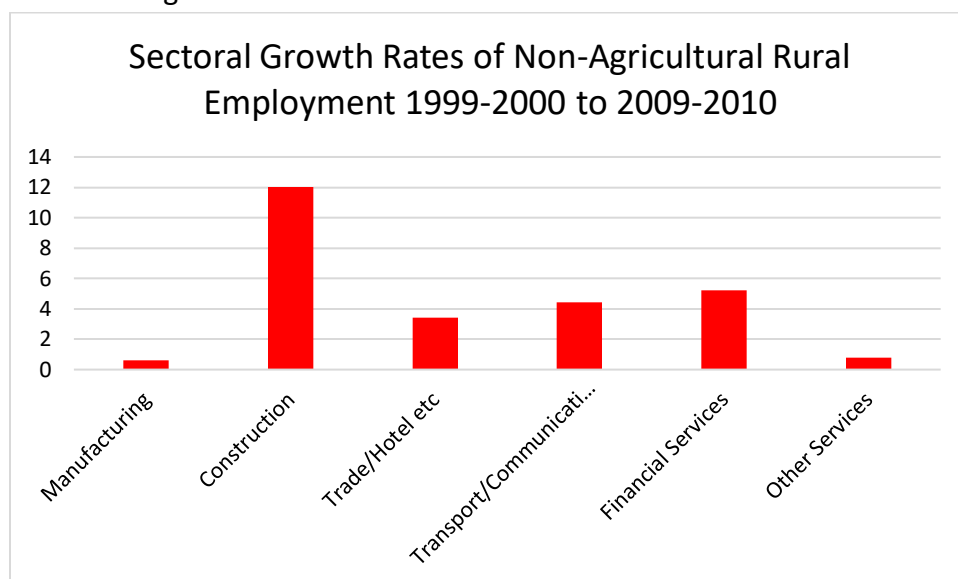


Livelihood Generation in Times of Covid-19: Scope and Opportunities

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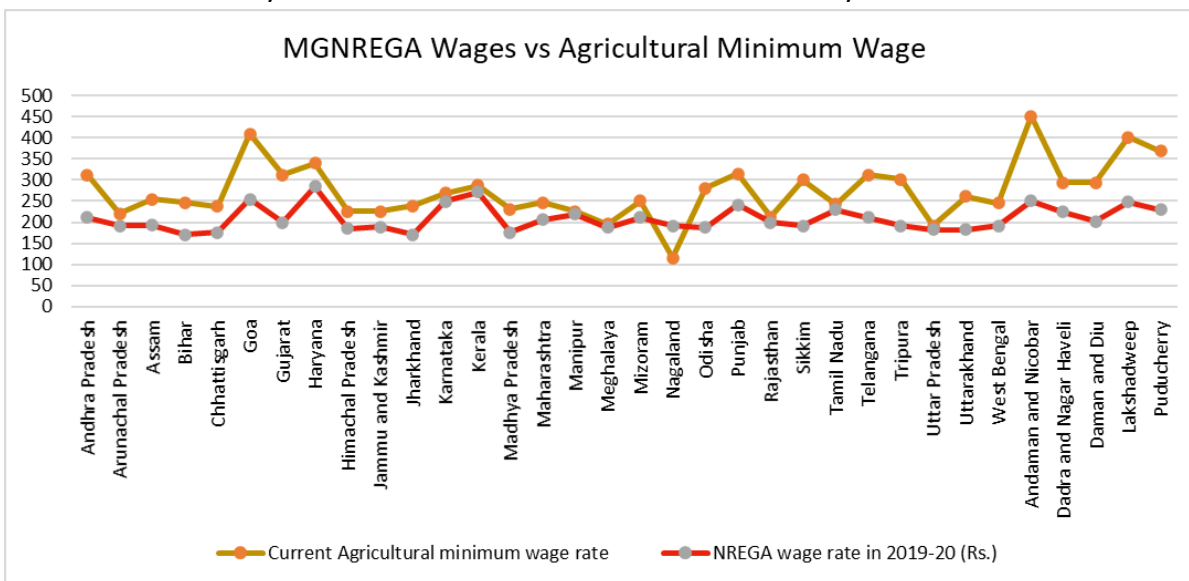
According to Economic Survey 2018-19 93% of India's workforce belongs to the informal sector where workers largely belong to the migrant workforce. According to Census data between 2001 and 2011 most states except for the North-Eastern states show a distinct rise in labour in-migration for employment purpose accounting from both rural and urban areas of other states. In 2019 about a 100 million Indians have migrated from their home base in search of employment. With the onset of the Covid-19 induced nation-wide lockdown on 24th March 2020, the pandemic induced a standstill situation in informal sectors compelling the workers to go back to their respective home states thereby initiating the much talked about wave of mass exodus of workers. This reverse migration can potentially create severe adverse economic consequences as the jobless labour fall back on their respective source states in rural areas. In a broad perspective the migration for employment can be categorised based on source and destination states.

