



# Impact of Institutional Development Programmes on Rural Livelihoods of North-Western Himalayan State, India

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**Abstract:** For uplifting the rural sector of our country, the Ministry of Rural Development and the Government of India in coordination with Department of Rural Development and Department of Land Resources have been carrying forward various schemes. These schemes are formulated to benefit the citizens of rural India who will eventually become the pillars of Indian Economy in the long run. Therefore and attempt has been made in this paper to analyze the impact of different institutional development programmes on the livelihood of rural households of Himachal Pradesh. Primary data was collected based on stratified multistage random sampling from 360 households. To test the significant impact of different Governmental development programmes on sampled households Response Priority Index (RPI) was used. Among all the government sponsored schemes, the schemes which had significant impact on livelihood of sample households were Kisan Credit Card Scheme (KCC), Horticulture Training and Extension Service, Sub-Mission on Agricultural Mechanization, Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). So the rural people should be made more aware of these schemes in order to accomplish their overall growth.

**Keywords:** Government policies, Rural households, RPI, Awareness

Government interventions are required to correct any distortions in the distributive mechanism resulting from a variety of imperfections coming into play while any programme is in actual implementation. The State of Himachal Pradesh has reoriented its approach and has endeavored to build an environment favorable for realizing the objective of overall development on sustainable basis. Role of the State has undergone a change from 'mere policing' till the early forties of the twentieth century to being a facilitator in the rapidly emerging market oriented, highly competitive and relatively open environment. Till late eighties of the twentieth century, the State had been 'enforcing' multiple interventions affecting almost all the aspects of life when the process of liberalization and structural reforms started gathering momentum (Anonymous 2015). The multiple interventions not only made people heavily dependent on these, but State's policy was also dependent on the outcome of its own policy without having any consideration for the active market forces. Constantly improving indicators of availability of health and education services as reflected in high ranks among Indian States is the result of serious commitment of the State Government in this regard. Support in the form of sector specific capacity building programmes enabling rural population enhance their capabilities is also available. Support in the form of sector specific subsidies and grants are available for the vulnerable Strata of the society pursuing livelihoods in these sectors.

This support helps vulnerable sections compete in the relatively open and competitive markets. Direct interventions are also available through various poverty alleviation and wage employment programmes as are available in other parts of the country. To generate employment, alleviation of poverty, providing higher standard of living and to improve the socio-economic life of people as a whole, many development schemes have been launched by Central and State Government with the object of making self-employment programmes more effective. In order to determine the effectiveness of these schemes/programmes on the livelihood it is important to examine the impact and performance of these programmes, so that various effective development programmes further may be designed for the betterment of the rural communities.

## MATERIAL AND METHODS

The present study was conducted in the state of Himachal Pradesh located in the Northern region of India, surrounded by Jammu & Kashmir, Ladakh, Punjab, Haryana, Uttarakhand and China on the six sides. Geographically, it extends 30°22'40" to 33°12'20" N latitudes and 75°45'55" to 79°04'20" E longitudes. Selection of the study area was based upon the contribution of districts to the Gross State Domestic Product (GSDP) or state income. These districts were then classified into three Strata viz. Strata-1 i.e. highly developed districts (greater than 10 percent contribution),

Strata-2 moderate developed districts (5 to 10 per cent contribution) and Strata-3 least developed districts (less than 5 per cent contribution) as per District Domestic Product of Himachal Pradesh (Economics and Statistics 2016). Stratified multistage random sampling was used for the present study. State was firstly divided into three Strata i.e. Strata-1, Strata-2 and Strata-3. At the first stage one district was selected randomly from each of the above classified Strata. Thus comprises of district Solan from Strata-1, Chamba from Strata-2 and Kinnaur district from Strata-3 (Fig. 1). At the second stage two blocks were selected randomly from each selected districts. At the third stage three panchayats were selected randomly from each selected blocks. At the fourth stage two villages were selected randomly from each selected panchayats. At the last stage ten households were selected from each selected villages for the collection of primary data. Thus, 120 respondents from each district were selected which constitute a sample of 360 respondents for the present study. Further, to evaluate the impact of the different development schemes on the livelihood, fifteen schemes have been analyzed through Response Priority Index and difference between priorities was determined.

