Towards Better Livelihoods

5.1 Livelihood interventions

5.2 Other key initiatives

5.3 Financial inclusion

5.4 Financial inclusion for better livelihoods

“(Integration is) Combining credit and programmes for (a) comprehensive agriculture, (b) tiny, village and cottage industries, (c) rural services including marketing and (d) infrastructure for production and supporting services.”

—CRAFICARD

Short-term setbacks such as the pandemic-driven lockdown notwithstanding, India has done well in the long-term in addressing overall hunger and poverty. However, this cannot be fully celebrated in a country where around 65% of the population living in rural areas predominantly depends upon seasonal agriculture, Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), and low-skill migrant jobs in cities. To fulfil the nutritional and other needs of the rural population and to meet the aspirations of the rural youth (15-29 years of age), estimated at a quarter of a billion,1 ‘improving livelihoods’ is the true goal. This large population needs avenues to learn, earn, and (socio-economically) become an integral part of the community they live in.

NABARD-driven skill development programmes offer sustainable livelihood and income generation opportunities that are designed to structurally shift towards agri-allied micro-industries and rural entrepreneurial services. These initiatives improve the employability of the rural semi-skilled and unskilled workers while also encouraging self-employment.

Community development is an overarching objective in every livelihood programme. Corporate entities, NGOs, and governments fund many rural skilling and livelihood initiatives.

However, without financial literacy and inclusion, gains from these initiatives are often short-lived. Knowing the benefits of a government scheme, ensuring readiness for direct benefits transfer, and taking advantage of credit to further the career and entrepreneurial goals of an individual are crucial for rural India. NABARD’s pragmatic bouquet of initiatives has the potential to assist the women and youth from the hinterland to pursue their aspirations.

5.1 Livelihood interventions

The Livelihood and Enterprise Development Programme (LEDP) and Micro-Enterprise Development Programme (MEDP) together form the fulcrum of NABARD’s thrust on skilling women (in mature self-help groups) and youth of rural India for sustainable livelihoods.
5.1.1 End-to-end solutions for livelihood

The LEDPs take a participatory approach to skill building encompassing the entire value chain. Significant embedded goals such as economic empowerment of women through goat rearing (Showcase 5.1) and improvement of menstrual hygiene and health from the ‘My Pad, My Right’ programme are also being achieved (Showcase 5.2). In FY2022, 357 LEDPs utilised ₹1,380.5 lakh to create sustainable livelihoods for 46,823 members by upgrading their skills and extending support for providing bank credit.

Showcase 5.1: Goat rearing as a means of livelihood

**LEDP:** Goat rearing by extremely poor rural households in Dhanpur block of Gujarat

**Objective:** Creating livelihood opportunities for low skill rural population suffering from abject poverty

**Output >> Outcomes >> Impact**
- All the 95 beneficiaries availed term loans and made timely repayments.
- The average monthly income of the beneficiaries increased from ₹2,000 to ₹4,000.
- The programme led to women’s empowerment, improved their confidence, and lent them voice.

**For future action...**
- Knowledge and behaviour change to treat their livestock as a business opportunity instead of an emergency fund
- Structured business planning around goat rearing, which beneficiaries lacked
- Exploration of opportunities in goat milk marketing and processing
- Development of supply chain, value chain, or marketing linkages to big meat markets to tap the high demand for goat meat

*Note:* LEDP = Livelihood and Enterprise Development Programme.

*Source:* Findings from a study by Gujarat Regional Office, NABARD.
Showcase 5.2: My Pad, My Right

**LEDP:** Imparting sanitary napkin production and marketing skills to over 14,700 rural women SHG members from 3,000+ villages

**Objective:** Improving rural access to menstrual hygiene while providing a sustainable livelihood opportunity

**Output >> Outcomes >> Impact**

- Phase I (till February 2022):

  - Awareness generated about the significance of maintaining menstrual hygiene
  - Confidence infused in participants to take up and carry out business activities
  - Economically empowered individual members as well as the SHGs
  - Greater respect and voice generated in community for the participants

**For future action...**

- The project will be extended to the 70 aspirational and other selected districts in Phase II.
- Manual equipment will be upgraded to semi-automatic.