Rural livelihoods depend on both farm and non-farm employment (RNFE). NSSO 66th round points out a dominating growth rate of the construction sector compared to the other non-agricultural sectors. Overall, the agricultural sector growth rate has been at a negative 0.19% compared to a positive growth rate of 4.03 % in the non-agricultural sector.



In more recent estimates, according to NSSO 68th round, the RNFE employment is almost over 42%. However, at the same time a significant 58% are still dependent on agriculture. In 2019 about a 100

million Indians have migrated from their home base in search of employment. With the reverse migration leading to a surplus pool of labour in rural India, and given the usually inelastic demand for agricultural products, what is needed is the creation of livelihood that enables engagement of workers in the non-agricultural or non-farm sector. This in turn will help to grease the economic wheels by generating effective non-agricultural demand which is expected to put the economy back in track again. Taking the MGNREGA wage as a major indicator of return from non-farm employment, as of 2019-20 the MGNREGA wage rate remains significantly lower than the minimum agricultural wage rate (MAWR) for all states except Nagaland¹. Particularly, the gap between MGNREGA and MAWR is quite high in Andhra Pradesh, Goa and the Union Territories. A revision on wages specifically in line with the MAWR becomes a necessary instrument for rural livelihood sustainability in times of Covid-19.



According to a report by SRIJAN (Self-Reliant Initiatives through Joint Action)² based on a survey in Madhya Pradesh, Chhattisgarh and Rajasthan, 67.14% of MGNREGA works have not been opened in places due to the pandemic and the employment generation by MGNREGA has been severely low due to the lockdown with only 30.78 million jobs provided till April 29 2020-21 as against an impressively dominating 273.96 million in the corresponding period of the last financial year. Further the survey shows number of households without ration cards/job cards/MGNREGA is highest in Madhya Pradesh (19.4%) followed by Rajasthan (6.9%) and Chhattisgarh (4.9%) of which Chhattisgarh and Madhya Pradesh form two of the major source states of migrant workers.

¹ NREGA Sangharsh Morcha (<https://www.downtoearth.org.in/news/agriculture/mnrega-wage-hike-less-than-minimum-wage-in-33-states-63791>)

² Srijan report, May 2020.

Given a massive reverse migration coupled with low MGNREGA employment as well as wages and prevalence of disguised unemployment in agriculture, the importance of livelihood generation becomes a necessity. In this context we suggest the following policy measures.

Boost to non-farm activity

The boost to rural non-farm sectors is of high importance for multitude reasons. Other than agricultural development, rural nonfarm activities could not only utilize local manpower, talent and resources which usually face a constraint in being transferred and utilized in urban industries but also prevent the massive rural-urban employment induced migration. Localizing employment in rural areas would lead to better utilization of rural resources in terms of both labour and resource endowments thereby making rural labour force self-reliant thereby also reducing the pressure on urban job demand.

Moreover, in a demographically heterogenous country like India where the average farm size is small and tends to shrink with the population pressure a single source of livelihood is usually insufficient for sustenance and hence the need for employment diversity. The association of household income with employment suggests an “inverted U” shape (World Bank 2010, Coppard 2001). At very low level of income, rural households are largely dependent on subsistence farming. With growing need for income, they diversify into activities including non-farm employment and finally as income improves with productivity it leads to specialization in farm or non-farm activities.

