

## **NATIONAL RURAL LIVLIHOOD MISSION- A MIRAGE OR WATERSHED?**

The Government of India has proposed to convert the Swarna Jayanthi Gram swarozgar Yojana into National Rural Livelihood Mission and prepared a note for discussion.

The welcome features of the draft notes are

- i) Reducing Interest Rates to 6%
- ii) A mission mode and
- iii) Willingness to discuss.

The APMAS note is a welcome one. The suggestion for removing BPL-APL divide is need of the hour.

I thank the organizers for arranging this open discussion and put forward few of my thoughts with my practical exposure to SGSY as a Banker, NGO Advisor and promoter of SHGs for more than a decade.

### **Experience with SGSY:**

SGSY has made a very marginal impact on poverty alleviation.

The inherent weaknesses are

- The target oriented approach and the implementation agencies which were part of the failure of IRDP have brought in widespread corruption.
- The market is so competitive that the new enterprises fail over a period of time.
- The forward backward linkages are very weak.
- Very few women are prepared to take the risk as their future is in stake.
- There is no absorbing capacity in the rural areas for so many micro enterprises.
- Self employment is seldom seen as a viable option for future because of inadequacy of capital and the market conditions.
- The Government agencies do not have the capability of handholding which is vital for new enterprises.

### **The Global experience:**

- The experience of Bangladesh, Mexico and other countries show that successful enterprises are run by professionals who use the micro credit units and not by the SHG like groups.
- Massive reduction of poverty has not taken place anywhere through micro credit and micro enterprises.
- Slowly the erstwhile money lenders are becoming Micro Finance Institutions and expanding their credit operations without any concern for income generation.

### **Some serious irregularities in implementation of SGSY:**

- SHG ratings are done at Block Panchayat offices instead of in SHG meetings.
- The Government agencies like women's development Corporations discriminate between groups linked to them and not linked.

- Bankers are mostly made us spectators and disbursers whereas they take the risk and they are better informed on credit assessment.
- Political interference and role of middlemen (including NGOs) are killing the movement.
- There are more number of selfish NGOs than sincere and committed ones.

### **Problems with BPL**

- Many experts feel that BPL classification itself is wrong. When Government agencies say that there are 6.61 crore BPL households Dr.Arjun Sengupta says that 77% of households are poor.
- The BPL List is a flawed one which was not prepared with community participation.
- There are people who are already in SHGs and segregating them into BPL SHGs only will add to more problems.

### **Some silver linings:**

- Kerala's Kudumbashree and ASRAYA scheme targeted at the poorest, Andhra's Velugu and West Bengal's Panchayat Federations are good models to look at.
- SEWA's activity based cooperatives, Grameen,s Activity based foundations and few activity based company's show us a path.

### **A NEW MODEL FOR THE NATION**

- Panchayats though weak in many states can become the change agents.
- A new livelihood index with community involvement has to be evolved to identify the needy. The number may be 50% which the Government should not be afraid of.
- Convergence of all schemes to help the needy through allotment of land, housing and employment Generation is needed.
- Once a household is identified as poor PDS should give them the essential commodities at subsidized rate, employment opportunity through NREGA or other means, free education for schoolchildren and educational loan for higher studies, full heath insurance through public health system and handholding support for 5 years based on the need.
- The Unique Identity system should be able to help.
- Corporates can be asked to outsource their work to these households with proper training and reasonable income.
- The aim should be to provide linkages to get at least Rs.10000 per month as income for a household which is equivalent to the salary of a lowest grade employee in Government.

- Activity based cooperatives/companies can be promoted by the lead NGO, Bankers and Govt agencies to provide professional expertise, forward backward linkages and marketing support.
- Income generations activities at households to get supplementary income should be encouraged.

## **APPEAL**

- Please revise the note and have public hearings with the stake holders.
- Do not form BPL based SHG federations which will only fail.
- Involve Bankers through the Block Level Bankers Committee to identify lead NGOs for every block and bring collaboration between Bankers, NGOs and PRIs.
- Capacity building is most crucial for removal of poverty. Involve Colleges, Research Institutions and Professional bodies.
- Let there be one year of wide spread discussion based on which a concrete plan is evolved.

Today poverty alleviation appears a mirage. To make NRLM, a watershed we need political will and reorientation of the approach. Not the old wine in a new bottle.

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