are dominated by oppressed and neglected tribal populations.
- Most of these districts have abundant natural resources and favourable agro-climatic conditions that could be exploited to improve the conditions of the people significantly. The exceptions to this statement are Jhabua, Dungarpur and Panchmahals – these three districts have a paucity of natural resources including rainfall.

As can be seen, the central and eastern plains and hilly regions which have a high concentration of poor tribals dominate the list. This is the region of East MP, Orissa and South Bihar with adjoining districts from Vidarbha and South MP thrown in. The only districts truly out of this region but still represented in the list are Dungarpur in South Rajasthan, Panchmahals in Gujarat and Jhabua in MP. While I openly admit a soft corner for tribals, the extent of poverty in these districts is beyond doubt and common knowledge. (A bias introduced by the method of identifying priority districts must be explicitly highlighted. Districts which, due to their own histories have large but non-tribal population and enjoy high per hectare outputs due to abundant water and fertile soils are completely kept out of this priority

list. Districts mainly of North Bihar and West Bengal may thus be excluded. In these districts incidence of poverty is quite high. Such districts are similar to Bangladesh in several respects and could one suggest the possibility of Grameen type micro-credit work in them? I leave my own list intact and proceed with the paper after recognising this bias.)

There are over 50 districts in the second rung (Priority 4) and these are listed in Table 5 in order of decreasing urgency of need.

The task of livelihoods enhancement is particularly important in these 70 (21 top priority districts and 52 priority districts) odd districts, obtained by combining these two groups. Since there often are islands of great deprivation in the midst of urban or rural prosperity in India I do not therefore recommend blanket exclusion of other regions. However, I would advocate that requests coming from districts other than these two groups need to be carefully seen as to who are the real target beneficiaries of the programmes for which support is being sought.

The data given in these annexes can be combined with the inferences that can be drawn from Table 3. For instance if one agrees that supporting irrigation is a very cost effective and sustainable route to livelihoods creation, then one may focus in the districts in Group 1. On the other hand, micro-credit might be better suited in irrigated districts with higher population density than the above.

IV. Emerging Challenges

So far I have summarised the diverse problems and possibilities of diverse livelihoods enhancement options on the one hand and the desirability of a suggested regional focus on the other. This section focuses on the challenges which the country faces in the coming decade

TABLE 4 DISTRICTS THAT NEED HIGH PRIORITY FROM DONORS				
SN	IDNO	DISTRICT	ECONOMIC DEVP INDEX	OVERALL PRIORITY
1	OR10	PHULABANI	0.0443	5
2	MP20	JHABUA	0.05	5
3	MP21	MANDLA	0.0544	5
4	JH	GUMLA	0.0585	5
5	CH	BASTAR	0.0606	5
6	JH	PASHCHIMI SINGHBHUM	0.0711	5
7	CH	SURGUJA	0.0781	5
8	JH	LOHARDAGA	0.0795	5
9	R012	DUNGARPUR	0.0806	5
10	CH	RAIGARH	0.081	5
11	OR08	KORAPUT	0.082	5
12	OR06	KALAHANDI	0.0823	5
13	M10	GADCHIROLI	0.0885	5
14	JH	DUMKA	0.0897	5
15	JH	GODDA	0.0911	5
16	MP37	SHAHDOL	0.0936	5
17	G012	PANCHMAHALS	0.0953	5
18	MP03	BETUL	0.1003	5
19	JH	RANCHI	0.1023	5
20	JH	GIRIDIH	0.1122	5
21	JH	HAZARIBAGH	0.1299	5

TABLE 5 DISTRICTS IN THE SECOND LEVEL OF PRIORITY FROM DONORS				
SN	IDNO	DISTRICT	ECONOMIC DEVP INDEX	OVERALL PRIORITY
1	UP56	SIDDHARTH NAGAR	0.0192	4
2	BH19	KISHANGANJ	0.0209	4
3	UP40	MAHARAJGSNJ	0.0213	4
4	BH16	JAHANABAD	0.031	4
5	HP06	KULLU	0.0674	4
6	MP40	SIDHI	0.0711	4
7	G017	THE DANGS	0.0751	4
8	MP36	SEONI	0.0768	4
9	M07	BULDANA	0.0787	4
10	CH	RAJNANADGAON	0.0823	4
11	UP06	BAHRAICH	0.0824	4
12	MP25	PANNA	0.0838	4

