

CHAPTER 5

NONFARM ENTERPRISES IN THE HILL DISTRICTS

5.1 INTRODUCTION:

In order to understand the nonfarm enterprises' role in the overall livelihood scenario in the hill districts, it is necessary, first, to know the nature and characteristics of such enterprises. These include participation level in nonfarm enterprises, pattern of occupational shift to nonfarm enterprises, their contribution to employment and income generation. It is also necessary to know about the exact entrepreneurial activities that are being practised, category of people who own such enterprises, seasonality, sources of capital for initiating such enterprises and other related characteristics. The later part of the chapter involves probing on the role played by nonfarm enterprise in livelihood development of participating households. This enables visualising the current picture of nonfarm enterprise sector in the hill districts. This chapter, thus, provides the key information based on which strategies for promoting nonfarm enterprises in the hill areas may be suggested.

5.2 NONFARM ENTERPRISES AS PRIMARY OCCUPATION:

In villages located near urban centres, 15.4% of the households reported that their primary occupation was 'Nonfarm Enterprises'. However, in case of villages located far from urban centres, only 10.1% reported similarly. Such difference in incidence of adopting nonfarm enterprises may be because of both "pull" and "push" factors and shall be addressed in following sections of the chapter.

Table 5.1
Households with nonfarm enterprises as primary occupation

Location of Village	Nonfarm Enterprises
Near Urban Centre	76
Far From Urban Centre	64
Total	140

Source: Field Survey

5.3 PREVIOUS OCCUPATION OF NONFARM ENTREPRENEURS:

In order to gather knowledge on the pattern of occupational shift towards nonfarm entrepreneurship, previous occupations of households, whose current primary occupation was nonfarm enterprises, were enquired.

It was observed that in case of villages located near urban centres, majority (54%) of the households reported that they were second generation entrepreneurs. In these villages, the other prominent categories of households represented those which shifted from ‘Agriculture and allied activities’ (31%), and ‘wage labour’ (12%) to ‘Nonfarm Enterprises’. The shift from ‘salaried (3%)’ and ‘natural resources’ (1%) categories are quite low.

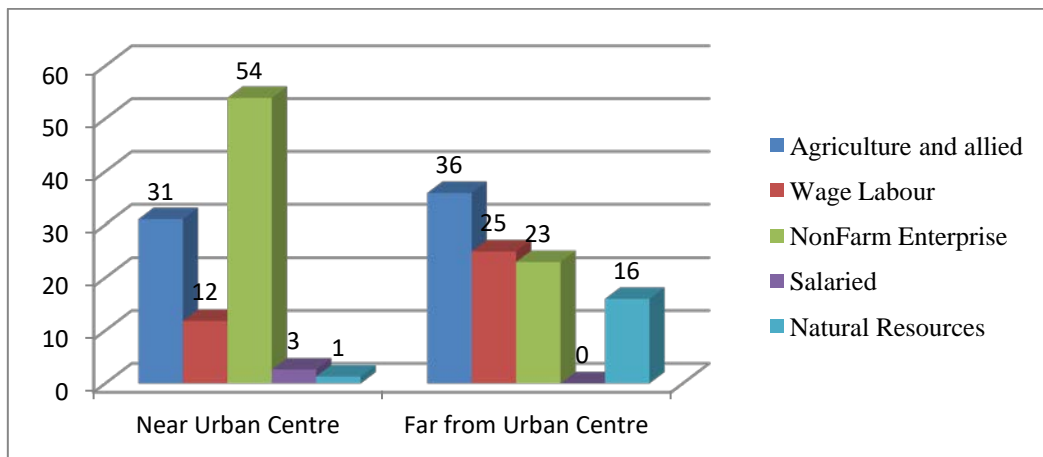


Figure 5.1
Pattern of occupational shift to Nonfarm Enterprises

Source: Field Survey

In case of villages located far from urban centres, the highest shift to ‘nonfarm enterprises is from ‘Agriculture and allied’ (36%) category, followed by ‘waged labour’ (25%). 23% households reported that they are second generation entrepreneurs. One prominent observation is that about 16% of the households reported that they have shifted from ‘natural resources’ to ‘nonfarm enterprises’.