**Responses-Priority index (RPI) :** In the quantification of impact of government policies on livelihood as expressed by

the respondents, there was a problem, whether emphasis should be given for the number of responses to a particular priority or to the highest number of responses to a policy/programme in the first priority as both lead to different conclusions. Thus to resolve this, a Responses-Priority Index (RPI) was constructed as a product of Proportion of Responses (PR) and Priority Estimate (PE), where PR for the  $i^{th}$  policy/programme gave the ratio of number of responses for a particular policy/ programme to the total responses as (Ramarao IVY 2011) and is estimated as:

$$RPI = \frac{\sum_{j=1}^k f_{ij} X_{[(k+1)-j]}}{\sum_{j=1}^1 \sum_{i=1}^k f_{ij}} \quad 0 \leq RPI \leq 5$$

Where,

RPI<sub>i</sub> = Response Priority Index for  $i^{th}$  policy/ programme

$f_{ij}$  = Number of responses for the  $j^{th}$  priority of the  $i^{th}$  policy/programme

$\sum_{j=1}^k f_{ij}$  = Total number of responses for the  $i^{th}$  policy/programme

k = Number of priorities i.e. 5

$X_{[(k+1)-j]}$  = Scores for the  $j^{th}$  priority (5, 4, 3, 2 and 1)

$\sum_{j=1}^1 \sum_{i=1}^k f_{ij}$  = Total number of responses to all the policies/programmes

$\sum_{i=1}^n RPI_i$  = Summation of RPI for all policies/programmes

Thus, larger the Responses Priority Index Higher was the impact of Government policies/programmes on livelihood.

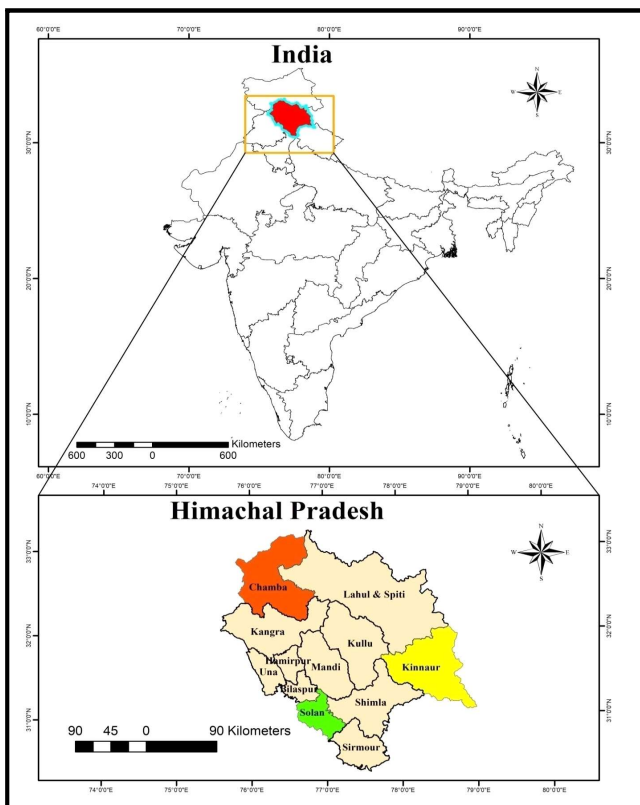


Fig. 1. Location of study area

## RESULTS AND DISCUSSION

### Impact of institutional programmes in the Solan district:

The Kisan Credit Card (KCC) scheme has considerable effect on the livelihood of people with an RPI index score of 0.216 (Table 1). Vashisht and Vashisht (2019) observed 100 percent of the respondents in Solan have reported increase in opportunities for livelihood after introduction of this scheme. Furthermore, Himachal Pradesh Horticulture Development Project (HPHDP) programme contributed substantially in creating better livelihood options by providing quality planting material to farmers, with index of 0.210 and was ranked second. The Horticulture training and extension service scheme provided by the government also contributed effectively as obtained an index of 0.205 and ranked third among all the schemes studied in Solan district. However, the objective of strengthening the livelihood resource base of rural poor by land development under MGNREGA scheme was ranked fourth with an index value of 0.195. The effect of Sub- Mission on Agricultural Mechanization in providing subsidy on farm implements was also substantial with an index score of 0.185. However, no significant difference between the priorities was found as indicated by p (0.12) and  $f_{cal}$  (1.89) values.