SN	IDNO	DISTRICT	ECONOMIC DEVP INDEX	OVERALL PRIORITY
13	BH33	PURNIA	0.084	4
14	UP04	ALMORA	0.0842	4
15	HP09	SHIMLA	0.0858	4
16	UP15	CHAMOLI	0.0859	4
17	UP50	PITHORAGARH	0.086	4
18	HP03	HAMIRPUR	0.0875	4
19	UP60	TEHRI GARHWAL	0.0878	4
20	M19	PARBHANI	0.0882	4
21	M12	JALNA	0.0897	4
22	M14	LATUR	0.0899	4
23	BH22	MADHUBANI	0.0904	4
24	M18	OSMANABAD	0.0906	4
25	M06	BID	0.0911	4
26	BH40	SITAMARHI	0.0926	4
27	UP62	UTTARKASHI	0.0953	4
28	BH06	DARBHANGA	0.0959	4
29	HP08	MANDI	0.0961	4
30	JH	SAHIBGANJ	0.0963	4
31	HP02	CHAMBA	0.097	4
32	M03	AMRAVATI	0.0998	4
33	R003	BANSWARA	0.1014	4
34	UP24	GARHWAL	0.1026	4
35	M25	SINDHUDURG	0.106	4
36	UP29	HAMIRPUR	0.1061	4
37	JH	PALAMU	0.1076	4
38	CH	BILASPUR	0.1098	4
39	OR09	MAYURBHANJ	0.1159	4
40	R010	CHURU	0.1176	4
41	OR07	KENDUJHAR	0.1205	4
42	HP01	BILASPUR	0.1222	4
43	KE14	WAYANAD	0.1246	4
44	R004	BARMER	0.1271	4
45	MP08	CHHINDWARA	0.1288	4
46	OR04	DHENKANAL	0.135	4
47	M08	CHANDRAPUR	0.1423	4
48	R015	JAISALMER	0.1706	4
49	HP05	KINNAUR	0.1832	4
50	JH	PURBI SINGHBHUM	0.1843	4
51	OR13	SUNDARGARH	0.1962	4
52	JH	DHANBAD	0.2515	4

or two and the role that donors may consider playing in this context.

Flowing from the emerging trends recorded above, the development world has to face the following emerging challenges:

Challenge 1: Maximising returns per unit of water.

This is an extremely important issue in the context of the increasing scarcity of water particularly in Western and Southern India. Every where the motto has to shift to 'more crop per drop'. As is known, unsustainable levels of use of groundwater have been the principal cause of making periodic droughts far more rigorous in regions like Rajasthan and Saurashtra.

Yet, where water is available, the efficiency of water use does not seem to be at all a focus even for a NGO working in watershed development or the irrigation field. Clearly, it is far better to prevent situations in other regions from becoming as bad as it is in Saurashtra and Rajasthan rather than trying to find a solution to acute water scarcity after it has come about. Enlightened donors need to emphasise the need to incorporate water use efficiency in all rural livelihoods related programmes for which support is sought from them. Emphasis on water harvesting in and away from farms (eg roof rainwater harvesting projects in cities) is as important as water productivity, micro-irrigation and other water saving technologies.

Challenge 2: To provide livelihoods to the educated rural youth.

The problem of the educated children of farmers escaping from farms and perhaps also from their villages has compounded the livelihoods problem. Efforts that enable the

educated rural youth to creatively engage in livelihoods activities that use their farm resources as well as their affinity for modern lifestyles need to be encouraged and supported.

Challenge 3: To encourage the creative use of food stocks.

As already suggested donors need to take a proactive stand and work with the government in managing development programmes particularly in rural livelihoods and the natural resources management (NRM) sector using food stocks as a development resource.

This tends to happen only in times of drought and disaster relief, and there, of course, is the usual share of bureaucracy and corruption about it. Yet, in the situation of dwindling cash resources with the state agencies, food could act as a significant resource in supporting development.

Challenge 4: To combine technology with livelihoods generation.

Traditional wisdom and limited experience tend to emphasise the negative relationship between modern information and communications technology and livelihoods. Yet, creative use of IT through such instruments as the ITC Chaupal have reinforced the agricultural sector through more rewarding interlinkage with the outside world. Similar efforts that combine technology with livelihoods generation need to be supported and encouraged.

Challenge 5: Making the service industry a fountain of livelihoods for the poor.