5.4 CATEGORISATION OF NONFARM ENTERPRISES:

On classification of the activities into their broad industrial category, we find that service based nonfarm enterprises are significantly more (21%) in case of villages located near urban centres as compared to those located far from urban centres (5%). The occurrence of manufacturing based nonfarm enterprises were more (25%) in villages located far from urban centres as relative to those located far from urban centres (14%). However, highest numbers of nonfarm enterprises across both types of villages are trading based ones (65-70%).

The list of activities taken up as primary occupation shows that ‘retail shops’ and ‘trading’ are the two most popular nonfarm enterprises across both types of locations. By the prominent presence of most service based nonfarm enterprises exclusively in villages located near urban centres, it is apparent that these activities are successful only in these villages because of a business enabling environment. Although, manufacturing units are omnipresent in both types of villages, there are exceptions among activities being adopted as primary occupation across these villages.

However, there is difference in the skill requirement of these activities. There are activities such as ‘Auto-Rickshaw’, ‘Goldsmith’, ‘Mechanic’, ‘Mason’, ‘Taxi-Driver’, which are only observed mostly in villages located near urban centres. All these activities require relatively higher non-traditional and technical skills. ‘Country wine’, although processed in all villages, has been taken up as a primary livelihood only in villages located near urban centres. This might be because of its available illegal market in the urban centres. Similarly, activities which are taken up as primary occupation, exclusively in villages located far from urban centres include bamboo-craft activities which require well developed traditional skills. In case of masons, because of steep competition from masons from non-tribes, who are better skilled and offer service at a lower price, locals are rarely seen involved in these activities in villages located near urban centres. On the other hand, in villages located far from urban centres, where there is no such competition and there is demand of ‘masons’ to execute various governmental activities such as IAY, as well as individual requirements. Hence, more number of ‘masons’ are able to thrive by taking up this activity as a primary occupation in these villages.

Among other manufacturing activities which are seen to be more frequent in villages far from urban centres are ‘carpentry’, ‘rice mill’ and weaving’. There is a contradictory finding that in spite of its remoteness, in villages located far from urban centres the number of carpenters are more. On enquiry it was observed that in case of ‘carpenters’, because of availability of timbers in remote villages, people from urban centres prefer to source furniture and semi –finished timber items such as ‘Doors’, ‘Windows’ and their ‘Frames’ from these villages.

Thus, as apparent from the field survey, it is seen that in villages located near urban centres, nonfarm occupations needing higher educational and skill standards were more frequently being taken up. Moreover, these activities require a supporting environment to sustain. This environment is constituted by a constant customer base

with a higher level of income, repair and maintenance services, better education system. On the other hand, in case of villages located far from urban centres, specialised skills such as bamboo-craft and weaving could be taken up as a primary occupation in spite of low levels of education. Similarly, construction based occupations such as ‘carpentry’ and ‘masonry’ were more common in villages located far from urban centres because of local demand as well as available timber. It is observed that the presence of ‘retail shops’ and ‘traders’ seem to be equal in villages located near urban centres and in villages located far from urban centres. However, whether they operate in similar scales needs exploration and shall be discussed in following sections. Thus it is seen that even among nonfarm enterprises, there is distinctiveness in the nature and scale of activities, owing to differences in facilitating environment.

