



**Study on
Impact and Efficacy of Livelihood
Initiatives for SHGs viz., MEDP and LEDP of
NABARD and Livelihood Intervention of NRLM**



**Centre for Research on Financial Inclusion and Microfinance (CRFIM)
Bankers Institute of Rural Development (BIRD), Lucknow**

An ISO 9001:2015 Certified Institution Promoted by NABARD





Contents

Director's Message	i
Acknowledgement	ii
List of Tables, Figures and Boxes	iii
Abbreviations	v
Executive Summary	vii
Chapters	
1. Introduction	1
2. Profiles of Sample Beneficiaries of MEDP, LEDP and NRLM Programmes	19
3. Adoption of Livelihood Interventions	25
4. Impact Assessment of the Livelihood Interventions	37
5. Institutional Role in Promoting Livelihood Activities of SHGs	49
6. Banker's Perception on Financing SHGs	67
7. Findings and Conclusion	75
8. Recommendations	83
References	85



Director's Message



NABARD views the SHG-Bank Linkage Programme (SHG-BLP) as part of an overall approach for providing financial services to the poor, especially rural women, so as to empower them to achieve sustainable livelihood. Enabling SHG members to take up income generating activities for livelihood involves intensive training and hand holding on various aspects including skill development, understanding market, potential mapping and developing entrepreneurship to manage the micro- enterprises. Hence, product specific, potential specific and localised skill building programmes for development of sustainable livelihoods/micro enterprises by matured SHG members are vital for developing micro-entrepreneurship among SHG members.



Since 2006, NABARD has been supporting graduation of SHG members into entrepreneurs through its Micro Enterprise Development Programme (MEDP). Success of MEDP motivated NABARD to take up more holistic programme for livelihoods and enterprise development, i.e. Livelihood and Enterprise Development Programme (LEDP), for creating sustainable livelihoods amongst SHG members. Besides NABARD, the Ministry of Rural Development (MoRD) Govt., under the realms of its flagship programme, Deendayal Antyodaya Yojana - NRLM (DAY-NRLM), also works towards achieving universal financial inclusion of all the poor households and promotes sustainable livelihoods, utilizing SHGs as the key vehicle of development.

Till date, these livelihood development programmes have covered significant proportion of the poor and vulnerable rural households across all the geographical regions of the country. It was therefore felt appropriate to take up the present study to evaluate the impact and efficacy of these livelihood development programmes for SHGs. The study has also examined the role of NGOs and other Community Based Organisations (CBOs) like Village Organisations (VOs), Cluster Level Federation (CLF), in enabling the SHG members in taking up the livelihood activities. The study is based on the sample size of 360 households spread across six districts from three states - West Bengal, Madhya Pradesh and Andhra Pradesh. The study outcomes revealed that the programme interventions played an important role in diversifying livelihood sources of the beneficiaries and had beneficial impact on the livelihood of the participating members.

The study has been conducted by the Centre for Research on Financial Inclusion and Microfinance (CRFIM) at Bankers Institute of Rural Development (BIRD), Lucknow with the support of Micro Credit Innovations Department (MCID), NABARD.

We sincerely hope that the findings and recommendations of the extensive study will be useful for the policy makers, development practitioners and other stakeholders of the sector.

Shankar A. Pande

Director



Acknowledgement

The report on “Impact and Efficacy of Livelihood Initiatives for SHGs viz., MEDP and LEDP of NABARD and Livelihood Intervention of NRLM” has been the outcome of the extensive field study by Smt. M. Jothi Srinivas, DGM/Faculty Member and Shri Tamanud Ghosh, Research Officer, Centre for Research on Financial Inclusion and Microfinance (CRFIM), Bankers Institute of Rural Development (BIRD). We acknowledge their efforts and record our appreciation for the efforts put in by them. The report has been drafted by Dr. Monika Saini, Research Officer, CRFIM, BIRD, who has logically apprehended the insights and the data from the field survey and presented them with utmost accuracy.

This work has been guided and supervised by Shri Shankar A. Pande, Director BIRD, Smt. T. S. Raji Gain, the then Director, Shri Mukesh Vats, Joint Director and Shri M. R. Gopal, GM/OIC, NABARD Tripura RO, the then Faculty Member/In-Charge CRFIM, without whose painstaking efforts, this work could not have been completed.

We thank the Micro Credit Innovations Department (MCID), NABARD Head Office, for their guidance in firming up the study design.

