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## Introduction to the Fourth Edition of the Resource Book

This chapter introduces the Resource Book for Livelihood Promotion and its progress up to this Fourth Edition. It traces the history of the Resource Book and explains how it has evolved to keep pace with the growing knowledge and practice in this field. Subsequently, it introduces major conceptual approaches and frameworks on livelihoods.

### 1.1 The Fourth Edition of the Resource Book

BASIX is one of the pioneering institutions that initiated implementation of livelihood interventions back in 1996. BASIX was created with a mission to ‘promote or support a large number of livelihoods’. Being a ‘learning organization’ with a strong focus on field work, it initiated several action research initiatives to see what could be done to ‘promote or support a large number of livelihoods’. In 1997, the Sustainable Livelihoods Approach (SLA) was conceptualized by several British scholars and adopted as a new development approach by the Department for International Development (DFID), UK. By that time, many other partner had after organizations also started designing their interventions around the SLA since the DFID, the United Nations Development Program (UNDP) and the International Fund for Agricultural Development (IFAD) had adopted it as their primary approach.

People and organizations that were interested in working in the area of livelihoods were aware that BASIX was a practical organization with its feet firmly planted on the ground. They began asking BASIX how they could promote livelihoods of the poor. Thomas Fisher, a British development practitioner, who worked with one of the co-authors of this Resource Book, Vijay Mahajan in India from 1991 to 1996, urged Sankar Datta, another co-author, to develop a Manual for Livelihood Promotion. Thomas believed that a livelihood promotion practitioner could be well served by bringing together various conceptual frameworks, best practices, approaches and cases studies in a Resource Book for Livelihood Promotion. Vijay suggested that given the evolving nature of the knowledge in this field, BASIX call it an Annual (rather than a Manual) of Livelihood Promotion.

Sankar felt that though the understanding of livelihoods had progressed to some extent, knowledge about different aspects of its promotion was still nascent. A literature review revealed that there was little or no documentation of the efforts taken to ‘promote’ livelihoods. After reviewing the material available with BASIX and other similar organizations, Sankar concluded that a triennial, and not necessarily an annual document, would significantly contribute to the evolution of the field of livelihood promotion. Of course, he supplemented that by editing the State of India’s Livelihood (SOIL) Report<sup>1</sup> annually.

## 1.2 What We Knew When We Started Writing the Resource Book

When we started writing the Resource Book in 1996, we had little theoretical understanding of livelihoods. We recognized that:

### 1.2.1 Livelihood is Primarily the Concern of a Household

After years of working closely with the poor in Association for Sarva Sewa Farms (ASSEFA) and later in Professional Assistance for Development Action (PRADAN) we learnt that the poor are a distinct community and livelihood deprivation hit communities as a whole. Working in ASSEFA with the landless, who received a parcel of land as a gift (*bhoodan*), or in PRADAN with tribals rearing *tasar* silkworms in Santhal Parganas, or with *dalits* engaged in dragging cattle carcasses and flaying them for hides and bones, reinforced our belief that livelihood is a community issue. At the same time, we also recognized that rarely did communities act on it *collectively*.

In practice, it was the household (HH) — a family, comprising of not just the husband, wife and their children, but often elders, parents or other dependents, who shared a common ‘*chulha*’ (hearth) — and not the individual worker who was the prime actor in earning a livelihood. The cash income or non-cash earnings of any member were pooled at the HH level. While there were differences in each member’s contribution and consumption, yet the Marxian maxim ‘from each according to his ability and to each according to his need’ could be easily observed at the HH level. As a result, we discovered that livelihood promotion interventions had to be aimed at the level of a HH and not at the individual, to ensure that they made a difference. Of course, if one could galvanize the community as a whole, the impact of the intervention would be far greater.

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<sup>1</sup> State of India’s Livelihood (SOIL) Report <http://www.sagepub.in/books/Book238935>

## 1.2.2 Access to Capital, Even in Small Amounts, is Central to Livelihoods

Over the last few decades, the economy has been fully monetized and now, barter has a negligible role in the economy of poor people. As a result, everybody needs cash income and cash savings to help tide over periods when income falls below consumption needs. Those without accumulated savings need some cash, which, in the short run, can be sourced on a mutual help basis. This mutual give-and-take works fine, till such time when in a community, everyone's income falls below consumption needs. At these times, they need to be provided with capital for augmenting their income, for improving their livelihoods.