This diversification of from farm to non-farm activities through utilization of local resources and manpower calls for an expansion of microenterprises to exploit the full potential of rural local entrepreneurship capabilities and expansion of skill-based activities.

I. Expanding Microenterprises

Microenterprises comprise 99.8%³ of unregistered enterprises in India. The flowing outlines the problems faced by such microenterprises that often slow down the potential of such enterprises:

- i. Lack of business lacuna: Many of these enterprises are started without analysing their feasibility or viability of success. The entrepreneurs often lack the business expertise and marketing skills as the enterprises largely crop up based on the success example some isolated unconnected enterprise.
- ii. Lack of economic ecosystem: For the critical initial six months most of these enterprises lack the support system in the form of business advisory, marketing strategy, domain knowledge etc which often lead to premature failure of such enterprises making their long run sustainability questionable, let alone profitability.

³ MSME survey for unregistered enterprises fourth census.

- iii. Underdeveloped credit facility: Lack of structured finance for microenterprises is different from the ones available to SHGs and the rural poor do not have access to the stylized credit for such enterprises. Most importantly these enterprises need start-up and working capital finance with moratorium and flexible instalment payments.

To counter these ailments in 2014 the initiation of Start-up Village Entrepreneurship Program (SVEP) with an initial allocation of 100 crore rupees was announced by the government of India to boost the creation and functioning of microenterprises. The SVEP was designed to help rural poor by setting up enterprises and provide support till their stabilization with business skills, loans and exposure through NLRM, SHGs and their federations. The skills will be imparted by the local youth trained in business management, monitoring and support using ICT and audio-visual aid. The SVEP was designed for four years 2015-19 which was expected to create employment for 3.78 lakh people. In context of Covid-19, given the potential of SVEP the same needs to be scaled up and sanctioned for additional years. Further, the following may help propagate an expansion in the working knowledge, publicity and even profitability of the enterprises.

- Possible tie ups of SVEPs with NGOs and civil society organizations for more outreach and better publicity.
- Marketing links between village entrepreneurs and bigger urban firms can ensure increased business connects, awareness and credit facilities.

For instance, Kerala's success story with SVEPs as of 2017 can be taken as an example where 42% of the enterprises are earning a monthly profit of Rs.5000-10000⁴

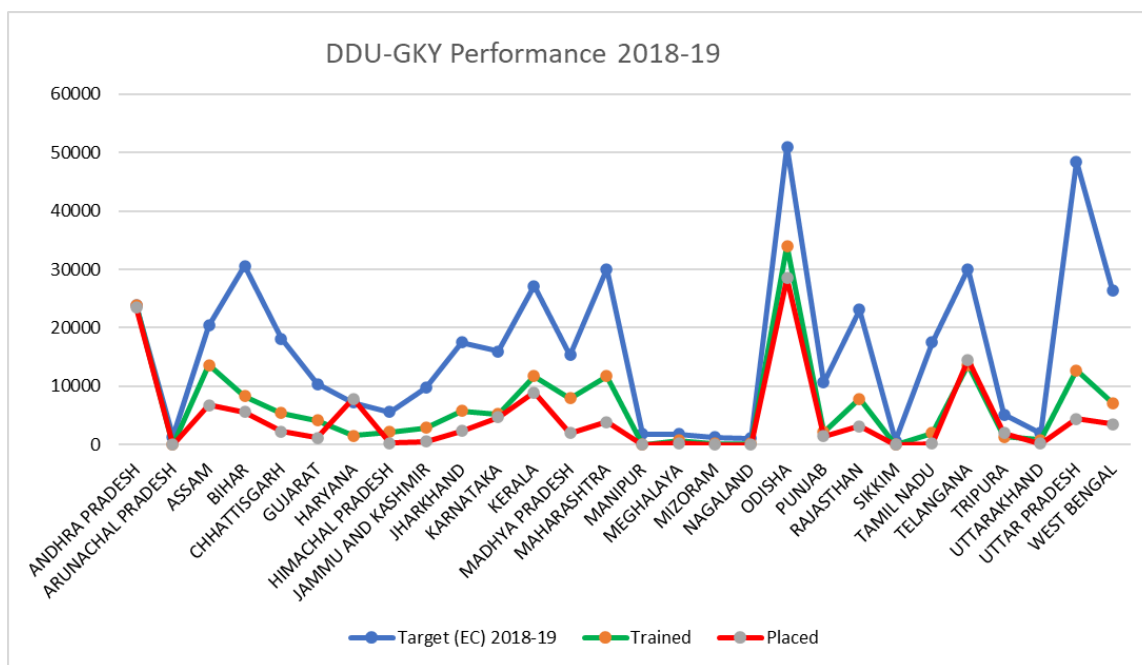
The success of this program not only helps to generate employment but creates a chain of events which would stimulate the economy through multiplier effect as successful enterprises would generate further employment and this in turn will effectively reduce distress migration. SVEPs can focus on the common rural industries like food processing or water treatment which are highly employment generating activities. On success of SVEPs these activities generate heightened purchasing power which also reduces distress migration.