Unlike the primary and the secondary sector, the tertiary (service) sector is booming in the

economy and already contributes to over half of the GDP. This sector provides a significant portion of the non-farm employment. But for the massive employment creation in the services sector, the problem of livelihoods would have been much more intense. It is important to identify efforts that attempt innovative ways of organising services using the productive capacities of the poor. The challenge lies in making technology work to produce more and not less livelihoods for those who need them most.

V. Recommended Priorities And Suggested Steps

Donors Need to Focus on NRM Using Food Stocks as One of the Resources

I have pointed out the urgent need to work on retarding further deterioration of natural resources. I have also suggested that the current large and expanding food stocks should be used as a resource, though the states are under financial distress. An illustration follows:

As per the guidelines of the watershed policy, about 80 per cent of the funds for a micro-watershed are meant for implementation. The balance are for capacity building and organisation overheads. Wage accounts for nearly 80 per cent of a common watershed programme and the material component of the implementation is seldom over 20 per cent. The material component includes fuel for transportation, saplings for plantations, cement and stone for structures, etc. If, say at least, three-fourths of the wages were to be paid in the form of food, cash budgets of watershed development would fall almost by 50 per cent. Thus, the same funds can be stretched to cover twice the area. Or more comprehensive area treatment can be achieved in the same chosen watersheds. Similar possibilities exist in other NRM programmes. If

donors were to offer to meet the cash component of the programme, while the state were to agree to give its component through food, significant progress in such works could occur creating livelihoods and also improving natural resources.

The steps involved in this strategy are indicated below:

a. The donor community evolves a joint consensus about the need to develop synergies with the state and aims at using food stocks as resources for development.

b. Detailed schemes for using food stocks for the purpose of creating livelihoods while also improving productive assets of communities and poor families need to be worked out. The principle should be that the state contributes food stocks and the donors contribute money resources.

c. The donor community needs to work with the relevant officers and agencies of the state governments to obtain a consent for a partnership in this sphere. This may be done by choosing the state in which the donors have excellent rapport and acceptability.

d. A joint working group of the donors and the state may prepare and navigate the specific schemes through the policy making level at the state.

e. Pilot projects for implementation of the schemes need to be chosen and implemented. At this stage care must be taken to select the most reputed and promising NGOs for implementation.

f. A joint assessment of the project should be undertaken and then the scheme should be taken to the scale as permitted by the resources of both the sides.

Donors Need to Focus on Increasing Water Productivity

I have suggested earlier that water resources in southern and western states of the country are severely strained. Aquifers are fast depleting and the water-table is fast falling. Yet, there is no respite in the continuing onslaught by the farming community on groundwater resources as they pursue their income objectives. Two parallel efforts are urgently needed. The first relates to the wide-scale and systematic implementation techniques of well recharging by rainwater harvesting; techniques that have recently been developed. These need to be stressed in the NRM sphere. Simultaneously, there must be an emphasis on water saving technologies for raising crops. A range of solutions for water saving has been developed in recent years by agencies working in this field. The programme Appropriate Drip Irrigation Technologies Initiatives (ADITI) of the IDEI has been implemented with significant success and great promise in the Deccan trap regions of Gujarat, Maharashtra, MP and Karnataka. Similar efforts need to be made with much more force and donor support.

Donors may do well to seed a more crop per drop type movement. This may involve some of the following steps:

- a. Sponsoring the organisation of events in the chosen work areas for propagating these ideas and initiatives and supporting the dissemination of these technologies.
- b. Encouraging initiatives to further work on all the technologies that save water while growing crops.
- c. Encouraging field NGOs to come up with proposals for experimenting implementation of these techniques for the benefit of their participants' constituency.

Donors Need to Give Priority to Capacity Building of the SHG Movement for Livelihoods Promotion

As the data given above indicates, the SHG movement offers opportunities for impacting livelihoods on a wider scale than were hitherto available. Yet, the capacity of a large number of NGOs promoting SHGs is limited. The bottleneck in capacity is in terms of manpower, knowledge about what needs to be done and access to the appropriate pool of technologies, materials and resource persons. Donors may consider obtaining a full assessment of the potential of the SHG movement in impacting livelihoods, the constraints experienced by them and the profile of capacity building efforts needed. Donors need to choose a number of NGOs who have done a good job of promoting SHGs and encourage them to widen the scope of their activity in promoting livelihoods. Donors will recognise the benefits of working through SHGs as the unique opportunity of impacting women's incomes with the consequent favourable impact on family well-being.