This was the simple logic behind poverty alleviation programs like the Integrated Rural Development Program (IRDP), launched by Indira Gandhi on 2<sup>nd</sup> October, 1980. It was only over a period that we learnt, while working on a pilot project (through PRADAN) of the Ministry of Rural Development in Kishangarh Bas block of the Alwar district of Rajasthan, for improving implementation of IRDP from 1987-1990, that providing capital in the form of a subsidy and a loan, as was done through IRDP, led to many perverse results.<sup>2,3</sup>

International experience on this issue was also growing—for example, a series of papers by Adams, et al<sup>4</sup> in their critique of agricultural finance in 1984-85. Then again, “full-cost” credit seemed to work well in other contexts, as experiences of the Grameen Bank in Bangladesh, the Bank Rakyat in Indonesia and some Latin American experiments by Foundation for International Community Assistance (FINCA) and Accion, demonstrated. A new term was being popularized – ‘microcredit’ – as a way of promoting livelihoods for the poor. Based on this, many in the development community began asserting that all that poor people needed was credit – the so called ‘minimalist credit’ approach to promoting livelihoods for the poor.

## 1.2.3 Minimalist Credit vs. the Integrated vs. the Contingency Approach

Based on his experiences in PRADAN, Vijay Mahajan was in favor of an integrated approach, where credit was coupled with training, input supply,

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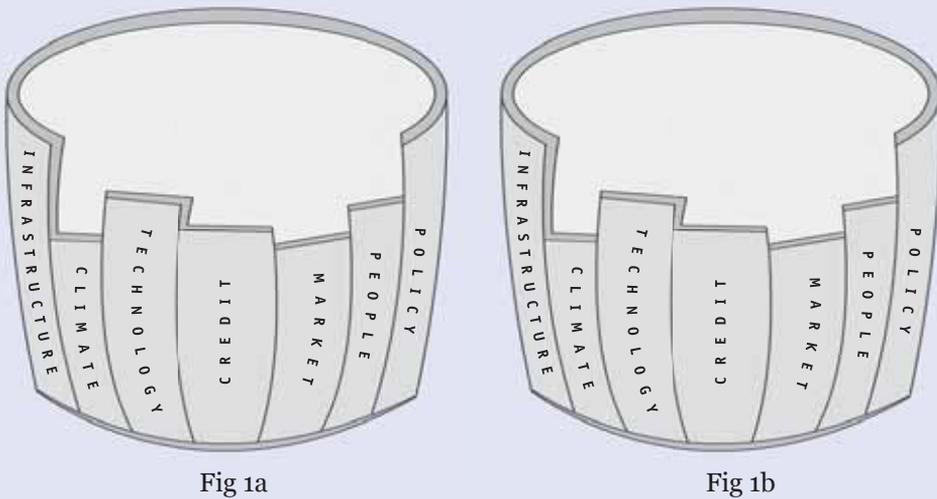
<sup>2</sup> Mahajan, Vijay 1990 – *Rethinking the IRDP*, Mimeo, PRADAN, New Delhi.

<sup>3</sup> Pulley, Robert van, 1989. *Making the Poor Creditworthy. A Case Study of the Integrated Rural Development Program in India*. World Bank Discussion paper.

<sup>4</sup> Adams, DW, DH Graham and JD von Pischke, ‘*Undermining Rural Development with Cheap Credit*’.

output marketing assistance and so on. In fact, enterprises of the poor required more hand-holding. Having examined the work of Self-Employed Women's Association (SEWA) at Ahmedabad, BRAC\* in Bangladesh and TechnoServe, USA (an NGO working in Latin America and Africa), Vijay Mahajan was convinced that the poor needed much broader support for livelihood promotion, beyond credit. When working for a month with Tom Dichter, TechnoServe's former Research Director, he transcended the debate on the 'minimalist credit' approach versus the 'integrated approach', by proposing a 'Contingency Approach to Enterprise Promotion'.<sup>5</sup>

**Figure 1: Illustration of Factor Conditions Affecting Livelihood Choices under Contingency Approach to Livelihood Promotion**



This approach is graphically explained in Figures 1a, 1b above. The quantity of water that can be held in a barrel made of planks of different heights is determined by the height of the smallest plank. If we replace one plank with a bigger plank then some other plank becomes relatively the 'smallest', and therefore limits the amount of water that can be filled in the barrel.