Table 5.2
Category-wise list of activities taken up as primary occupation

Activity Name		Location of Village			
		Near Urban Centre	Percentage (%)	Far From Urban Centre	Percentage (%)
Auto Rickshaw	Service	8	11		
Taxi Driver		3	4		
Mechanic		1	1		
Goldsmith		2	3		
Rice Mill		1	1	3	5
Mason		2	3	6	9
Bamboo-craft	Manufacturing			3	5
Weaving		1	1	4	6
Carpentry		2	3	3	5
Country Wine		5	7		
Shop	Trading	19	27	18	28
Trader		27	38	27	42
Total		71	100	64	100

Source: Field Survey

5.5 TREND IN EMPLOYMENT GENERATION IN THE LAST THREE YEARS:

It was attempted to know whether engagement has improved the employment scenario of the family. The respondents were asked to provide details like time devoted per day, number of days in a month, and the number of months in a year they are engaged in these nonfarm enterprises. They were also asked to recall the situation of

the same parameters three years back. By considering the ideal man-day calculation of 1 Man-day= 8 hours, average man-days for each of the activities was calculated.

The overall contribution to employment generation through NFE in villages located near urban centres (2322 man-days) is significantly high as compared to villages located far from urban centres (1164 man-days). Still, it is seen that, in village located near urban centres the rate of incremental employment (36%) in the last three years, is less than the rate in villages located far from urban centres (51%). This means that there is faster generation of employment through nonfarm enterprises in villages located far from urban centres as compared to villages located near urban centres.

It is observed that retail shops have given the highest employment in both villages located near (390) and far (276) from urban centres. But it is also observed that there is difference in the trend of employment generation with respect to location of the villages. While in case of villages located near urban centres, the employment growth (43%) is higher than the average growth, the growth rate in case of villages located far from urban centres (18%) is much lower than the average growth rate. However, the opposite is observed in case of 'traders', where it is seen that there is a high growth rate in villages located far from urban centres (50%) as compared to those located near urban centres (17%).

Service based activities which provide significant (more than 200 man-days) employment in villages located near urban centres such as 'mechanic', 'auto-rickshaw', 'taxi-driver' and 'goldsmith' have not shown tremendous incremental growth. However, there is relatively high growth rate in employment generated through 'rice mills' in these villages. There is a moderate growth rate in employment generated in the form of 'Masons', the rate being higher in case of villages located far from urban centres.

In case of some manufacturing activities while activities like 'weaving' and 'country wine' have shown a relatively high rate of growth of employment in villages located near urban centres, there are activities like 'carpentry' which have shown high employment growth in villages located far from urban centres.

Summarising the above, we can say that in case of villages located near urban centres, while activities like 'auto-rickshaw', 'mason' and 'retail shops' have shown moderate growth (25-43%), others like 'goldsmith', 'mechanic', 'trader' and 'taxi-driver' have shown marginal growth (0-18%). There are again some other activities like 'weaving', 'carpentry', 'country wine' and 'rice mill', which have shown high growth rates (87-140%).

Table 5.3
Trend in Annual Employment

Sl. No.	Activity Name	Average Annual Employment (in Man-days)							
		Near Urban Centres		% Change		Far From Urban Centres		% Change	
		Present	Past	Change	% Change	Present	Past	Change	% Change
1	Auto Rickshaw	240	180	60	33				
2	Taxi Driver	234	207	27	13				
3	Mechanic	273	231	42	18				
4	Goldsmith	216	198	18	9				
5	Rice Mill	168	90	78	87	94.5	67.5	27	40
6	Mason	180	144	36	25	276	204	72	35
7	Bamboo-craft					144	81	63	78
8	Weaving	72	30	42	140	60	30	30	100
9	Carpentry	252	144	108	75	288	144	144	100
10	Country Wine	108	45	63	140				
11	Retail Shop	390	273	117	43	234	198	36	18
12	Trader	189	162	27	17	67.5	45	22.5	50
	Total	2322	1704	618	36	1164	770	395	51