We acknowledge and appreciate the valuable suggestions and improvements brought about by Shri Deepak S. Ghorpade DGM/Faculty Member, BIRD who reviewed the report and contributed to its final form.

We also wish to put on record the timely editing assistance received from the Secretarial Staff at BIRD.

We sincerely acknowledge the cooperation and support received from the officials of NABARD, Regional offices in Madhya Pradesh, West Bengal and Andhra Pradesh and from the DDMs of the respective districts covered under the study and convey our thanks to all of them.

We wish to thank the staff of banks, NGOs, SHG federations and SHG members, who interacted with the study team during the field visit and extended their support in providing required information to the team.

Deepmala Ghosh
CRFIM In-charge

List of Tables, Figures and Boxes



Tables

S. No.	Title	Page
Table 1.1	Progress under SHG-Bank Linkage Programme (2017-18 to 2019-20)	2
Table 1.2	Region-wise progress of saving linked SHGs with banks (2017-18 to 2019-20)	3
Table 1.3	Region-wise status of bank loan disbursed to SHGs during 2017-18 to 2019-20	5
Table 1.4	Region-wise SHGs having loan outstanding (as on 31 March 2020)	6
Table 1.5	Sample size design of the study	13
Table 2.1	Literacy level of sample HHs	19
Table 2.2	Social category-wise distribution of sample HHs	20
Table 2.3	Land holding size distribution in sample HHs	20
Table 2.4	Means of livelihood and primary source of income of sample HHs	21
Table 2.5	Years of association of sample HHs with SHGs	21
Table 3.1	Age group of the sample HHs which have taken up the livelihood activities	25
Table 3.2	Literacy level of sample HHs which have taken up the livelihood activities	26
Table 3.3	Years of association of sample HHs with SHGs	26
Table 3.4	Sector-wise economic activities of the sample HHs	27
Table 3.5	Economic activities taken up by HHs in farm and non-farm sectors	27
Table 3.6	Number of training days attended by sample HHs	28
Table 3.7	Opinion of sample HHs regarding training programmes	28
Table 3.8	Opinion of sample HHs regarding adequacy of training period	29
Table 3.9	Present status of the livelihood activities taken up by the sample HHs	29
Table 3.10	Reasons for taking up livelihood activities	30
Table 3.11	Reasons for not taking up livelihood activities	31
Table 3.12	Factors affecting sustainability of the livelihood activity	31
Table 3.13	Sources of raw material and major channel of selling of goods	32
Table 4.1	Incremental change and average percentage increase in average annual income per SHG HH	38
Table 4.2	Incremental change and average percentage increase in monthly average savings per SHG HH	39
Table 4.3	Incremental change and average percentage increase in monthly average expenditure per SHG HH	41
Table 4.4	Incremental change and average percentage increase in average livestock value per SHG HH	41
Table 4.5	Incremental change and average percentage increase in average value of household durables per SHG HH	43
Table 4.6	Incremental change and average percentage increase in average number of man days/year per SHG HH	44

Table 5.1	Institutions and their role in promoting livelihood initiatives under MEDP, LEDP and NRLM	49
Table 5.2	Agency-wise status of SHG-BLP in 2019-20	50
Table 5.3	General information of the PIAs	53
Table 5.4	General details of the programmes implemented by PIAs	53
Table 5.5	Challenges faced by PIAs (Code 1 = Yes, 2 = No)	55
Table 5.6	Challenges faced by PIAs (response in number)	55
Table 5.7	General information of the SHG federations	60
Table 5.8	Fund details of the SHG federations	61
Table 6.1	General details of the banks that financed SHGs	68
Table 6.2	General details of the bank's business activities w.r.t. SHGs	68
Table 6.3	Bankers' perception on SHG finance (on Likert scale)	69
Table 6.4	Bankers' perception on SHG finance (response in %)	70
Table 6.5	Issues and challenges faced by banks on SHG finance	71
Table 6.6	Issues and challenges faced by banks on SHG finance (bankers' response in %)	71

Figures

S. No.	Title	Page
Figure 1.1	Progress of SHG-BLP (2017-18 to 2019-20)	2
Figure 1.2	Regional distribution of savings linked SHGs (% share)	3
Figure 1.3	Region wise average saving per SHG (in ₹)	4
Figure 1.4	Region-wise credit linkage of SHG (% share)	5
Figure 1.5	Region-wise distribution of SHGs having loan outstanding w.r.t loan disbursed during 2019-20 (in % share)	7
Figure 4.1	Average annual income per SHG HH	38
Figure 4.2	Monthly average savings per SHG HH	39
Figure 4.3	Monthly average expenditure per SHG HH	40
Figure 4.4	Average livestock value per SHG HH	42
Figure 4.5	Average value of household durables per SHG HH	43
Figure 4.6	Average number of man days/year per SHG HH	44
Figure 5.1	SHG federation model	59