**Notes:**

1. LEDP = Livelihood and Enterprise Development Programme; SHG = Self-Help Group.
2. To know more about the project updates, see https://www.nabfoundation.in/my-pad-my-right-latest-update.html.

**Source:** Impact study by NABFOUNDATION—a NABARD subsidiary that initiated the LEDP.

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5.1.2 Skill building for micro-enterprise development

Sustaining micro-enterprises for rural livelihoods can get a fillip with an understanding of rural markets, business dynamics, and enterprise management. In FY2022, 769 MEDPs enhanced these capacities for 25,745 self-help group (SHG) members. They helped members diversify into newer areas and increase their incomes, as revealed by a 2020 impact assessment study across five districts of Tamil Nadu (Showcase 5.3).
Showcase 5.3: Impact assessment of MEDPs in Tamil Nadu

Output >> Outcomes >> Impact

- 65% respondents reported increase in income.
- 196% average increase in monthly income was reported (beauticians had the highest, followed by makers of plates, brooms, and other such utility items, and dairy development).
- 65% continued in the trade of MEDP training; 48% beyond 2 years (most retention in rearing of milch animals, value-added farm products, beauty therapy, artificial jewellery, tailoring, embroidery, etc.).
- 31% trainees took bank loans through SHGs or JLGs.
- ₹18,000 average bank loan was availed per trainee.
- Outcomes decide number of future MEDPs and the choice of trade.

Note: JLGs = Joint Liability Groups; MEDP = Micro-Enterprise Development Programme; SHGs = Self-Help Groups.
Source: Impact study (2020) in five districts of Tamil Nadu.

5.1.3 Skills and linkages for women-led micro-enterprises

Skills enable productive marketable activities which then require market, knowledge, and credit linkages to convert to enterprises. Micro-enterprises that are modelled on self-employment as well as those that are a collective of a few co-workers need knowledge partners who bring on board the ‘how to’, ‘dos’, and ‘don’ts’. Old and new NABARD-supported projects are yielding noteworthy outcomes by augmenting family incomes that also empower women.

Self-employment in Uttar Pradesh

The ₹5.4-crore Arthimpact Welfare Foundation project aims to promote 500 women entrepreneurs in Lucknow, Raebareli, and Ayodhya districts with ₹35 lakh assistance from NABARD (Table 5.1).

<table>
<thead>
<tr>
<th>Skills for rural women</th>
<th>Linked knowledge partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weaving (Chikankari)</td>
<td>National Institute of Fashion Technology, New Delhi and National Institute of Design, Ahmedabad</td>
</tr>
<tr>
<td>Beauty therapy in parlours/salons</td>
<td>Urban Company and VLCC</td>
</tr>
<tr>
<td>Food kart operations</td>
<td>Phi Food and Swiggy</td>
</tr>
<tr>
<td>Financial inclusion Sakhis</td>
<td>MicroSave Consulting</td>
</tr>
<tr>
<td>e-Rickshaw driving</td>
<td>Azad Foundation</td>
</tr>
</tbody>
</table>

Nurturing women’s livelihoods and entrepreneurship

The Friends of Women’s World Banking, India with a NABARD support of ₹65.4 lakh will set up 800 micro-enterprises (400 will be credit linked) in 19 districts across Gujarat, Nagaland, and Manipur. All women entrepreneurs will be financially included through savings accounts and Pradhan Mantri Suraksha Bima Yojana (PMSBY) (50% linked to Pradhan Mantri Jeevan Jyoti Bima Yojana [PMJJBY] too). The project hopes to deliver 25% increase in family income.

Looms of Ladakh

Skilling nomadic, pastoral, tribal Ladakhi women and strengthening and broad-basing pashmina and wool value chain is being realised through Looms of Ladakh Women’s Cooperative. Training programme and construction of the common facility centre are already underway for the two-year NABFOUNDATION initiative with a sanctioned grant of ₹107.5 lakh (₹13.1 lakh, released).