**Impact of institutional programmes in the Chamba district:** The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has large effect on the livelihood of people by helping in employment generation, with an RPI score of 0.216 (Table 2). In this scheme the resource base of rural poor by land development was strengthened as it obtained the second rank under Response Priority Index with value of 0.214. Furthermore, Sub- Mission on Agricultural Mechanization scheme contributed substantially in providing subsidy on farm implements. The Horticulture training and extension service scheme provided by the government also contributed effectively with index value of 0.205 and ranked fourth among all the schemes studied in Chamba district. Moreover, the KCC scheme was ranked fifth with an index value of 0.195. However significant difference between the priorities was found as determined by  $p$  (0.44) and  $f_{cal}$  (0.95) values.

**Impact of institutional programmes in the Kinnaur district:** As evident from the results presented in Table 3, the HPHDP programme obtained maximum RPI value of 0.204 against its objective of providing quality planting material to the farmers and was ranked first among all the programmes studied in Kinnaur district. By providing respondents with the best planting material of one major cash crop in this district i.e. apple, the quality and productivity of the produce is improved which would ultimately provide best market prices to the farmers, thereby having considerable impact on the livelihood of people. Moreover, the Watershed Development Programmes was also found to have significant impact as it was ranked second and obtained an index score of 0.202. Similar results were also observed in a study conducted by Mehta et al (2022), where maximum respondents reported significant impact of this scheme on the livelihood of tribal households residing in the district. The Horticulture Training

**Table 1.** Prioritization of impacts of different institutional programmes on livelihood in Solan district

Name of schemes	Numbers in respective priorities					Total recorded responses	RPI	Rank
	5	4	3	2	1			
<b>MNREGA</b>								
Strengthening the livelihood resource base of rural poor by land development	47	30	15	16	12	120	0.195	IV
Improvement in irrigation facilities	28	20	12	21	39	120	0.148	XV
Helps in employment generation	37	26	22	16	19	120	0.178	VI
<b>IRDP</b>								
Helps in employment generation	32	22	22	18	26	120	0.165	VIII
Financial assistance to the families in form of govt. subsidies.	19	20	30	12	39	120	0.144	XI
PMFBY (Pradhan Mantri Fasal Bima Yojna)	16	9	31	34	30	120	0.135	XVI
NRLM( National Rural Livelihood Mission)	6	5	10	40	59	120	0.096	XIX
PMAY (Pradhan Mantri Awaas Yojna)	22	21	25	22	30	120	0.150	XIII
Watershed Development Programme (IWDP/IWMP/PMKSY)	9	17	29	33	32	120	0.131	XVII
KCC (Kisan Credit Card)	58	26	28	7	1	120	0.216	I
PMEGP (Pradhan Mantri Employment Generation Programme)	11	5	33	24	47	120	0.118	XVIII
Mukhyamantri Swavalmban Yojna	21	19	40	24	16	120	0.160	X
<b>Himachal Pradesh Horticulture Development Project (HPHDP)</b>								
Helps in providing quality planting material to famers	59	23	18	17	3	120	0.210	II
Helps in providing training	14	26	36	24	20	120	0.154	XII
<b>Sub- Mission on Agricultural Mechanization</b>								
Provide subsidy on farm implements	39	27	21	22	11	120	0.185	V
Himachal Pradesh Khumb Vikas Yojna	11	19	50	23	17	120	0.151	XIV
Horticulture Training & Extension Service	57	16	29	13	5	120	0.205	III
Mahila Mandal Protsahan Yojna	35	12	26	25	22	120	0.164	IX
HIMCARE	34	29	22	16	19	120	0.177	VII

