

Policy design of national rural livelihood mission (NRLM) - A critical assessment

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Abstract: *National Rural Livelihood mission (NRLM) is a poverty alleviation programme introduced by Government of India (GOI) to provide sustainable livelihood to rural poor. The programme adopts a mixed theory approach (both cyclical perspective and individual deficiency theory) in addressing poverty. The present study empirically examines the effect of mixed theory approach on the objectives of NRLM. Data are collected from 200 beneficiaries (of NRLM) through a structured questionnaire from Sonepur district of Odisha (India). A livelihood security index (LSI) is constructed to capture the livelihood securities of the respondents taking habitat security, health security, food security and economic security into account. The study finds that due to the introduction of mixed theory approach, beneficiaries are lacking behind the facilities provided under the programme. The study further suggests for adopting a single theory approach (cyclical perspective) alone to address poverty.*

Keywords: Poverty, National Rural Livelihood Mission (NRLM), Livelihood Security, Policy design.

Introduction

In the 21st century, the primary goal of development economics is to fight against poverty (Skare & Druzeta, 2016). Poverty is a complex and multidimensional phenomenon (Alkire & Seth, 2015) that explains the state of insufficiency in terms of income, education, health care and access to food. Additionally, poverty also includes the lack of social status and self-respect (Bello, Toyebi, Balogun, & Akanbi, 2009). Poverty alleviation programmes help to ease the above insufficiencies (Bradshaw, 2007). Government of India (GOI) has been undertaking different poverty alleviation programmes across the time to fill-up the above insufficiencies. On the contrary, the programmes have shown marginal effects due to inappropriate policy framework or not able to identify the root cause. Thus to increase the effectiveness of the programmes, finding out the root cause (Rank, 2001) and implementing the programme in accordance to the cause are very much essential.

In the literature of poverty, different theories based on the causes of poverty are identified. Goldsmith and Blakely (1992) and Kushnick and Jennings (1999) basically categorise the root cause of poverty into individual deficiencies and social factors. Sameti, Esfahani and Haghighi (2012) identify 'culture' as the additional factor for causing poverty. Rank (2001) studies the above mentioned causes of poverty together and grouped under individual factors, cultural & neighbourhood factors and structural factors. Bradshaw (2007) identifies geographical disparities as another cause of poverty. Further, Bradshaw (2007) mentions that poverty is not always

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caused by a single factor, rather a number of interdependent factors (cyclically) sometimes cause poverty.

In a developing economy like India, poverty is caused by interdependencies of various factors. For example, lack of ample income restricts rural people to invest in their children's education. Due to lack of better educational facilities, children fail to compete with others in getting jobs; which forces them to be satisfied with a job of low income. With that low income, it becomes difficult on their part to manage their family. They too become unable to provide better education and better food to their children and remain vulnerable. Thus, in addressing the poverty (in India) anti-poverty programme here should be from a cycle of poverty perspective and should (i) provide varieties of services, (ii) go for collaboration with different organisations for providing complementary services and (iii) organise communities (Bradshaw, 2007).

Recently, Government of India (GOI) has introduced a self-employment type poverty alleviation programme in the name of National Rural Livelihood Mission (NRLM) to provide sustainable livelihood to rural poor by restructuring *Swarnajayanti Gram Swarozgar Yojana* (SGSY). This paper tries to examine the policy framework of NRLM (in lieu of theories of poverty) and outcome after adopting a certain theory. In addition to this, this study too examines the outcome of the programme after following a certain theory.

Theories of Poverty: Where NRLM stands?

NRLM is a flagship programme with a three-tier structure; national, state and district level. At the national level, Ministry of rural development (MORD) takes care of it. In the state level, Ministry of *Panchayati raj* undertakes the responsibility of the programme. At the ground level, District Rural Development Agency (DRDA) handles the functionality of the programme. Financing of the programme is shared between the centre and state in the ratio of 75:25 and 90:10 in the case of North Eastern states. The programme comes into existence with the objective of providing sustainable livelihoods to rural poor. The guiding principles of the programme ensure that poor people have a strong desire and innate capabilities to come out from poverty.

The programme tries to reduce poverty through building strong institutions of poor^[1] and provide access to financial and livelihood services (RBI, 2013). The financial services include different financial benefits in the form of revolving fund, community investment fund and capital mobilised through bank linkage. Under livelihood services the programme imparts self-employment to the beneficiaries. Further, the programme provides short duration experiential learning programmes to transform unemployed youth into confident, self-employed entrepreneurs. This programme runs in collaboration with other organisations (in partnership) for training and post training follow up (RBI, 2013).

From the above description, it is apparent that the programme provides varieties of services, at the same time collaborates with different organisations for providing complementary services and tries to organise rural poor by bringing them into SHG network. That implies that NRLM tries to alleviate poverty by sticking to the theory of cyclical interdependencies of factors.