Raising semialata plantations for lac cultivation

In FY2022, NABARD cleared two projects in Jharkhand under its Tribal Development Fund (TDF) to raise semialata plantations on half acre land parcels for lac (resin) insect cultivation. They were aimed at providing direct livelihood to 1,000 tribal families and ancillary activities for more landless ones. Unlike other wadis, the cultivation of lac insects will promote forest-based sustainable livelihoods that also leverage traditional skills of tribal populations. The project (with 4–5 year
lifecycle) will improve the lac value chain, encourage lac processing and value-add, and strengthen markets including exports; in the process, reducing the dependence of lac farmers on unorganised and exploitative intermediaries. The initial assistance covers plantation, incidental expenses, and recurring costs for two years. The 3-year grant assistance is reinforced with 5 years of hand-holding support with technical guidance from Indian Institute of Natural Resins and Gum (IINRG), Ranchi. It is anchored by Collectives for Integrated Livelihood Initiatives (CInI), Jamshedpur—a Tata Trusts initiative.

**Banana fibre for weaving sustainable livelihoods**

Apart from the fruit yield, banana crop generates a huge quantity of biomass in the form of pseudostem, leaves, etc. In India, only 10% of the banana pseudostems get utilised for fibre extraction and the rest is largely dumped or burnt, to the detriment of the environment.

The study on ‘Utilisation of Banana Pseudostem for Textiles’ was completed in February 2022 by Maharaja Sayajirao University of Baroda, Vadodara with NABARD grant assistance. As part of the study, 18 women were trained in extracting banana pseudostem fibre, softening and spinning it into fine yarn (for weaving into textile grade fabric). Two to three trainees could extract an average of 30 grams of banana yarn in one day on a motorised phoenix charkha.4

### 5.2 Other key initiatives

The rural sector needs deeper engagement, knowledge creation, and partner linkages beyond direct action for sustainable livelihoods and skills under LEDPs and MEDPs. One such key element is wider participation of corporate entities that have better systems and processes for skilling. Another is to create more location-specific pilot projects to draw experience and first-hand knowledge from. NABARD has taken definitive action to pursue these as well as to develop more business incubation centres for the rural sector.

NABARD’s TDF supports sustainable and participatory livelihood programmes such as tree-/orchard-based farming systems (wadi); mixed wadis (mixed farming / multi-tier farming, precision farming, nateuco farming, etc.); traditional economic activities like collection of minor forest produce, herbal medicines, gums, natural dyes, sheep rearing, etc.; and livelihoods based on tribal art and craft and other non-farm based activities (Figure 5.1).

**Figure 5.1: Non-wadi projects under the Tribal Development Fund**

<table>
<thead>
<tr>
<th>State</th>
<th>Project(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assam</td>
<td>Sericulture</td>
</tr>
<tr>
<td>Bihar</td>
<td>Mushroom cultivation, apiculture, animal husbandry</td>
</tr>
<tr>
<td>Jharkhand</td>
<td>Lac cultivation</td>
</tr>
<tr>
<td>Kerala</td>
<td>Animal husbandry</td>
</tr>
<tr>
<td>Odisha</td>
<td>Animal husbandry, apiculture</td>
</tr>
<tr>
<td>Telangana</td>
<td>Animal husbandry</td>
</tr>
<tr>
<td>West Bengal</td>
<td>Animal husbandry</td>
</tr>
</tbody>
</table>

10 non-wadi projects to benefit 3,530 landless tribal families
5.2.1 Incubating rural business ideas
To support business ideas generated in the rural sector, seven rural business incubation centres (RBICs) with assistance of ₹63.3 crore have been sanctioned. Each RBIC is at a different stage. These incubation centres, as on 31 March 2022, supported 697 incubators and 225 start-ups. The centres have been able to directly and indirectly benefit 3 lakh farmers and youth. The centres have also helped in establishing connect of 150 investors with the incubators for funding support.