Source: Field Survey

In villages located far from urban centres, major employment generating nonfarm enterprises are ‘carpentry’, ‘mason’ and ‘retail shop’. Because of very less competition and rising demand, created mainly through government supported civic-constructions, an increase in employment through creation of construction based activities such as ‘masons’ and ‘carpenters’ is observed. While high rate of incremental employment growth is observed in case of activities like ‘bamboo-craft’ (78%), ‘weaving’ (100%) and ‘carpentry’ (100%), moderate growth is observed in case of activities like ‘rice-mills’ and ‘mason’, while ‘retail shops’ have shown only marginal growth in the last three years. The trend of employment generation in the various activities shows that there is rising demand for bamboo-craft and handloom products which has led more number of households to be primarily dependent upon these activities. ‘Carpentry’, as earlier discussed, has demand generated from both urban and rural areas, and hence, there is growth in employment in this activity. From sustainability point of view, unrestricted felling for timber fuelled by corruptive practices of forest officials may lead to denudation of the forests. Hence, there has to be controlled promotion of such

nonfarm activities. Because of poor infrastructure and scarce population, there is very limited growth in engagement in ‘retail shops’.

Traders, who comprise a considerable segment of the primarily occupied nonfarm entrepreneurs, practice a variety of trading activities. These respondents were asked to further express on the nature of trading activities they practised. It is observed that in case of villages located near urban centres, trading of textiles and apparels was the most common activity. These traders mostly purchased products from the villages located far from urban centres and sell them to permanent shops in the respective nearby towns. Near urban centres, there are a few traders who purchase confectioneries from permanent shops in nearby towns and carry and sell these to petty shop owners located in villages far from urban centres. In the case of villages located far from urban centres, most of the traders were involved in buying of fresh vegetables and bamboo products such as baskets, trays etc. produced in their villages and selling them at the local weekly *haats*, either to retail customers or to bigger traders who come from urban areas and collect such items and sell them in urban centres. Thus, it is seen that in case of most commodities, traders of villages located far from urban centres supply to traders of villages located near urban centres. Hence, there is scope of taking advantage of the existing market channel in the event of introducing interventions in the nonfarm sector such as value addition units for agricultural produces, both for facilitating input support and also marketing of finished products.

Table 5.4
List of Trading Activities taken up as primary occupations

Sl. No.	Trading Activity	Location of Village	
		Near Urban Centre	Far From Urban Centre
1	Textile and Apparels	6	2
2	Confectioneries	5	2
3	Bamboo Products	4	7
4	Fresh Vegetables	5	8
5	Livestock	3	4
6	Other Agricultural Products	4	4

Source: Field Survey

5.6 VARIATION IN INCOME OF NONFARM ENTERPRISES:

The respondents stated that they did not maintain proper books of account with respect to their activities. Therefore, during interview respondents were asked a number of relevant questions regarding their activities such as weekly purchase for stock (in

case of shops), income per day (mason, driver etc.), and average number of days they work in week. Based upon these, cash incomes for each activity were derived. Among the households which have nonfarm enterprises as their primary income source and are located in villages near urban centres, average annual income through these activities stands at Rs 61,308/- (Rupees Sixty One Thousand Three Hundred and Eight Only), while the corresponding figure for villages located far from urban centres stands at Rs 26,813/- (Rupees Twenty Six Thousand Eight Hundred and Thirteen Only).

Even among activities practiced within similar type of villages there is wide difference in the income generated. In case of villages located near urban centres, it is observed that enterprises which are non-traditional and required technical knowledge such as in case of ‘mechanic’ and ‘masons’ fetched better income than the others. Further, the mean income of enterprises in the service sector is Rs 78,542/- . The average annual income in the manufacturing sector stands at Rs 21,400/- while that of the trading sector is about Rs 68,066/-. Activities like ‘shop’ (Rs 63,021/-), ‘trader’ (Rs 73,111), ‘auto-rickshaw’ (Rs 70,250/-), ‘taxi-driver’ (Rs76,000) and ‘rice-mill’ (Rs 72,000/-) have generated above-average income, while activities like ‘weaving’ (Rs 12,000/-), ‘country wine’ (Rs 13,200/-), ‘carpentry’ (Rs39,000/-) etc. have generated below-average income in these villages.