Earlier it is mentioned that DRDA handles the functionality of the programme at the lower administrative level. Therefore, qualitative data were collected from the Government officials (including District Programme manager, APD, Credit & APD, Training) through informal, unstructured and open-ended interview regarding the functionality of the programme to know the functioning of the programme at the lower level.

Policy design of national rural livelihood mission (NRLM) - A critical assessment

Interview with APD (training) revealed that basic trainings like preparation of Micro Investment Plan (MIP)^[2], book keeping and financial literacy are provided to the beneficiaries. Additionally, trainings for providing better livelihood opportunities are also imparted under the programme. These include, dress designing, candle making, phenyl making, incense stick making, poultry, cultivation of Mushroom etc. While interacting with APD (training), one thing became evident that the above mentioned training programmes are for people of a specific age group, i.e., 18-45. That means, the participation in training programme (PTP) is restricted for the older people (age more than 45). In simple sense, the programme is adding a restriction clause which acts like a punishment for the beneficiaries who are interested but cannot participate in the training programme.

The above description makes it clear that the programme (NRLM) addresses poverty as per the cyclical interdependencies theory of poverty in one hand and at the other hand introduces a punishment clause (as a part of individual deficiencies theory^[3]) in form of limiting the service for people of a particular age group. Does this intermixed approach affect the outcome of NRLM? An empirical analysis is conducted to examine the above policy question.

Method

Data

This study is based on primary data. To obtain the data, a field survey is conducted through a structured questionnaire. A three stage probability (and non-probability) sampling is followed to collect data; with blocks as primary unit, *Grampanchayats* and villages as secondary unit and the beneficiaries as the ultimate sampling unit.

As per NRLM, Tarbha is the only intensive-block^[4] in Sonapur district. Therefore, Tarbha block (as intensive block chosen based on judgement) and Sonapur block (a non-intensive block chosen based on the convenience) are taken for the study. In six different *Grampanchayats* of the intensive block (namely *Balikhamar*, *Charbhata*, *Kumbharmunda*, *Baghia*, *Dubula* and *Bramhani*) intensive works are going on. Therefore, one village from each intensive *Grampanchayatis* chosen at random for the study. Parallely, six different villages from six *Panchayats* of Sonapur block are taken into study. Lastly, a total of 200 respondents are interviewed for the study.

Measure

Methodology for the construction of Livelihood Security Index (LSI)

A Livelihood Security Index (LSI) is developed to capture the livelihood securities (outcome of the programme) of the beneficiaries. CARE groups the subcomponents of livelihood security under economic security, food security, health security, educational security and empowerment (Lindenberg, 2002). Due to variations in the bio-physical and socio-economic conditions of people, the indicators for studying livelihood security should be location specific and are to be constructed based on the socio-economic condition of the location (Rasul & Thapa, 2003).

In this study, majority of the beneficiaries and non-beneficiaries are poor. The literacy rates of study areas are healthy in comparison to the state's literacy rate. Therefore, educational security is not taken into consideration. Further, the current programme (NRLM) concentrates on providing secured livelihood through self-help group (SHG). This involvement of women in SHGs makes them empowered (Brody *et al.* 2017). Therefore, empowerment is not considered

as one variable for studying the livelihood security. Along with the above, lack of house (from the pilot study) is found in the study area. Thus, habitat security is taken as an additional variable along with food security, economic security and health security for studying overall livelihood security of the respondents.

Habitat security is accessed through sub-indicators like; type of dwelling (*kutcha or pucca*), number of rooms, construction material of outside wall, construction material of roof, availability of electricity, source of cooking and road facility to the home. Similarly, sources of drinking water, distance of primary health centre from home, sanitary facility and water purification facility are taken as sub-indicators for accessing health security of the respondents. Food security of the respondents is assessed through the amount of calories consumption. In order to have information on the calories consumed by the respondents, consumption of food items and their respective quantities in the last seven days are asked. Then each food item (with quantity) is converted into equivalent calories. Economic security is assessed through the income and land holdings of the respondents. As income and land holdings are in different scales, first, they are brought to one scale by converting the land holding into its monetary value. Then total monetary value is considered for the estimation of economic security.

Measuring Livelihood Security Index using indicators

An index provides information about all dimensions through a single number. Therefore, the livelihood security index is constructed considering habitat security, health security, nutritional security and food security and economic security.

For the computation of overall index of livelihood security, first of all index of individual dimension is calculated as:

$$d_i = \frac{A_i - m_i}{M_i - m_i} \text{----- (1)}$$

Where, d_i is the index of i^{th} dimension. A_i , M_i , m_i are actual value, maximum value and minimum value in i^{th} dimension. Then overall index of livelihood security is computed as below following Samanta and Nayak (2015).

$$LSI_i = \sum_{i=1}^4 W_i d_i \text{----- (2)}$$

Where, $W_1 = W_2 = W_3 = W_4$ and LSI_i represents overall livelihood security index of i^{th} individual and 'n' represents the number of dimensions.