Boxes

S. No.	Title	Page
Box 1	Case study 1 Village Malegaon, Dhar, Madhya Pradesh	56
Box 2	Case study 2 Block Manawar, Dhar, Madhya Pradesh	57
Box 3	Case study 3 Satna, Madhya Pradesh	57
Box 4	Case study 4 Dhupgwai Block Mahila Maha Sangha, Dhupgwai block, Jalpaiguri, West Bengal	62

Abbreviations



AAGR	Average Annual Growth Rate
AGEY	Aajeevika Grameen Express Yojana
BMMU	Block Mission Management Unit
CBO	Community Based Organisation
CIF	Community Investment Fund
CLF	Cluster Level Federation
CMSA	Community Managed Sustainable Agriculture
CRP	Community Resource Person
CSO	Civil Society Organization
DAY-NRLM	Deendayal Antyodaya Yojana - National Rural Livelihoods Mission
DDM	District Development Manager
DMMU	District Mission Management Unit
FS	Farm Sector
GoI	Government of India
HH	Household
ICT	Information Communication and Technology
IGAs	Income Generating Activities
LEDP	Livelihood and Enterprise Development Programme
MCP	Micro Credit Plan
MEDP	Micro Enterprise Development Programme
MKSP	Mahila Kishan Sashaktikaran Pariyojana
MoRD	Ministry of Rural Development
MPR	Monthly Progress Report
NABARD	National Bank for Agriculture and Rural Development
NFS	Non-Farm Sector
NGO	Non-Government Organization
NPA	Non-Performing Asset
NRLM	National Rural Livelihoods Mission
OBC	Other Backward Class
PCR	Project Completion Report



PD	Project Director
PIA	Project Implementing Agency
PIP	Participatory Identification of Poor
PRI	Panchayati Raj Institution
PVB	Private Sector Bank
RBI	Reserve Bank of India
RF	Revolving Fund
RO	Regional Office
RRA	Rapid Rural Appraisal
RRB	Regional Rural Bank
RSETI	Rural Self Employment Training Institute
SC	Scheduled Caste
SGSY	Swarnajayanti Gram Swarozgar Yojana
SHG - BLP	Self Help Group - Bank Linkage Programme
SHG	Self Help Group
SHPI	Self Help Promoting Institution
SRLM	State Rural Livelihood Mission
ST	Scheduled Tribe
SVEP	Start-up Village Entrepreneurship Program
UT	Union Territory
VO	Village Organization
VRF	Vulnerability Reduction Fund
WSHG	Women Self Help Group

Executive Summary



1. SHG banking, introduced through SHG - Bank Linkage Programme (SHG-BLP) launched by NABARD in 1992, was one of the most important innovations and experiments initiated in India to bridge the gap between rural India and the formal banking system. During the last two decades there has been a phenomenal growth in the number of SHGs with bank linkages in India. Currently there are about 102.43 lakh SHGs covering nearly 1240 lakh households. The success of SHG-BLP has encouraged government to design various women-centric development initiatives through skill upgradation and micro entrepreneurship development, with SHGs as a vehicle for providing microcredit and as a tool for promoting sustainable rural livelihood options
2. Many programmes has been launched by the government for creating sustainable rural livelihoods with SHGs at its core. Some of them are - Gol initiated, the *Deendayal Antyodaya Yojana* - National Rural Livelihoods Mission (DAY-NRLM), NABARD promoted Micro Enterprise Development Programme (MEDP) and Livelihood and Enterprise Development Programme (LEDP), etc. The Gol has given a very high priority to these skill enhancement and enterprise development programmes and huge funds and resources are vested in it. Hence, it is important to examine their performance in achieving the desired goals of livelihood development. It is in this background the study evaluates the impact of livelihood development programmes for SHGs viz., MEDP and LEDP of NABARD and livelihood intervention of NRLM, on participating rural households.
3. The “Study on Impact and efficacy of various livelihood initiatives for SHGs viz. MEDP, LEDP of NABARD and livelihood intervention of NRLM” was conducted in six districts from three states, viz. Jalpaiguri and Purba Bardhaman in West Bengal, Dhar and Satna in Madhya Pradesh, and Srikakulam and East Godavari in Andhra Pradesh. It was accomplished during the period July to November 2019 and covered a sample of 360 SHG members (20 members from each programme) and other stakeholders including - SHG federation, NGOs/PIAs, bankers, and the concerned government officials. The main objective of the study was to study the adoption of various livelihood interventions by SHGs member and assess the impact of interventions on their livelihoods. Another objective was to study the role of NGOs and other Community Based Organisations (CBOs), like Village Organisations (VOs) and Cluster Level Federation (CLF) in taking up the livelihood activities by SHG members.
4. Profile analysis of the sample HHs suggests that the programmes have noticeably catered to the vulnerable section of the society including, members from backward class, landless section, and marginal farmers, as this section comprised of 261 (73%) members, of the total sample. It has reached to the youth and fairly literate population which are more open to learning new skills and explore opportunities. The average age of sample beneficiaries of each of the three programme across six districts in three states is 35 years and a significant number of 299 (83%) members of the sample HHs are literate i.e. they have studied up to/above class five. The three programmes have mostly covered HHs with two or more than two sources of livelihood and this constitutes about 306 (85%), of the total sampled HHs.
5. Out of the total 360 sampled HHs, 319 (89%) participants had taken up the livelihood activities after receiving assistance from the programmes. The average age of majority of the sample beneficiaries, i.e. 241 (76%) members, that have started the livelihood activities is up to 40 years. A significant number of 265 (83%) members are literate. 171 (54%) members have SHG association of 1 to 5