Table 5.5
Average Annual Income

Sl. No.	Near Urban Centre			Far From Urban Centre		
	Activity	Mean (Rs)	No. of Units	Activity	Mean (Rs)	No. of Units
1	Auto Rickshaw	70250	8			
2	Taxi Driver	76000	3			
3	Mechanic	108000	1			
4	Goldsmith	48000	2			
5	Rice-mill	72000	1	Rice-mill	33000	3
6	Mason	97000	2	Mason	17667	6
7				Bamboo-craft	18333	3
8	Weaving	12000	1	Weaving	21750	4
9	Carpentry	39000	2	Carpentry	32000	3
10	Country Wine	13200	5			
11	Shop	63021	19	Shop	29611	18
12	Trader	73111	27	Trader	27407	27
	Total	61308	71	Total	26813	64

Source: Field Survey

In case of villages located far from urban centres, activities which have given better income than the average income include 'rice-mill' (Rs 33,000/-), 'carpentry' (Rs 32,000/-), 'shop' (Rs 29,611/-) and 'trader' (Rs 27, 407/-). Those activities which have given less than the average income include activities like 'weaving' (Rs 21,750/-), 'bamboo-craft' (Rs 18,333/-) and 'mason' (Rs 17,667/-). In case of 'masons', it is seen that average income in villages located far from urban centres is considerably lower than those in villages located near urban centres. This might be because of lack of expertise and also because of exploitation by the dominant class. It is seen that enterprises involving traditional knowledge like 'bamboo-craft' and 'weaving' have generated below-average income in both types of villages. This is in spite of the fact that in both these activities the proportionate increase in man-days (Refer Table 5.3), is more than in activities, such as 'mechanic', 'mason' or 'shop', which have yielded better annual income. This could be because of the fact that there is excess human resource skilled only in traditional crafts. Dissimilarities among traders' income level in both type of villages show their differences in the scale of operations. Therefore, in spite of more income in earlier mentioned activities, people are unable to take up such activities because of lack of required skills and knowledge.

5.7 GENDER AND PARTICIPATION IN NONFARM ENTERPRISES

There is a clear demarcation among the various nonfarm enterprises as regards participation of men and women in them. Activities in the service sector were all practised by men-folk in all villages irrespective of their location. These include activities such as 'auto-rickshaw', 'taxi driver', 'Mechanic', 'goldsmith', 'mason' and 'rice mill'.

Among manufacturing enterprises, while those involving 'bamboo-craft' and 'carpentry' were practised by only men, 'weaving' units were run solely by women. Such participation is prevalent across both types of villages. However, in case of 'country wine' making units in villages near urban centres, 40% of the units were run by men while the rest were run by women.

In case of trading activities, it is observed that there is greater number of women participation of women in 'shops' (47%) and as 'traders' (37%) as compared to women in villages located far from urban centres.

Table 5.6
Gender-wise participation in Nonfarm Enterprises taken up as primary occupations

Sl. No.	Activity	Near Urban Centre				Far From Urban Centre			
		Male	Percent (%)	Female	Percent (%)	Male	Percent (%)	Female	Percent (%)
1	Auto Rickshaw	8	100						
2	Taxi Driver	3	100						
3	Mechanic	1	100						
4	Goldsmith	2	100						
5	Rice-mill	1	100			3	100		
6	Mason	2	100			6	100		
7	Bamboo Craft					3	100		
8	Weaving			1	100			4	100
9	Carpentry	2	100			3	100		
10	Country Wine	2	40	3	60				
11	Shop	10	53	9	47	14	78	4	22
12	Trader	17	63	10	37	22	82	5	18
	Total	48	67%	23	33%	51	80%	13	20%

Source: Field Survey

5.8 SUSTAINABILITY OF NONFARM ENTERPRISES:

It is observed from the above discussion that only a small proportion of the population has taken up nonfarm enterprises as a primary occupation. However, it is generally observed that in the rural household, household members are engaged in multiple livelihood activities to make up with the families' expenses. A study limited to those households taking up nonfarm enterprises as a primary occupation would not be able to give a clear picture on the nature, scale and role of nonfarm enterprises in the study area. Moreover, an inclusive study of nonfarm enterprises adopted as secondary income generating activities for the rural households shall provide cues for promoting various nonfarm enterprises in the hill districts. As studies suggests, activities which mushroom out of local demand, even if practised as a secondary activity, have a greater potential for sustainability through scaling up.