Results

Socio-economic profile of respondents

Two hundred respondents were interviewed purposively for the study. Most of the interviewees were married (89%), Hindu (100%), had a joint family (67%), and working as casual labourer (87%). Participants' ages were between 24 and 58 (mean= 36.62, SD= 7.853), with formal education ranging from 1 to 10 (mean=4, SD= 0.24) and total family income from all sources ranging from 24000 to 120000 (mean= 38300, SD= 1123.33).

Field Observation

From the field study, it was found that around 50% of the respondents had not participated in the training programme. Out of them, near about 40% don't participate (though interested); as

Policy design of national rural livelihood mission (NRLM) - A critical assessment

training is limited with in a particular age group under the programme. The rest refrain from the programme due to lack of time and their involvement in home affairs.

Earlier, it is mentioned that the programme adopts a mixed theory approach. Thus, to explain the effect of mixed theory approach on the outcome of the programme (LSI), structural regression models were administered. One model revealed that higher the age of the respondents, less was the LSI. In another model age negatively predicted the participation in the training programme (PTP). Further, another model revealed more (or less) the PTP, more (or less) was the LSI.

Therefore, in finding out the role of PTP as a moderator between age and LSI, the model suggested by Baron and Kenny (1986) is followed. For doing that, an interaction variable is created between the independent and the moderator, which is called age* PTP. A moderator multiple regression analysis is used (Aguinis, 2004) in the study. In the first model, age (independent variable) explained the outcome variable of LSI negatively. In the second model, PTP predicted the LSI positively. In the third model the interaction variable (age*PTP) predicted the LSI directly.(Table1).

Table 1: Age and PTP predicting LSI

Steps	Regression		β (Standardised coefficients)
	Independent variables	Dependent variables	
1	Age	LSI	-0.325*(-3.732)
2	PTP	LSI	0.485**(6.024)
3	Age*PTP	LSI	0.487**(6.050)

(Source: Authors' calculation)

Note: Absolute values of t-statistic are provided in the parenthesis. *and **significant at 5% and 1% levels respectively.

Discussion

NRLM is the revised version of SGSY, introduced by GOI for providing sustainable livelihood, allowing access to self-employment and skilled wage employment opportunities. The institutional features of NRLM speaks that the programme adopts the right approach in addressing poverty in India (i.e., based on cyclical theory perspective). On the contrary, it limits the programme for a specific group of people, for which a major portion of the beneficiaries don't participate; though were interested to participate.

This empirical study found that about 40% of the beneficiaries were interested but didn't participate; due to the imposed restriction. It was also found that higher the age, lesser was the participation in the training (due to restriction). The participation in the trainings programmes helps the beneficiaries to become skilled and self-employed; that helps them in achieving secured livelihood. The restriction imposed in the programme prohibits some beneficiaries in achieving a sustainable livelihood (though they are interested to participate in the training programme). As a result of which, the programme deviates from its objective of providing sustainable livelihood to the beneficiaries through the adaptation of the rigidity clause (i.e. limiting the training facility for a specific group).

Imposition of punishment clause (as a part of individual theory) is not appropriate for the current programme; as punishment is added when the individuals are not motivated and also not interested to work hard (Rank, 2004; Bradshaw, 2007). On the contrary, the guiding principle of NRLM ensures that poor have a strong desire and innate capabilities to come out of poverty.

This confirms that the beneficiaries (of NRLM) are both motivated and hard worker. Therefore, introduction of the punishment clause is not desirable.

Conclusion

The empirical study as analysed above flatly implies the proposition that the execution of the current rural development programme in the name of NRLM fails to foster the goal due to intermixing of theories. In the present programme, empirically it was found that presence of rigid guideline relating to 'age' prohibits older people (more than 45) to participate in the training. Further, increase in livelihood security was found for increase in the rate of participation in the training. Therefore, it becomes apparent that due to the rigid guideline of the programme, actual outcome of the programme is not coming out.

Therefore, there is the pressing need for relaxing the undesirable rigidity of the programme for the sake of breaking the barriers of poverty and encompassing the missing majority of beneficiaries. Further, it is not necessary that the concept of the programme should stand above the abilities of the beneficiaries; rather the vice-versa should be the rule of the game.

Notes:

1. Institutions of poor are autonomous organisations those are promoted through a process of social mobilisation and community organisation based on the principle of affinity, self-help and mutual benefit with definite objectives, Report of working group on NRLM available at http://planningcommission.gov.in/aboutus/committee/wrkgrp12/rd/wgrep_nrlm.pdf (accessed on 14th January 2017)
2. MIPs are prepared by the beneficiaries to avail seed capital considering the need of loan of the members.
3. Individual deficiencies theory of poverty explains that individuals are responsible for their own poverty situations due to lack of hard work (Bradshaw, 2007); and don't do hard work due to lack of motivation (Rank, 2004). Therefore, a punishment clause is introduced to motivate and make them workable.
4. In the case of intensive block all components of the programme works intensively receiving additional funding than non-intensive block.

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Policy design of national rural livelihood mission (NRLM) - A critical assessment

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