II. Skill Building

Figure 1 points out the relative inadequate thrust on the manufacturing sector in rural India which needs an immediate correction since manufacturing sector has high labour absorptive capacity. Apart from quality infrastructure, inadequate skills and technical knowledge are big barriers which discourages private investment. Skill formation and entrepreneurship development are thus the two driving forces to encourage rural non-farm employment generation and a reduced dependence on MGNREGA works.

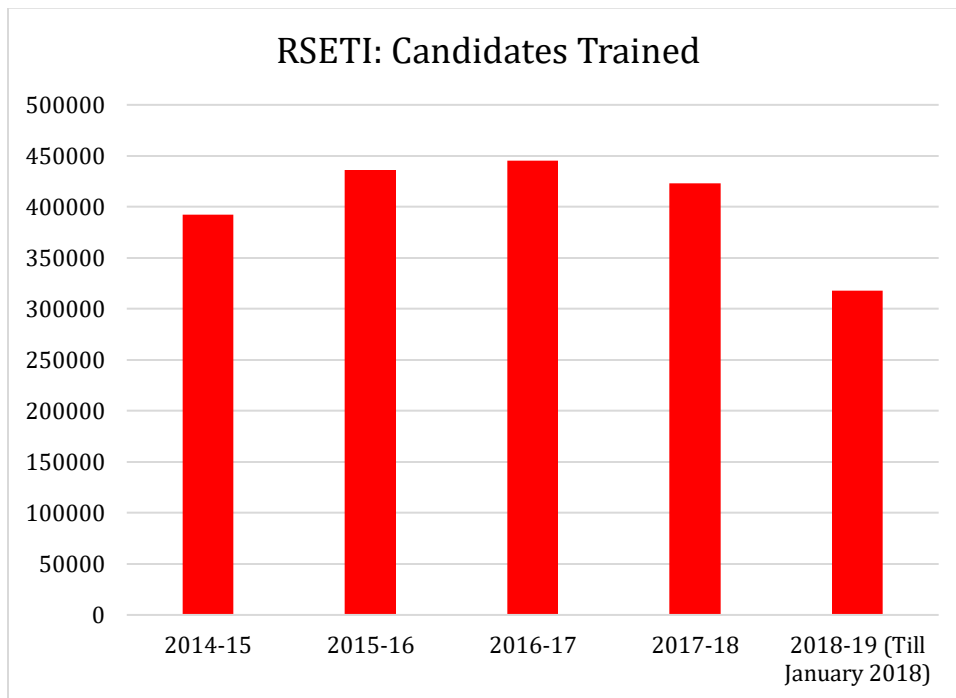
⁴http://ijrar.com/upload_issue/ijrar_issue_1829.pdf

The **Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY)** under the union government is one such three-month long skill enhancing training scheme for rural youth between 15 to 35 years of age that guarantees minimum salary of 6000 rupees through wage employment. However, as of 2018-19 according to Ministry of Rural Development there exists a significant gap between target & trained and a wider gap between target and placed. The gap between target, trained and placed is noticeably large for Bihar, Chhattisgarh, Jharkhand, Maharashtra, Rajasthan, Tamil Nadu and Uttar Pradesh where Bihar, Chhattisgarh, Jharkhand and Uttar Pradesh forming the major source states of migrant labour. The gap between target, trained and placed is highest for Bihar followed by Uttar Pradesh and Maharashtra which is one of the major destination State for migrant workers.