**Table 2.** Prioritization of impacts of different institutional programmes on livelihood in Chamba district

Name of schemes	Numbers in respective priorities					Total recorded responses	RPI	Rank
	5	4	3	2	1			
<b>MNREGA</b>								
Strengthening the livelihood resource base of rural poor by land development	55	36	15	11	3	120	0.214	II
Improvement in irrigation facilities	45	20	26	18	11	120	0.189	VII
Helps in employment generation	72	22	9	11	6	120	0.221	I
<b>IRDP</b>								
Helps in employment generation	29	24	11	29	27	120	0.157	XI
Financial assistance to the families in form of govt. subsidies.	15	5	51	25	24	120	0.141	XII
PMFBY (Pradhan Mantri Fasal Bima Yojna)	7	12	45	23	33	120	0.130	XIII
NRLM( National Rural Livelihood Mission)	5	4	33	31	47	120	0.109	XVII
PMAY (Pradhan Mantri Awaas Yojna)	36	29	26	19	10	120	0.185	IX
Watershed Development Programme (IWDP/IWMP/PMKSY)	16	19	23	48	14	120	0.147	XIV
KCC (Kisan Credit Card)	43	29	26	18	4	120	0.197	V
PMEGP (Pradhan Mantri Employment Generation Programme)	8	15	4	48	45	120	0.111	XVIII
Mukhyamantri Swavalmban Yojna	35	22	36	12	15	120	0.180	VIII
<b>Himachal Pradesh Horticulture Development Project (HPHDP)</b>								
Helps in providing quality planting material to famers	15	19	8	43	35	120	0.130	XVI
Helps in providing training	9	12	32	21	46	120	0.121	XV
<b>Sub- Mission on Agricultural Mechanization</b>								
Provide subsidy on farm implements	56	25	19	7	13	120	0.204	III
Himachal Pradesh Khumb Vikas Yojna	0	0	0	27	93	120	0.064	XIX
Horticulture Training & Extension Service	35	42	21	13	9	120	0.193	IV
Mahila Mandal Protsahan Yojna	54	9	29	18	10	120	0.193	VI
HIMCARE	24	19	30	26	21	120	0.157	X

**Table 3.** Prioritization of impacts of different institutional programmes on livelihood in Kinnaur district

Name of schemes	Numbers in respective priorities					Total recorded responses	RPI	Rank
	5	4	3	2	1			
<b>MNREGA</b>								
Strengthening the livelihood resource base of rural poor by land development	21	15	31	32	21	120	0.150	IX
Improvement in irrigation facilities	19	9	34	35	23	120	0.143	XIV
Helps in employment generation	21	19	22	31	27	120	0.147	X
<b>IRDP</b>								
Helps in employment generation	10	21	31	22	36	120	0.135	XII
Financial assistance to the families in form of govt. subsidies.	7	12	45	35	21	120	0.136	XVI
PMFBY (Pradhan Mantri Fasal Bima Yojna)	19	22	17	26	36	120	0.141	XI
NRLM (National Rural Livelihood Mission)	6	5	29	31	49	120	0.109	XVIII
PMAY (Pradhan Mantri Awaas Yojna)	22	8	27	25	38	120	0.136	XIII
Watershed Development Programme (IWDP/IWMP/PMKSY)	53	21	25	16	5	120	0.202	II

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**Table 3.** Prioritization of impacts of different institutional programmes on livelihood in Kinnaur district

Name of schemes	Numbers in respective priorities					Total recorded responses	RPI	Rank
	5	4	3	2	1			
KCC (Kisan Credit Card)	46	19	31	8	16	120	0.189	IV
PMEGP (Pradhan Mantri Employment Generation Programme)	8	6	31	26	49	120	0.113	XVII
Mukhyamantri Swavalmban Yojna	14	9	41	43	13	120	0.144	XV
Himachal Pradesh Horticulture Development Project (HPHDP)								
Helps in providing quality planting material to famers	55	18	28	15	4	120	0.204	I
Helps in providing training	36	28	19	25	12	120	0.180	VI
Sub- Mission on Agricultural Mechanization								
Provide subsidy on farm implements	31	36	28	10	15	120	0.183	V
Himachal Pradesh Khumb Vikas Yojna	0	0	17	44	59	120	0.087	XIX
Horticulture Training & Extension Service	58	14	24	9	15	120	0.198	III
Mahila Mandal Protsahan Yojna	36	14	9	25	36	120	0.153	VIII
HIMCARE	37	12	35	14	22	120	0.170	VII