<sup>5</sup> Mahajan, Vijay and Thomas Dichter, 1990, "A Contingency Approach to Enterprise Promotion", Small Enterprise Journal, Vol.1, No. 1.

\* Earlier Bangladesh Rural Advancement Committee

The planks of different heights represent different factor conditions and consequently the maximum number of livelihoods that can be supported are determined by the weakest factor. A livelihood intervention agency needs to identify the bottlenecks and provide services to overcome them. At any point in time, one deficient factor is addressed, till in comparison to it, another factor become deficient and needs attention. Thus, various inputs become critical at various times and need to be addressed accordingly.

We were aware that there were many other socially concerned institutions or individuals engaged in livelihood promotion efforts, such as Self-Employed Women's Association (SEWA) at Ahmedabad, Bhartiya Agro-Industries Foundation (BAIF) at Pune, Mysore Resettlement and Development Agency (MYRADA) at Bangalore, and of course, PRADAN at New Delhi. In addition to NGOs, government agencies like the National Dairy Development Board (NDDB) at Anand and some corporate houses had also undertaken efforts for livelihood promotion. However, as the knowledge in this field was nascent, most of these experiences were not documented adequately. Therefore, as a first step towards writing this Resource Book, we started documenting various experiences of livelihood promotion. At that point in time, we believed that income was a necessary condition for enhancing livelihoods, and that in order to promote livelihoods, we had to extend credit support along with technical assistance and support services, which could include building capacities, linking them to input/output markets and helping insure risks. We learnt that 'Credit is a necessary; but not a sufficient condition, for livelihood promotion'- a maxim that was to prove good many years later!

While looking around for innovative livelihood interventions, we came across an NGO, NIDAN at Patna, in the state of Bihar, which claimed to promote livelihoods of street vendors using street theatre and public interest litigation (PIL). Arvind, the founder of NIDAN, argued that the biggest fixed cost for a street vendor was 'payments' made to local policemen and municipal workers. In addition, they also had to pay protection money to local gangs, which was also a fixed cost. NIDAN's interventions brought down their costs by about 40 to 50 percent. We realized that there could be many ways of supporting livelihoods of the poor and sought out different interventions. Institute of Livelihood Research and Training has documented over 120 cases of livelihood promotion covering different approaches, sectors, segments and geographies.<sup>6</sup>

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<sup>6</sup> See <http://iltindia.org> for downloading several of these case studies

### 1.3 Evolution of the Resource Book

To understand the evolution of the Resource Book, we need to understand the context when the Resource Book was first written in the late 1990s. Though by then activists and policy makers alike had started recognizing that sustainable development efforts would have to consider the livelihood perspective, it was not very clear *how* one could go about promoting livelihoods. For the first time, the Resource Book compiled diverse experiences of livelihood promotion or support. It did not prescribe any one method of promoting livelihoods. For the practitioner, it made available in one place, cases of diverse processes adopted by different agencies at various places, in different sectors, and for different segments of vulnerable people.

We were clear that this Resource Book was not targeted at an academic audience, and hence a simple language was used. As the Resource Book encouraged use of any part of the book without any copyright restrictions and without prescribing any ‘one-way’ of promoting livelihoods, it gained popularity amongst field practitioners. Various agencies or institutions used different parts of the Resource Book when they initiated their work on livelihood promotion or support. Some acknowledged the Resource Book, while others did not. In various ways, the Resource Book, thus, reached a significant number of people, from grassroots workers to policy makers.