years. About 244 (76%) HHs have taken up non-farm based activities, and the rest 75 (24%) are into farm and allied activities.

6. About 80 (25%) beneficiaries were trained for 1 to 7 days, while 143 (45%) of them, for a period of 8-15 days. Another 89 (28%) members received training for 16 to 30 days and 7 (2%) member attained training for 31 or more days. A significant number of 211 (66%) beneficiaries were content with the quality of the training programme. However, 108 (34%) SHG members were dissatisfied with the same. Those who were satisfied, confirmed that the lectures in training programme were of good quality and they were benefited from the training. Unsatisfied members opined for increase in number of training days, greater focus on developing marketing skills and more exposure visits.
7. Regarding the status of livelihood activities, 266 (83%) members were carrying them out regularly. About 42 (13%) members practiced it irregularly and 10 (3%) members stated their livelihood activity to be seasonal. Reason furnished by members for adopting livelihood activities are as follows. About 277 (87%) members stated easy accessibility and applicability of the training and assistance provided as reasons for adopting livelihood activities. Easy accessibility of bank credit was reported by 251 (79%) members. Easy availability of raw materials and adequate training and handholding, were stated by 246 (77%) and 234 (73%) members, respectively, as reasons for taking up livelihood activities. In response to queries related to reasons for not adopting livelihood activities, about 21 (51%) members responded reluctance of their husbands in taking up economic activity, as reason for not pursuing the activity further. 17 (41%) members were unwilling to take risk. No interest in taking up any livelihood activity and lack of availability of raw materials were stated by 13 (32%) and 10 (24%) members, respectively, as reasons for not adopting livelihood activities.
8. With regard to the factors that has helped in attaining sustainability in business activities, 288 (90%) members attributed to regularity in availability of raw materials, 242 (76%) to easy accessibility of bank credit and 131 (41%) to use of modern technologies. Major sources for obtaining raw material included - local haats, from outside the village, local traders, government regulated shops, SHGs federation, etc. Major channels for selling the products were – traders, local haats, fairs/exhibitions, rural marts, bulk buyer tied up by NGOs, and other sources. Members demanded more market linkages so as to ensure sustainability of the livelihood activities.
9. Overall the three states have recorded an increase in average annual income post implementation of the programmes. In West Bengal, there was an increase of ₹34076 (38%) from ₹89373 in pre-adoption period to ₹123450 in post-adoption period. In Madhya Pradesh, it increased by ₹42013 (62%) from ₹67344 to ₹109358. The average annual income in Andhra Pradesh increased by ₹35226 (45%) from ₹77586 to ₹112812. Thus, on an average, the three states recorded an average increment of ₹37105 (from ₹78101 in pre-intervention to ₹115206 in post-intervention period) and average percentage increase of 48% in average annual income.
10. Analysis of SHG members' monthly average savings as well as monthly average expenditures in all the three states, from pre- to post-adoption of the livelihood interventions, showed an increasing trend. Overall, in case of monthly average savings, the three states recorded an average increase of ₹266 (from ₹372 in pre-intervention to ₹638 in post-intervention period) and average percentage increase of 72%. On similar lines, for monthly average expenditure, they marked an average incremental change of ₹2346 (from ₹5023 in pre-intervention to ₹7369 in post-intervention period) and average percentage increase of 47%.

