

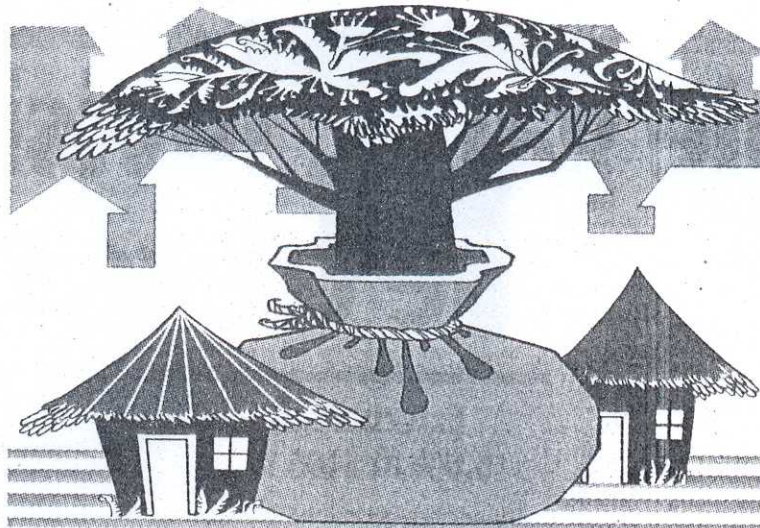
# Livelihood in times of growth

Apart from grudging subventions, funds for livelihood promotion are unutilised or poured into ineffective programmes. In a time of growth, enabling inclusion is surely worth some risk, argues Sanjay Sinha.

**J**OBLESS growth has become the lament of our times. In an age when economic growth in India and China is making the rest of the world green with envy, the government of our country is keen to distance itself from some of the most exciting developments — particularly in the service sector — because growth is taking place with apparently too few additional jobs created. Unemployment is said to be multiplying in the countryside as agriculture stagnates. Arjun Sen Gupta's National Commission on Unorganised Enterprises has reportedly calculated that over 800 million Indians live on less than Rs 20 a day and nearly 400 million workers (86% of the labour force) work under "utterly deplorable conditions" and have "extremely few livelihood options".

With the next election less than two years away, the government is desperate to be seen to be doing something for the *aam aadmi*. The main solution being suggested to the jobs conundrum is the revival of agriculture. More resources must be devoted to reviving growth in foodgrain production and the credit mechanism must be activated to enable farmers to borrow more easily. While some of this will undoubtedly help a few and, in the context of long-term food security, it may well be required, its impact on jobs will not necessarily be substantive. It is well known that increased agricultural production depresses prices and the resulting increased supply causes strains in the price support mechanism. The net gainers are the influential large farmers who are able to pre-empt the support structure and have the resources to withstand short-term resource constraints. The losers are precisely the small and marginal farmers who are already excluded from the benefits of economic growth. This is clearly not the solution to jobless growth and economic exclusion.

So, what can be done about it? One part of the answer to rural poverty lies in encouragement to small and marginal farmers to diversify from pure foodgrain production to combining it with high value crops. This will both reduce the displacement of farmers from agriculture to non-



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farm employment and will generate a significant number of jobs as more labour-intensive vegetable, spice and fruit cultivation are undertaken. Another part of the answer lies in engaging with the unorganised sector whose issues the National Commission has attempted to address.

Off-farm enterprises are often derided as low-productivity activities with no future. Yet, it is well known that these activities not only provide hugely more employment but also, in practice, continue to contribute more to GDP than does the shining IT sector. The fact is that there are substantial opportunities for value addition in the informal sector that remain untapped on account of information asymmetry, infrastructure deficiency and market distortions.

The question is how can these issues be addressed in practice; how can small farmers and unorganised enterprises be effectively linked to the market so as to take their rightful place in the modern economy? For decades, the government has talked of "reviving" off-farm enterprises. For decades, budgetary allocations have been made and institutions such as the Small Farmers' Agribusiness Consor-

tiums created to address the issues of market linkage that separate small cultivators from the market and limit the growth of unorganised enterprises. However, it is the common perception that, small successes aside, not much has been achieved. Yet, even now, anything from Rs 4,000 crore to Rs 10,000 crore of government funds are reportedly available for the promotion of micro-enterprises.

**H**ERE the answer lies not in creating more bureaucratic structures but in supporting existing local marketing arrangements and business service providers to become more effective. There are a number of organisations in different parts of the country promoting livelihoods in precisely this way. EDA Rural Systems (a development support organisation in Gurgaon) is one such. In its honey livelihoods project in Bihar, EDA has helped to increase the productivity of local honey production by organising technical programmes and to enhance the market strength of producers by (i) introducing the unique litchi flavour of local honey to traders nation-wide, increasing competi-

tion for local produce; (ii) organising honey producers into associations that have taken up collective bargaining with traders, and (iii) linking the associations with the Sudha Dairy (an NDDDB affiliate) as bulk buyer and marketer of honey. Encouragement to local traders to establish honey processing plants has further increased local value addition. Honey producers' incomes have increased by 50% or more while significant additional employment has been created — an estimated 6,000 new jobs in a sector originally employing about 2,000 people.

There are a number of other organisations doing similar work with equal success. Some of these are Pradan working in the tasar sub-sector in Jharkhand and poultry in MP and Rajasthan; BASIX working with groundnut and cotton farmers in Andhra Pradesh, dairy in Maharashtra, lac and potato farmers in Jharkhand and MYRADA in various sectors in Karnataka and Tamil Nadu. But in the context of the country as a whole these are small projects funded by philanthropic support. Apart from a few grudging subventions to such private support organisations, the bulk of the government funds apparently available for livelihoods either remain unutilised or are poured into ineffective government programmes. The problem is that government accountability structures make it very difficult to do anything else. And why should any bureaucrat take the risk of sanctioning money to a private organisation when the personal incentive for achieving results is virtually nil?

But surely the time has come for the government to recognise the ineffectiveness of such structures. If promoting livelihoods is important for achieving economic inclusion, the ungrudging sponsorship of market based promotion of unorganised enterprises needs to be tried on a large scale. To begin with, let government funds flow to at least a few of the leading private organisations with proven results in this field. In a time of economic growth, enabling inclusion is surely worth a little risk.

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