It is observed that all households (100%) in villages located far from urban centres participated in some kind of nonfarm entrepreneurial activity. However, in case of villages located near urban centres, not all households participated in such activities.

Still, majority (86.8%) of the households reported participation in such activities. This reflects heavy dependence upon nonfarm enterprises to supplement household income.

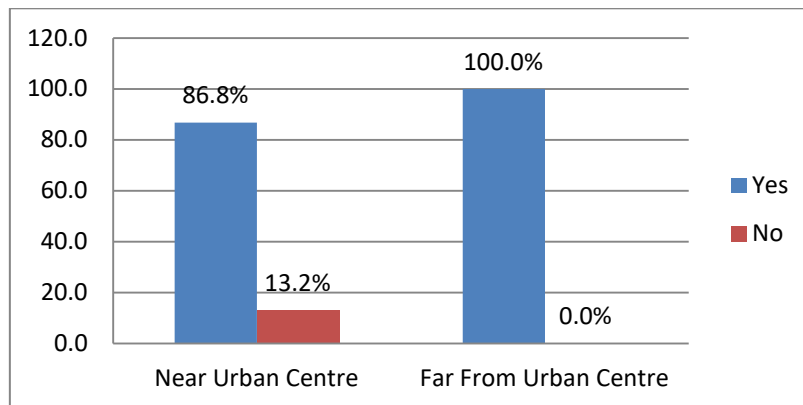


Figure 5.2
Participation in Nonfarm Enterprises

Source: Field Survey

Therefore, in the following sections an attempt is made to understand the parameters of nonfarm enterprises, irrespective of its eligibility as a primary occupation or not.

5.9 TENDENCY OF DIVERSIFYING NON FARM ENTREPRENEURIAL ACTIVITIES :

It is seen that quite often households are involved in more than one type of nonfarm entrepreneurial activity. In villages near urban centres, 78% households were involved in only one type of entrepreneurial activity.

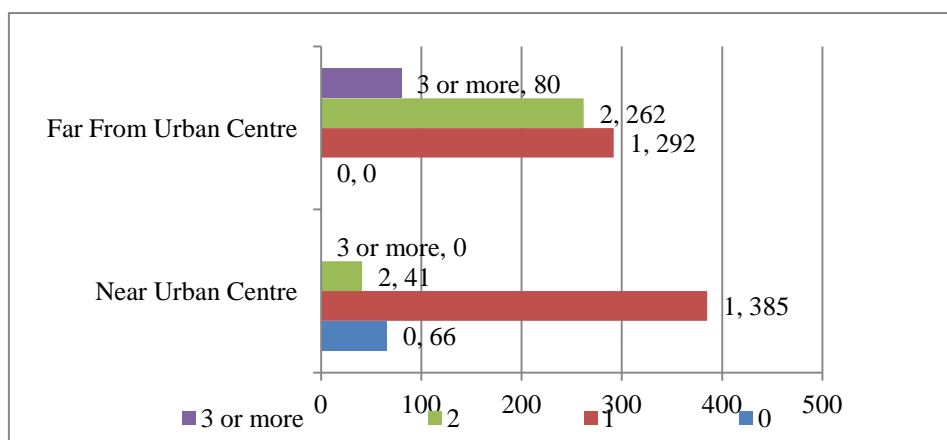


Figure 5.3
Number of Activities per Household

Source: Field Survey

In case of villages located far from urban centres, 46% reported households engaging in one type of activity, 41% reported engaging in two types of activity and 13% reported engaging in three or more type of nonfarm entrepreneurial activities.