5.2.2 Handlooms for self-reliance
NABARD has been supporting handlooms as their revival is crucial not only for artisans but also for small and marginal farmers and landless labourers to augment their income through collectivised off-farm producers’ organisations (OFPOs). During the handloom fortnight, sales worth ₹60 lakh were recorded at exhibitions (marketing activities) organised by various regional offices (ROs). The National Handloom Day theme, ‘Hathkargha se Aatma Nirbharta’, was marked by experience sharing by OFPOs from Mizoram, Telangana, and Odisha; a film screening; interaction with eminent persons; and felicitation of partners working for the sector. A special Rural Pulse issue on the status of handlooms in India too was released on the occasion.

5.2.3 Location-specific projects
Given the significance of the diverse off-farm sector in ensuring livelihoods in backward regions, NABARD has sanctioned ₹361 lakh (₹67.3 lakh disbursed) in FY2022 to support 15 location-specific projects in 8 states under the ‘My District, My Project’ scheme. The projects are aimed at mainstreaming holistic and financially sustainable livelihood solutions. They cover inputs supply, technology upgrade, standardisation, certification, quality control, credit, environmental issues, market support, etc. The expected outcomes include the creation of viable off-farm enterprises in rural tourism, handloom, etc.; sustainable employment; increased productivity; improved flow of and access to credit; and gender equality. These pilot-based interventions are being undertaken in the detailed project report mode for future expansion.

5.2.4 Long-term engagement with Tata STRIVE
Various studies have shown that when skilling programmes are conducted by corporate houses, the quality of the programme as well as the settlement rate is higher owing to better faculty, resources, processes, staff, committed absorption, etc. In this context, therefore, NABARD is expanding its skill development initiatives with participation from corporate entities. In a first, NABARD signed an MOU with the Tata Community Initiatives Trust (TCIT), the entity behind Tata STRIVE—a skill development initiative of Tata Trusts. Under the initiative, NABARD will provide financial assistance for the development of livelihood skills for 5,000 rural unemployed youth across India in the next 3–5 years. Skills will include technical trades such as Android app developer, industrial electrician, domestic electrician, general duty assistant, hospitality, solar technicians, etc.

5.3 Financial inclusion
Due to knowledge asymmetry in technology and financial systems, the rural sector seems to be a step behind the urban, resulting in a slower economic development. Skilling and livelihood generation initiatives, too, without financial inclusion remain incomplete. Financial inclusion is a national priority and an enabler of inclusive growth. The rural population does not only need to know its financial rights, dues, and opportunities but also must avoid the dragnet of informal lending that has impoverished it for generations. NABARD supports the creation of financial inclusion infrastructure in banks that helps in speedier financial transactions. It also builds digital and payment acceptance infrastructure and drives digital and financial awareness activities.

While the role of microfinance in poverty alleviation is widely researched, the impact of government-promoted microfinance programmes such as StreeNidhi, especially in the context of its efficacy in delivering microfinance through digital platforms and the sustainability of its business model, had not been studied thus far. NABARD, therefore, entrusted Centre for Entrepreneurship Development and Financial Inclusion (CEDFI), National Institute of Rural Development and Panchayati Raj, and Union Ministry of Rural Development to conduct a research study on StreeNidhi’s business model.

Based on primary data from 603 SHG borrowers of StreeNidhi in Andhra Pradesh and Telangana, the study found significant positive correlation between ‘financial and digital literacy’ of SHG members and their income and assets. This correlation reflects that financial literacy and digital literacy reinforce each other while boosting asset accumulation by SHG households. Significant positive correlation between credit and income further indicates that income of the SHG households will go up if loans are sanctioned to them at successive intervals.
5.3.1 Digital enablement interventions

The Financial Inclusion Fund (FIF) schemes aim to subsidise the cost of digital infrastructure for banks. This supplements their efforts at increasing digital touch points and enables rural financial institutions (RFIs) to onboard latest banking technologies and regulatory norms to benefit rural customers (Figure 5.2). Most FIF schemes are short-term and implemented over a one-year period (from sanction).