For example, traces of different sections of the Resource Book can be seen in the training programs and materials used by the Society for Elimination of Rural Poverty (SERP), Hyderabad, The National and State Rural Livelihood Missions, various state Public Administration and Rural Development Training Institutes, and educational institutions such as the Xavier Institute of Management, Bhubaneswar (XIMB), Azim Premji University (APU), Bangalore, The Ambedkar University, Delhi (AUD) and FAO’s ruralfinance.org website, to name a few. In addition, the Livelihood School has used this Resource Book extensively and has reached more than 15,000 livelihood practitioners. This Resource Book has thus reached a very large number of people engaged in livelihood promotion.

One of the limitations of the Resource Book was that while it included cases using different approaches to livelihood promotion: some market based, or some that established the claims of people on their entitlements, or others aimed at strengthening the local economy, the methodology for livelihood promotion mainly focused on one type of approach, which we term ‘Opportunities-based Livelihood Promotion’ in this edition.

The diversity of livelihood promotion approaches has increased in the last decade. In addition, the work of rights activists and left-wing extremists, though not directly aimed at promoting livelihoods, has had a big impact on the overall context. Many practitioners alluded to those lessons during our training programs but we had no written material based on those experiences. This has been corrected and many significant practical approaches are discussed in this Fourth Edition.

The Resource Book not only discusses numerous conceptual frameworks along with a number of practical approaches to livelihood promotion, but it also makes an attempt to map the frameworks and approaches along two axes – the political economy and economic opportunity. This method, coupled with new tools to locate a community along these two axes. We believe, now gives us a rigorous method to actualize the contingency approach to livelihood promotion.

## **1.4 The Trilemma – the Posited, the Practiced and the Possible**

By the 1990s, literature on the theory of livelihoods and documents on the initial attempts at promoting livelihoods of the poor started getting published. However, materials addressing the needs of practitioners for applied knowledge were scarce. Hence, we consciously aimed this Resource Book at the livelihood practitioner, though we were not agnostic to the theoretical constructs that form its basis or the theory resulting out of practice.

However, one of the serious limitations of the Resource Book also arose from its strength as a guide for the field practitioner. There were areas with a clear disconnect between what was being theoretically proposed, what was being practiced by many organizations and what we could recommend for implementation. For example, the Resource Book stated that livelihoods ought to be considered at the HH level, though it was played out in the arena of a community, where there was inter-dependence as well as competition for resources. Yet, while investigating instruments to assess or enhance the livelihoods of the community as a whole, we encountered a lot more complexity, caused by the need for collective action.

Though there were outstanding examples, such as SEWA or ASSEFA, where the livelihood issues of an entire community were addressed, when assessed from the point of operationalizing it, we found their methods difficult to put into regular practice, as they represented the lifetime work of exceptional individuals like Ela Bhatt and S Loganathan.

Moreover, both movements had exceptional legacies: in the first case, a trade union movement in Ahmedabad initiated by Gandhiji himself, and in the second, the *bhoodan* (land-gift to the landless) movement launched by Acharya Vinoba Bhave. As a result, though ASSEFA and SEWA were described, the recommendation to promote livelihoods at the community level was toned down and the Resource Book focused mainly on livelihood promotion for a HH or a group of HHs.

A similar dilemma arose when we looked at the work of rights activists like the late Sankar Guha-Neogi of the *Chhattisgarh Mines Shramik Sangh (CMSS)*, PV Rajagopal of the *Ekta Parishad*, Aruna Roy of the *Mazdoor Kisan Shakti Sangathan*, or Medha Patkar of the *Narmada Bachao Andolan*. Even more difficult was the case of the left-wing extremists. No doubt their work impacted livelihoods of thousands, if not lakhs of people, but could we recommend their means and methods to regular livelihood practitioners, mainly those working in non-struggle oriented NGOs and in government livelihood promotion programs? The previous edition was silent on such issues.

It was these and such other issues that made it obligatory to bring out this fourth edition. In the process, we revised it so thoroughly and made so many additions that a new name would not have been out of place but we decided to continue with the previous title. Two former authors - Sankar Datta and Vijay Mahajan – continued and were ably supplemented by Rama Kandarpa, a livelihood practitioner with over 25 years of experience.