**Table 4.** Prioritization of impact of different institutional programmes on livelihood in the study area

Name of schemes	Numbers in respective priorities					Total recorded responses	RPI	Rank
	5	4	3	2	1			
MNREGA								
Strengthening the livelihood resource base of rural poor by land development	123	81	61	59	36	360	0.187	IV
Improvement in irrigation facilities	92	49	72	74	73	360	0.160	IX
Helps in employment generation	130	67	53	58	52	360	0.182	V
IRDP								
Helps in employment generation	71	67	64	69	89	360	0.152	XII
Financial assistance to the families in form of govt. subsidies.	41	37	126	72	84	360	0.140	XV
PMFBY (Pradhan Mantri Fasal Bima Yojna)	42	43	93	83	99	360	0.135	XVI
NRLM (National Rural Livelihood Mission)	17	14	72	102	155	360	0.105	XVIII
PMAY (Pradhan Mantri Awaas Yojna)	80	58	78	66	78	360	0.157	XI
Watershed Development Programme (IWDP/IWMP/PMKSY)	78	57	77	97	51	360	0.160	XIII
KCC (Kisan Credit Card)	147	74	85	33	21	360	0.201	I
PMEGP (Pradhan Mantri Employment Generation Programme)	27	26	68	98	141	360	0.114	XVII
Mukhyamantri Swavalmban Yojna	70	50	117	79	44	360	0.161	X
Himachal Pradesh Horticulture Development Project (HPHDP)								
Helps in providing quality planting material to famers	129	60	54	75	42	360	0.181	VI
Helps in providing training	59	66	87	70	78	360	0.152	XIV
Sub- Mission on Agricultural Mechanization								
Provide subsidy on farm implements	126	88	68	39	39	360	0.190	III
Himachal Pradesh Khumb Vikas Yojna	11	19	67	94	169	360	0.101	XIX
Horticulture Training & Extension Service	150	72	74	35	29	360	0.199	II
Mahila Mandal Protsahan Yojna	125	35	64	68	68	360	0.170	VIII
HIMCARE	95	60	87	56	62	360	0.168	VII

and Extension Service ranked third with an index value of 0.198 also contributed effectively. However, the KCC scheme was ranked fourth with an index value of 0.195. Furthermore, Sub-Mission on Agricultural Mechanization scheme contributed substantially in providing subsidy on farm implements. However, significant difference between the priorities was found as represented by  $p$  (0.02) and  $f_{cal}$  (2.95) values.

At overall level the Kisan Credit Scheme (KCC) contributed substantially in augmenting the livelihood status of the people by providing them financial security at reasonable interest rates (Table 4). Furthermore, Horticulture Training and Extension Service, ranked second with an index value of 0.199 also contributed effectively. Also, the Sub-Mission on Agricultural Mechanization scheme contributed substantially in providing subsidy on farm implements and recorded an index score of 0.190. The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has large effect on the livelihood of people by helping them in employment generation, with an RPI score of 0.187. Also, under this scheme the resource base of rural poor by land development was strengthened as it obtained the fifth rank under Response Priority Index with value of 0.182. However, significant difference between the priorities was found as indicated by  $p$  (0.04) and  $f_{cal}$  (2.57) values.

### CONCLUSIONS

The majority of respondents in Solan district reported increase in the options for livelihood after the introduction of KCC scheme, which provided them with the financial stability whereas in Chamba district profound impact of Mahatma Gandhi National Rural Employment Guarantee Act

(MGNREGA) was on the livelihood of people as it helped in generating employment opportunities for the rural households. The HPHDP programme obtained maximum RPI value among all the programmes studied in Kinnaur District. However, at overall level the Kisan Credit Card scheme (KCC) contributed substantially in augmenting the livelihood status of the people by providing them financial security at reasonable interest rates. The focus group discussions showed that there were many problems in implementation of these schemes, especially identification of wrong beneficiaries, delay in disbursement of subsidy, underutilization of subsidized inputs, misallocation of resources. Therefore, in order to address these issues and ensure that the maximum benefits reach the ultimate beneficiaries, there is a need to popularize about various government schemes among the households through frequent visits by local officers and sensitization in Gram Sabha.

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