5.10 PRIMARY NFEs: It is observed that majority of households take up nonfarm enterprises or nonfarm entrepreneurial activities even though they are not their primary occupation. Therefore, it is important that we study about these activities and their characteristic features. The following section contains details of activities which were considered most important in terms of their contribution to the households' income. Such activities have been categorised as 'Primary NFE', 'Secondary NFE' and 'Tertiary NFE' with respect to their relative contribution to the household income.

Table 5.7
Summary Profile of Rural Nonfarm Enterprises (Near Urban Centre)

Item	Variables	Primary NFE	Secondary NFE
Broad Category	Manufacturing	33.50%	98.00%
	Service	23.20%	0.00%
	Trade	30.10%	2.00%
	None	13.20%	0.00%
Ownership	Proprietary Male	53.00%	0.00%
	Proprietary Female	30.00%	93.00%
	Partnership within Household	17.00%	7.00%
Location	Within Household Premises	48.00%	98.00%
	Outside Household Premises (with fixed structure)	12.00%	0.00%
	Outside Household Premises (without fixed structure)	40.00%	2.00%
Primary Source of Capital	Agricultural Income		76.00%
	Private moneylenders		9.00%
	Wage/ Salary Income		10.00%
	Friends/ Relatives		3.00%
	SHGs		2.00%
Type of Enterprise	Own Account Enterprise	93.90%	0.00%
	Establishment	6.10%	0.00%
Seasonality	Perennial	73.00%	3.00%
	Seasonal	22.00%	46.00%
	Casual	5.00%	51.00%
Vintage of Activity	Average Number of Years Practised	5	9
Registration Status	Proportion of enterprises with registration	12.00%	0.00%
Market for Product/ Service	To Villagers from the same or nearby villages	70.00%	
	Directly in Town	18.00%	
	In the village to traders coming from outside	10.00%	
	In the nearest wholesale market	2.00%	

Source: Field Survey

5.10.1 BROAD ACTIVITY CATEGORY (Primary NFE):

On classifying the households in terms of their participation in various nonfarm enterprises into broad activity¹ categories, it is observed that in villages far from urban centres majority (74.8%) of households are involved in ‘manufacturing’, followed by ‘trade’ (14%) and ‘service’ (11.2%) activities. On the other hand, in case of villages located near urban centres there is much parity in the incidence of activities in all sectors. However, when only households’ primary occupation were analysed it is observed that majority of the activities were ‘service’ based ones in villages located near urban centres, while majority of the activities in all villages were ‘trading’ based ones. Therefore, it seems that in villages located far from urban centres, a considerable number of households are involved in ‘manufacturing’ activities, although not taken up as primary occupation.

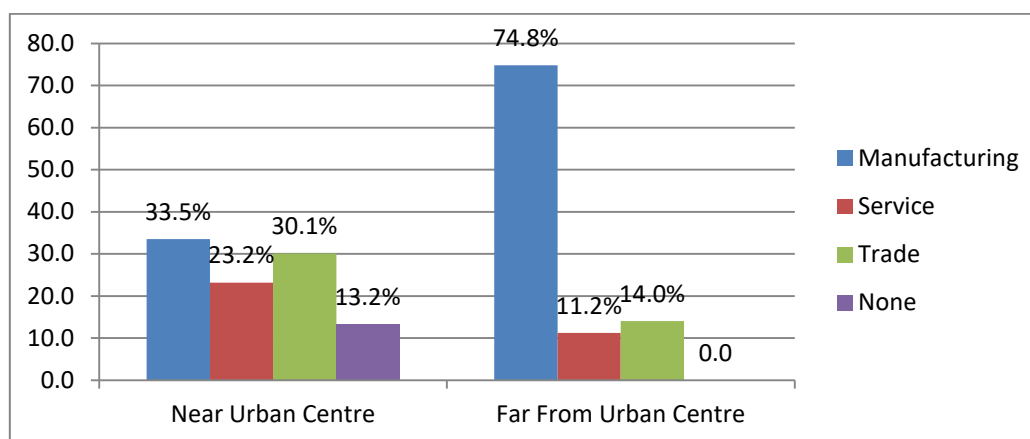


Figure 5.4
Broad Activity Category (Primary NFE)