5.3.2 Financial literacy and awareness

Deploying versatile mobile vans fitted with audio-visual demonstration systems and various financial awareness materials in the form of leaflets, pamphlets, banners, etc. has proved to be a potent tool in our kit for creating financial literacy in unbanked regions (Showcase 5.4). NABARD support to RFIs as partner vehicles to meet financial inclusion goals is resulting in customer base expansion of formal banking.

**Figure 5.2: Current interventions under Financial Inclusion Fund**

<table>
<thead>
<tr>
<th>Deploy</th>
<th>Micro-ATMs</th>
<th>SCB branches + SFBs + PBs in schools and colleges in SFDs + milk societies in all districts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PoS &amp; mPoS devices</td>
<td>RRBs in schools and colleges in SFDs + fixed BC points/branches + milk societies in all districts</td>
</tr>
<tr>
<td></td>
<td>Dual authentication interface</td>
<td>RCBs + PACS + milk societies and other non-credit societies</td>
</tr>
<tr>
<td></td>
<td>BHIM Aadhar Pay Devices</td>
<td>All banks</td>
</tr>
<tr>
<td>On-board</td>
<td>BHIM UPI</td>
<td>RRBs</td>
</tr>
<tr>
<td></td>
<td>Public Financial Management System</td>
<td>RCBs</td>
</tr>
<tr>
<td></td>
<td>Bharat Bill Payment System</td>
<td>RCBs</td>
</tr>
<tr>
<td></td>
<td>Central KYC Registry</td>
<td>RCBs</td>
</tr>
<tr>
<td></td>
<td>Positive Payment System</td>
<td>RCBs</td>
</tr>
<tr>
<td></td>
<td>RuPay Card activation with Green PIN</td>
<td>RCBs</td>
</tr>
<tr>
<td>Support</td>
<td>AUA/KUA licence</td>
<td>RCBs</td>
</tr>
</tbody>
</table>

**Note:** AUA = Authentication User Agency; BC = Banking Correspondence; BHIM = Bharat Interface for Money; KUA = KYC User Agency; KYC = Know Your Customer; mPoS = mobile Point of Sale; PACS = Primary Agricultural Credit Societies; PB = Private Bank; PoS = Point of Sale; RCB = Rural Cooperative Bank; RRB = Regional Rural Bank; SCB = Scheduled Commercial Bank; SFB = Small Finance Bank; SFD = Special Focus District; SHG = Self-Help Group; UPI = Unified Payments Interface.
Showcase 5.4: Promoting financial inclusion using mobile demonstration vans

**Objective:** Improving financial inclusion in rural Jammu & Kashmir in partnership with Ellaquai Dehati Bank (EDB)

**Financial inclusion initiative:** Six mobile demonstration vans and campaign material for financial literacy camps in Anantnag, Kulgam, Shopian, Pulwama, and Ganderbal districts of Jammu & Kashmir (J&K)

**Output >> Outcomes >> Impact**

- During FY2022, EDB conducted 1,278 financial literacy camps in rural J&K, gaining wide visibility and expanding customer base.
- Individuals in remote areas have opened basic savings bank deposit accounts.
- Over 9,500 Pradhan Mantri Jan Dhan Yojana accounts opened with EDB (various branches) mobilised ₹2.3 crore in fresh deposits.
- RuPay cards (issued to all EDB account holders) reduced bank transaction costs and increased digital transactions by 60.2%.
- Greater participation in social security schemes as is seen from new enrolments in FY2022:
  - PMJJBY: 5,592;
  - PMSBY: 24,184; and
  - APY: 344.

**Notes:**

1. APY = Atal Pension Yojana; PMJJBY = Pradhan Mantri Jeevan Jyoti Bima Yojana; PMSBY = Pradhan Mantri Suraksha Bima Yojana.