11. Average value of livestock assets and household durables also increased post livelihood interventions. The three states, in terms of average livestock value, recorded an average incremental change of ₹36201 (from ₹73425 in pre-intervention to ₹109626 in post-intervention period) and average percentage increase of 49%. These also marked an average increase of ₹6401 (from 15274 in pre-intervention to ₹21676 in post-intervention period) and percentage increase of 42% in average value of household durables. An average incremental change of 181 days (from 461 man days/year in pre-intervention to 642 in post-intervention period) and average percentage increase of 39% was observed in average number of man days/year.
12. From the impact analysis of the programmes on various livelihood indicators, viz. income, savings, expenditure, asset base and man days of work, it can be firmly concluded that programme interventions have beneficial impact on livelihoods of the participating members and were effective in achieving its intended goals of improving the quality of life of the participating HHs. However, SHG members also pointed out certain issues that are required to be addressed, which include – increase in number of training days, greater marketing assistance, more training in activities that involve intricacies, follow-up sessions to clear hitches faced by the members, and increased financial assistance.
13. Various institutions viz. - resources providers like NABARD, NGOs and other voluntary organizations, community based organisations (CBOs), banks, etc. have played a key roles in supporting SHGs in microenterprises promotion and development. NABARD assisted SHG members by providing grant support as well as facilitating training for skill development. PIA's key role was in implementing livelihood programmes by involvement with SHGs. SHG federations helped in maintaining flow of fund to the SHGs, besides establishing credit linkages of members with banks. They supported SHG members in receiving livelihood training, linking with other government schemes, and getting technical support, raw materials and marketing assistance for their entrepreneurial activities.
14. Main challenges faced by PIAs were - banker's unwillingness to finance individuals to carry out livelihood activities and marketing related issues of the products. They seek better market assistance, more marketing channels (e.g. linkages with bulk buyers, retailers etc.), increase in training period/budget, exposure visits to successful models, etc. SHG federations faced issues regarding - lack of capacity building of federation leaders, accessing bank loans, networking with banks to provide SHGs with linkages, lack of skills and systems to run financial services without bank linkages, etc. They demanded support for capacity building, strengthening markets, procurement and supply chain management, etc.
15. Key role of banks in livelihood programme was to provide financial support through loan to SHG members. Main challenges faced by banks included - dormant SHGs leading to NPAs, shortage of staff, additional work load related to SHGs, lack of awareness among member on banking operation, and other. They suggested for more training and awareness programmes for SHG members related to banking operations and products and SHG book keeping, frequent meetings between bankers and SHG groups, and support from concerned department in loan recovery, etc.
16. Overall, the three livelihood development programmes – MEDP, LEDP and NRLM in the three states under study, have played an important role in diversifying livelihood sources of the beneficiaries and improving their standard of living as well as quality of life as is evident from their increased - income, savings and expenditure, assets base and number of man days/year. The programme has also led to women empowerment, has improved their confidence to represent themselves and has given them greater voice in the society.



17. Certain recommendation are made to fill the lacuna identified in the programmes during the study, which includes -

- Increase in training period, may be up to one month
- Follow-up cum refresher training sessions
- Programme should focus on the weaker areas of SHG federation/SHG/individual, by addressing the issues that causes hindrances in pursuing livelihood activities successfully
- Increase in total budget of the programme and more flexibility in the budget allocation, depending upon type of activity to be pursued
- Promotion of cluster based activities as well as individual enterprises
- More handholding support to members that may be ensured with stringent monitoring of PIAs, through strict scrutiny of pre-defined specific and measurable deliverables, supported with photo and video evidences.
- More marketing assistance by dovetailing rural haat/mart schemes of NABARD and other similar schemes of the government
- New and innovative market channels that includes collaboration with bulk buyers such as - wholesalers, shopping malls (e.g. Big Bazaar, Vishal Mega Mart, Suvidha, etc.) and online platforms.
- Making financial assistance available to members
- Essential training to members on packaging and marketing
- Training of Trainers (TOTs) of PIAs may be funded by NABARD for training at RSETIs, EDIIs, etc. as also internships with established agencies like FabIndia, Good Earth, etc.