## **1.5 The Fourth Edition - What's Different?**

### **1.5.1 Describes Several Different Livelihood Frameworks and Approaches**

In this edition, we have tried to present many other livelihood frameworks proposed over these years. In addition to the frameworks, we have provided various theoretical constructs about livelihoods. We recognize that livelihoods are highly dependent on the context. Appropriate livelihood choices not only depend on the external context, such as soil and water conditions, markets, policies and so on, but also on internal factors such as family aspirations, the number of healthy members in the family and so on. Therefore, no one single approach would work for all segments, or in all cases.

Therefore, in this edition we have tried to comprehensively cover the different approaches used for livelihood promotion. These include the middle-of-the-road approaches followed mainly by large NGOs such as MYRADA, BAIF and PRADAN in India and BRAC in Bangladesh, and by larger government programs such as *Velugu* or *Indira Kranti Patham* of the government of Andhra Pradesh, or the Kerala government's *Kudumbashree*. We have also considered, and in some cases, described the work of different peoples' movements such as the *Chhattisgarh Mines Shramik Sangh*, the *Chipko* Movement, the *Narmada Bachao Andolan*, the *Jharkhand Mukti Morcha* (JMM) (before it became a political party), the *Ekta Parishad* and the *Mazdoor Kisan Shakti Sangathan* (MKSS). The Fourth Edition not only details these endeavors, but it also shows how they increased the effectiveness of the middle-of-the-road programs, and recommends selective adoption of some of their means and methods.

From these frameworks we synthesized a “contingency approach” that depends on the initial conditions of the target segment of people in economic and political terms. This starting point, for the exercise, can be determined fairly rigorously by administering the two tools expressly developed for this purpose.

1. The Inventory to Assess the Socio-Political Situation (IA-SPS) Surrounding a Village Community, Rural HH and Rural Individual, and
2. The Instrument for Locating a HH on the Economic Snakes and Ladder Space (ILH-ESL).

Once the starting point and the overall approach of the Livelihood Promotion Organization (LPO), including the constraints it may face if it is a government, private sector or NGO-led effort are known, the livelihood promotion strategy can be suitably fine-tuned. Chapter 8 describes this in greater detail.

## **1.5.2 Improved Social, Cultural and Political Analysis**

The understanding of livelihoods is now much broader. It is considered a way of life that not only includes employment, income and a means of living, but one that also provides an identity and a place in society. Practiced year after year, sometimes over generations, livelihoods tend to impact and be impacted by cultural factors as well.

One significant criticism of the Sustainable Livelihoods Approach (SLA) has been that though it pointed out that people make their living using several sets of capitals other than financial capital, it has not delved into the *powers*<sup>7</sup> that control access and use of these capitals. Though the body of knowledge about the political economy has grown significantly in the latter half of the 20<sup>th</sup> century, the SLA did not incorporate it adequately in its analysis. Therefore, in the Fourth Edition of the Resource Book, we have, in addition, included several other frameworks that take into account these aspects, and provide, an additional chapter that traces the prevailing pattern of control over key resources – land, water, forests and capital – which impact livelihoods of poor HHs. Though the Sustainable Livelihoods Framework considers the HH as the primary unit of action for most livelihood related decisions, it does not address the power dynamics *within* the family. The Fourth Edition of the Resource Book addresses such concerns by promoting the use of suitable instruments.

### **1.5.3 Aimed at the Livelihood Practitioner, yet More Deeply Based In Theory**

We recognize that livelihoods, especially promotion of livelihoods is an emerging field of knowledge. Internationally reputed scholars of our times, such as the Nobel Laureate Amartya Sen, Robert Chambers, Gordon Conway, Ian Scoones, Rudolf Hogger and Leo de Haan, to name a few, and several organizations such as the DFID from the United Kingdom, the UNDP, FAO and IFAD are attempting to understand how people, especially the resource - poor and disadvantaged, make a living.