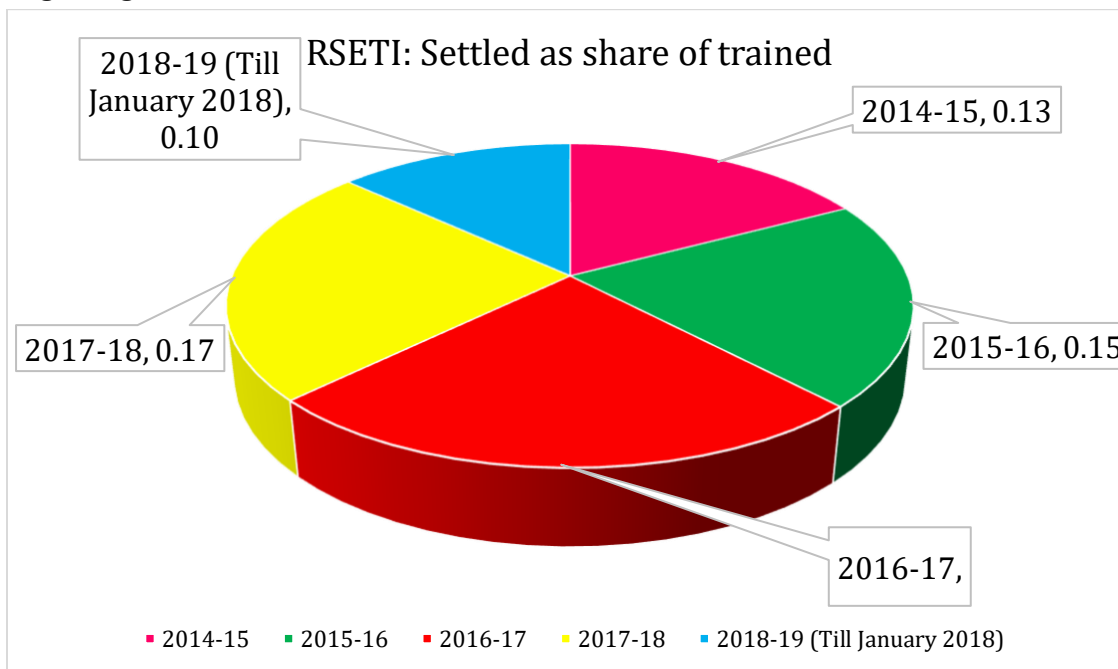


Rural Self Employment Training Institute) RSETI

Similar to DDU-GKY, the RSETI provides unemployed rural youth within 18-45 years age cohort, training for self-employment or wage employment on 56 job roles. As per the MoRD 2018-19 report, the number of candidates trained under RSETI reflects an inverted U shape with frequency of candidates trained declining in 2018 compared to erstwhile years. A broader publicity and scaling up of the scheme is necessary to bring in more candidates under the purview of the same.



Further, the share of candidates placed as a proportion of total candidates trained under RSETI has declined in 2018 compared to previous years. Between 2014-2018, the highest share of candidates placed via the RSETI scheme is at 18% in 2016-17 and eventually declined to a mere 10% in 2018 beginning.



While these skill development programs have serious potential to train the rural youth and tailor them to fit the need for skill oriented rural non-farm activities, the data clearly represents a wedge between the intended and the achieved. There is need to review the possible reasons behind this disparity between the plan and the outcome and if need be to reorient the scheme design such that the target and achievements are aligned, and the gap is minimized to accommodate the skill expansion as a necessary ingredient of livelihood generation.