Donors Need to Focus on Self-employment and Entrepreneurship Training

The issue of the literate and educated rural and urban youth is a complex problem. No easy solutions are possible. Considering that the rate of growth of employment in the country is falling, if not negative, despite a healthy growth rate of the economy, it is futile to expect them to be absorbed as wage earners in the economy. It is important to consider working towards creation of an ethos that promotes and encourages self-employment. School education seldom imparts saleable skills and hence an inevitable part of self-employment promotion is building skills. Efforts by MYRADA (as already discussed) or by SEWA Rural in Jhagadia, Bharuch are welcome in this regard. However,

mere skill building is not enough. The youth need to learn the art of becoming self-supporting entrepreneurs deriving their sustenance from the cruel and demanding market. Towards this end, donors need to consider assisting the expansion of training and support programmes towards self-employment and entrepreneurship for the educated youth. Currently, most of these programmes are being done by public agencies such as the SISI and the DIC. Donors need to persuade NGOs and other civil society organisations to look at this issue as an important one and support them when they come up with a proposal. Efforts must be made to ensure that these programmes are not an exercise in class room teaching but also involve practical exposure and internships.

Donors Need to Assist in Efforts at Stabilising Livelihoods of the Urban Poor Through Advocacy

The urban poor live in a potentially sustaining environment in which livelihoods can be derived with relative ease. This is exemplified by the increasing number of poor being pushed into uncertain, low paying occupations such as street vending and ragpicking. Such people are vulnerable and at the mercy of the police and the municipal staff often willing to seek rents from all those who are weak and helpless. Recently, efforts have been made to create a pressure group on behalf of the urban poor for protecting their legitimate livelihoods rights. Such lobbies need to be encouraged and supported. Donors may consider encouraging agencies working in these fields to expand the scope of their work

in more cities and areas so as to stabilise the livelihoods of more urban poor.

Donors May Consider Encouraging the Efforts of Working with those Displaced by the Jobless Growth

As noted earlier, the country is growing though employment in the organised sector is shrinking. In fact, a large number of organisations have adopted policies of voluntary retirement. Judging from the clamour for the exit policy made by the industrial lobby, the problem has surely not ended. The premature loss of livelihoods by industrial employees presents both a problem and an opportunity. The problem is in terms of rehabilitation and social counselling. People who have lost their employment in their peak of productive age need to be assisted to discover ways of staying productive and maintaining their own self-esteem. Their families need assistance in going on with their lives traumatised by the loss of livelihoods of the bread-earner. The opportunity presents in the form of an availability of a pool of people who have rich organisational experience, a pool that can be useful when one considers the tasks inherent in promoting self-employment and entrepreneurship. Arguably, people in their 50s who have lost their employment in the organised sector can act as very capable guides and mentors to rural youngsters who seek self-employment in the market. This field is too new to have been properly studied and hence it is important to encourage academia to work on the issue so as to come up with practical methods of rehabilitation of the affected families, while also using the productive capabilities of the useful seniors.

Abbreviations

AMPCCE	: Average Monthly Per Capita Consumption Expenditure
AP	: Andhra Pradesh
BDS	: Business development services
CBO	: Community-based organisation
CMIE	: Centre for Monitoring Indian Economy
CPHP	: Crop post-harvest project
DFID	: Department For International Development, UK
DIC	: District Industries Centre
DRT	: Debts Recovery Tribunal
EGS	: Employment Guarantee Scheme
FFW	: Food for work
GDP	: Gross domestic product
GNP	: Gross national product
HH Industry	: Household industry
HPS	: Hand-picked and selected
ICOR	: Incremental capital output ratio
IDEI	: International Development Enterprises, India
IRMA	: Institute of Rural Management, Anand
J&K	: Jammu and Kashmir
LI	: Lift irrigation
MP	: Madhya Pradesh
MYRADA	: Mysore Resettlement and Development Agency
NGO	: Non-governmental organisation
NPA	: Non-performing assets
NRM	: Natural resources management
NTFP	: Non-timber forest produce
OTR	: On-time repayment
PAR	: Portfolio at risk
PRADAN	: Professional Assistance for Development Action
RNFS	: Rural non-farm sector
SHARE	: Society for Helping Awakening Rural Poor through Education
SHG	: Self-help group
SISI	: Small Industries Service Institute

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