On the other side, a large number of organizations that operate in the field such as BRAC and the Nobel Peace Prize winning Grameen Bank in Bangladesh, the various state government livelihood promotion programs in India such as SERP in Andhra Pradesh, Kudumbashree in Kerala and the BRLPS in Bihar and NGOs such as ASSEFA, AKRSP, BAIF, PRADAN and SEWA, not forgetting BASIX, which calls itself a “new generation livelihood promotion institution” and others, developed numerous approaches, which are worthy of consideration and replication. While this knowledge is being developed, millions of poor people are struggling to make ends meet. Moreover, there are thousands of socially-conscious policy makers and practitioners engaged in helping improve people’s livelihoods.

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<sup>7</sup> ‘The Livelihood Approach: A Critical Exploration’ by Leo. J. De Haan; 12. October 2012, ERDKUNDE, Vol. 66 · No. 4 · 345–357

Their work and operations can be improved if they get to access the work of other practitioners and the theoretical frameworks developed so far. Therefore, this Resource Book actively uses conceptual frameworks, to help improve the effectiveness of livelihood practitioners.

#### **1.5.4 Larger Number of Cases Have Been Referred to**

When the last edition of the Resource Book was developed, livelihood interventions undertaken by different organizations were not so well known or documented. Therefore, we felt the need to record them in a single document. Since then, there have been two significant changes. Over the last ten years a number of livelihood promotion efforts have been documented, of which many are available as cases. Secondly, the web-based, electronic media has developed and is easily accessible. As a result, the Fourth Edition of the Resource Book includes many materials from relevant websites (with the source cited and acknowledged). Thus, footnotes cite links of references, wherever available and users interested in downloading cases from these external sources can do so from the links provided. Most of the cases, articles, papers have been included in the accompanying CD for easy reference.

#### **1.5.5 Comprehensive Collection of Tools**

Chapter 9 of the Fourth Edition of the Resource Book has over a dozen tools, which practitioners will find useful. These tools have been designed and developed to support the approaches described in this Resource Book, and are provided in a CD.

##### ***1.5.5.1 Livelihood Profiling & Display Using Google Maps***

This tool helps locate data on Google Maps. The data collected for places on Google Maps can be uploaded using a spreadsheet. Once this is complete, clicking place markers on Google Maps displays data of those places. This is not as powerful as GIS (Geographic Information System), but is much easier to use and is accessible to professionals who are either not familiar, or do not have access to other IT tools.

##### ***1.5.5.2 Tool to Estimate Demand for Mass Consumption Items***

This is based on the use of the Monthly Per Capita Expenditure data available from the National Sample Survey (NSS) for each State, separately for rural and urban areas. This is then applied to a district population, rural and urban and the district's "local demand" is computed. The locally expressed demand is that

by traders and buyers from outside who come to a district known for producing a commodity or product. Non-local demand means the demand from distant export markets, whose buyers or representatives may not be present in or even aware of this market.

#### ***1.5.5.3 Socio-Political Analysis - IA-SPS Tool***

The Resource Guide provides three sets of self-explanatory, scoring worksheets that practitioners can use to generate an IA-SPS score: Inventory to Assess the Socio-Political Situation Surrounding a Village Community, Rural HH and Rural Individual. The score thus generated helps decide the nature of the Livelihood Promotion Approach that the organization can pursue.

#### ***1.5.5.4 Instrument for Locating a Household on the Economic Snakes and Ladder Space (ILH-ESL)***

This tool measures the sources of income, identifying each economic activity that a HH engages in seasonally, and gathers data on revenues and costs for each activity. These are the “ladders” that lead to probable increase in income. It measures sources of credit and incurred costs, and also lists sources of risks such as disease, drought, floods, and so on. These are the “snakes” potentially leading to a fall in income and possibly a loss of livelihood.

In addition, there are other general utility tool sets for livelihood practitioners, such as Mapping the Market by Practical Action, the 3-M Framework of MART, Logical Framework Analysis, Stakeholder Analysis, Disaster Livelihood Assessment Toolkit, and a Preliminary Processes to Advocacy. Some of these are new and some have been carried forward from the previous edition.

These tools are available in a separate CD (provided with this Resource Book) and can also be downloaded from the ILRT website - <http://ilrtindia.org>