Revamping MGNREGA

As per Ministry of Rural Development report 2019-20 almost all the States witnessed significant employment provision in terms of person days. However, in terms of number of persons the picture remains grim. Even with a promising scenario on the part of employment in terms of person days since minimum agricultural wage remains higher than MGNREGA wages there remains a massive scope for improvement in MGNREGA. This may in-fact be another reason why Rajasthan, Uttar Pradesh experiences a lot of out migration.

In table 1⁵, we look at a few districts across India where the MGNREGA wage is higher than its local counterpart. In some districts impact of MGNREGA has been widespread i.e. benefits have accrued to the people and have changed lives potentially while in some districts despite wage under MGNREGA being higher there is potential scope of improvement of MGNREGA.

Table 1: Places of Significance of MGNREGA

Impact of MGNREGA significant	Dholpur (Rajasthan), Palakkad (Kerala), Chittoor (Andhra Pradesh), Jalna (Maharashtra)
Impact of MGNREGA insignificant	Narmada (Gujarat), Mandla (Madhya Pradesh)

Several states have initiated programs which lead to a convergence of MGNREGA with different state government schemes. This has significantly broadened the scope of MGNREGA. The success stories of such convergent programs although acknowledged are limited in planning and implementation. To quote such successful convergent programs from the MGNREGA Sameeksha (2012),

Chittoor demonstrates an example of effective convergence of MGNREGA with horticulture. Under the State's Horticultural Programme and MGNREGA, the cumulative area under mango horticulture plantations gradually increased from less than 30,000 acres in 2007–08 to more than 70,000 acres in

⁵ MGNREGA SAMEEKSHA, 2012

2009–10. As such, Chittoor has become the highest performing district in Horticulture plantations in the state. About 56,348 acres of mango gardens had come up by 2009 and about 30,120 acres of assigned land has been additionally brought under cultivation. Survival rate of the plantations have been found to be high—about 88 per cent (2007–08) to 96 per cent (2008–09). The beneficiaries indicated a high satisfaction from these plantations in terms of the revenue generated.

The Kapildhara Scheme in Madhya Pradesh is a convergence between MGNREGA, agriculture and horticulture departments. The Scheme provides farm ponds, dug wells, tanks for increasing water availability on the lands of farmers who have more than 1 hectare of land and belong to SC/ST and BPL families. Research listing case studies on the impact of the Scheme found several beneficiaries reporting an increase in water availability and crop yield, under the Kapildhara Scheme; for instance one beneficiary reported an overall productivity increase from 4–5 quintals of wheat to about 18–20 quintals.

In Bankura West Bengal, a convergence on the principles of Integrated Natural Resource Management (INRM) was taken up in MGNREGA. Landless women formed Self-Help Groups (SHGs) to lease barren land for 25 years, under a crop sharing scheme. They used MGNREGA funds for land development and planting Mango orchards and timber. Along with this land lease scheme for orchards, water conservation treatment to reduce the velocity of water run off was taken up in the upland. In midlands, water tanks were built on private land. In the lowlands, small seepage tanks were constructed, which filled through seepage of ground water resources, providing farmers with a small but almost perennial source of water. From 2008 to 2012 a total of Rs 1500 core has been spent on INRM related MGNREGA work throughout Bankura district. Over 5500 ST families, in 119 villages, have been provided with 83 lakh person-days of work, 3600 small water bodies (Hapas and seepage tanks) have been constructed. In the Hirbandh block alone around 100 hectares of mango orchards have been planted.

There is also the evidence of convergent programs for building food grains storage capacities in Kerala.⁶ Inclusion of handloom industry (silk weaving) under NREGA has also been proposed by the Textile Ministry.⁷

It is in this light of such successful convergent programs that we develop our argument of giving a renewed look at the handicraft sector. This a labour intensive sector and has a tremendous export potential. According to the twelfth five-year plan, the handicraft sector would become the largest rural non - farm sector and has the potential to export 18% more during 2012-2017.