5.3.3 Enrolment saturation in social security schemes

After the success of Pradhan Mantri Jan Dhan Yojana (PMJDY), a special awareness drive to saturate enrolment of PMJDY account holders from 117 aspirational districts (28 states) under PMJJBY and PMSBY was launched from 10 February to 31 May 2022. NABARD extended a grant of ₹6,000 per camp to conduct special enrolment drives along with financial incentives for banks and banking correspondents for new PMJDY account holders—beyond existing incentives from insurance companies. For best outcomes, the district development managers (DDMs) of NABARD conducted special district-level programmes to sensitise banks on the purpose and significance of the scheme. The banks then undertook block- and village-level awareness camps on social security schemes involving banking correspondents and financial literacy centres (FLCs).

5.3.4 NABARD All India Rural Financial Inclusion Survey

Given the excellent response to the NABARD All India Rural Financial Inclusion Survey (NAFIS) FY2017, NAFIS 2.0, with expanded scope and coverage, is being launched to deepen our understanding of financial inclusion and livelihoods in rural areas. Approximately 1 lakh households are being drawn from nearly 10,000 representative villages / semi-urban blocks in rural and semi-urban regions (Tier III to Tier VI centres) across 28 states and union territories of Jammu & Kashmir and Ladakh.

5.4 Financial inclusion for better livelihoods

NABARD has initiated work on some concrete ideas to draw greater benefits from its financial literacy, skilling, and livelihood programmes. Rural India will hopefully reap the benefit from some of these in the coming years.

- **Geo-tagging of payment system touchpoints:** Building on the framework of the Reserve Bank of India, NABARD plans geo-tagging for rural banks, cooperatives, merchants, farmers, and other players in the agriculture and rural development (ARD) ecosystem. Data generated will offer insights on regional penetration, help distribute
infrastructure better, and identify the need for additional touchpoints. It will also help design and plan focused digital–financial literacy programmes. This will allow businesses and banks access to geographic information of demand and traction of digital payments and will also inform the central bank’s policy.

- **Financial inclusion education in schools and colleges:** Financial inclusion is a necessary condition for better livelihood generation. A plan to engage the National Centre for Financial Education (NCFE) has been mooted in NABARD to generate financial awareness and instil confidence in financial management among the youth in schools and colleges.

- **Skilling and livelihood:** Building on the track record of higher settlement rate achieved by corporate social responsibility wings of corporate partners, NABARD is exploring long-term partnerships with more entities. With sustained effort, this will offer a wider spectrum of livelihood opportunities to women and youth of rural India.

- **Enrolment on e-Shram portal:** The LEDP and MEDP beneficiaries may be on-boarded on the e-Shram portal with the ultimate aim of reducing rural–urban migration. This will not only help NABARD align with government programmes but also allow better oversight of beneficiaries, prevent them from enrolling simultaneously in multiple skilling programmes, and improve the likelihood of a trainee setting up an enterprise.

**Notes**


2. The initiative links micro-entrepreneurs to formal lending (saving accounts in banks) and inclusion under Pradhan Mantri Jeevan Jyoti Bima Yojana and Pradhan Mantri Suraksha Bima Yojana.

3. Includes four aspirational districts and five districts where NABARD’s Women Self-Help Group scheme is being implemented.

4. NABARD (2021), NABARD Research Study – 21, ‘Utilisation of Banana Pseudostem for Textiles’, Department of Clothing and Textiles Faculty of Family and Community Sciences, The Maharaja Sayajirao University of Baroda, Vadodara.

5. Natueco was conceptualised by Shripad A. Dabholkar in his work, Plenty for All, as a farming philosophy that emphasises (i) soil (enrichment); (ii) roots (development and maintenance); and (iii) canopy (harvesting the sun); while minimising (iv) external resources (including water). | GOI (undated), ‘Technical Brochure on Organic Farming System: An Integrated Approach for Adoption under National Horticulture Mission’, National Horticulture Mission, Department of Agriculture and Cooperation, Ministry of Agriculture, Government of India, New Delhi. https://midh.gov.in/technology/Organic_Management_NHM.pdf.

6. 7–22 August 2021.

7. 6 August 2021.

8. Research bulletin of NABARD.

9. Number of participants securing wage or self-employment.