⁶ <https://www.nregs.kerala.gov.in/index.php/keyconcepts/convergence>

⁷ <https://economictimes.indiatimes.com/news/economy/policy/textiles-ministry-for-inclusion-of-handloom-weavers-under-nrega/articleshow/28848389.cms>

As per the Ministry of Textiles website: “Handicrafts are mostly defined as items made by hand, often with the use of simple tools, and are generally artistic and/or traditional in nature. They are also objects of utility and objects of decoration.”⁸. Table 2⁹ classifies the major handicrafts items in India.

Table 2: Broad Categories of Craft Items

SERIAL NO	NAME OF THE CRAFT
1	Bidri
2	Cane & Bamboo
3	Carpet
4	Conch-Shell
5	Doll & Toys
6	Filigree & Silverware
7	Folk Painting
8	Furniture
9	Glass, leaf, reed & fiber
10	horn & bone
11	Jewellery
12	Leather (footware)
13	leather (other articles)
14	Metal ware
15	Metal images (classical)
16	Metal images (folk)
17	Musical Instruments
18	Pottery & clay objects
19	Rugs & durries
20	Stone (carvings)
21	Stone (inlay)
22	Terracota
23	Theatre, costumes & puppets
24	Textile (handloom)
25	Textile (hand embroidery)
26	Textile (hand printed)
27	Wood (carving)
28	Wood (inlay)
29	Wood (turning & lacquer ware)
30	Zari
31	Coir twisting

⁸ <http://handicrafts.nic.in/>

⁹ <http://handicrafts.nic.in/>

32	Miscellaneous Crafts & Paintings
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Looking at the employment generative perspective, Table 3¹⁰ makes it clear. Table 3 shows the trend in employment across different subsectors in craft-based activities in different years.

Table 3: Trends in Employment Across Subgroups of Craft Based Activities

Types of Workers	Number of Crafts Persons (in lakhs)		
	1961	1981	2001
Cane & bamboo workers	9.3	8.2	9.4
Jewellers	5.4	8.4	16.2
Leather Worker	8.0	6.3	6.2
Metal Worker	12.0	18.7	9.7
Potters	9.0	9.8	10.1
Tailors	11.9	21.4	43.0
Textile workers	49.0	45.6	43.1
Wood workers	11.4	14.8	26.5
Total	115.9	133.3	164.3

The handicrafts sector displays a massive potential of labour absorption and the value added is also very high as it contributes nearly Rs 10,000 crores to export earnings. From table 1, we club those states where the MGNREGA wage is higher than the local wage and try to see what the major indigenous crafts of the region are.

Table 4: Major crafts of few States

Madhya Pradesh	Handloom, dhokra, jute craft, zardosi, block printing of Bagh, bohra caps, terracotta, gond chitrakari covering 18 districts
Rajasthan	Stone work, blue pottery, meenakari & kundan, leather footwear covering 14 districts
Kerala	Festival crafts, metal wares, bamboo, grasscraft covering 14 districts
Gujarat	Folk painting, terracotta, stone carving, wood carving, paper crafts covering 16 districts

¹⁰ Enumeration Of Crafts persons in India, Brinda Viswanathan, Madras School of Economics, 2013.

Andhra Pradesh	silverware, textile, jewellery, dhurrie weaving, dolls, musical instruments covering 17 districts
Maharashtra	Leather footwear, folk paintings, silverware, dhurries and rugs covering 18 districts

Source: Compiled by the authors from <http://www.mospi.gov.in/list-handicrafts-craft-maps-states-uts>

In all the above states, major crafts can be found significantly in a large portion of the districts. Such crafts can be brought under the umbrella of MGNREGA. All such programs can be regarded as convergent programs between the office of Development Commissioner (handicrafts) which is a nodal agency in the Government of India for crafts and artisan-based activities and MGNREGA. Such programs have the potential to tackle reverse migration if properly implemented within an institutional framework. Given its vast unorganized size, it can provide a backbone of livelihood security to a majority of vulnerable population where the representation of women is significantly high. District wise project clusters should be immediately identified with list of beneficiaries from village/ ward or Gram panchayats (GPs). The GPs, following approval of the Gram Sabhas can then finalize the clusters with the list of individual beneficiaries and these programs can then be included under MGNREGA.

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