Source: Field Survey

From the list of activities taken up, it is apparent that households living in villages nearer to urban centres have a wide variety of nonfarm options to select, relative to those living in villages located far from urban centres. From the field survey, it is seen

¹ **Manufacturing Enterprises** refer to those units engaged in the physical or chemical transformation of materials, substances or components into new products. A **trading enterprise** is an undertaking engaged in trade. Trade is defined to be an act of purchase of goods and their disposal by way of sale without any intermediate physical transformation of the goods. A **servicing enterprise** or service sector enterprise is engaged in activities carried out for the benefit of a consuming unit and typically consists of changes in the condition of consuming units realized by the activities of servicing unit at the demand of the consuming unit (NSSO, 2012).

that while households residing in villages near urban centres reported 22 different nonfarm activities in spite of the fact that only 11 activities among them are taken up as primary occupation by households. Similarly, households residing far from urban centres reported only 9 nonfarm activities among which only 7 are taken up primary occupation. This reflects a gap in the enabling environment for sustenance of all nonfarm activities across both location types. However, the remaining activities provide clue to sectors and activities which can be explored for developing livelihoods in the nonfarm sector.

Table 5.8
Summary Profile of Rural Nonfarm Enterprises (Far from Urban Centre)

Item	Variable	Primary NFE	Secondary NFE	Tertiary NFE
Broad Category	Manufacturing	74.80%	64.00%	80.00%
	Service	11.20%	8.00%	16.00%
	Trade	14.00%	28.00%	4.00%
Ownership	None	0.00%	0.00%	0.00%
	Proprietary Male	12.00%	27.00%	16.00%
	Proprietary Female	65.00%	48.00%	68.00%
	Partnership within Household	23.00%	25.00%	16.00%
Location	Within Household Premises	69.00%	64.00%	80.00%
	Outside Household Premises (with fixed structure)	2.00%	0.00%	0.00%
	Outside Household Premises (without fixed structure)	29.00%	36.00%	20.00%
Primary Source of Capital	Agricultural Income		99.98%	
	Private moneylenders		0.02%	
	Wage/ Salary Income		0.00%	
	Friends/ Relatives		0.00%	
	SHGs		0.00%	
Type of Enterprise	Own Account Enterprise	99.50%	100.00%	100.00%
	Establishment	50.00%	0.00%	0.00%
Seasonality	Perennial	88.00%	2.00%	3.00%
	Seasonal	12.00%	57.00%	26.00%
	Casual	0.00%	41.00%	71.00%
Vintage of Activity	Average Number of Years Practised	6	11	6
Registration Status	Proportion of enterprises with registration	0.00%	0.00%	0.00%
Market for Product/ Service	To Villagers from the same or nearby villages	82.00%		
	Directly in Town	0.00%		
	In the village to traders coming from outside	6.00%		
	In the nearest wholesale market	12.00%		

Source: Field Survey

In villages located near urban centres, the activities in the service sector include 'Auto-Rickshaw', 'Barber', 'Contractor', 'Cycle Repairing', 'Electrician', 'Goldsmith', 'Mason', 'Mechanic', 'Rice Mill', 'Tailor', 'Taxi' and 'Tea Stall'. All these activities are non traditional and require special skills for their operations. 'Auto-Rickshaw' and 'Taxi' units generate highest average annual income, but at the same time require considerable initial capital investments. While activities like 'electrician', 'contractor', 'goldsmith', 'mechanic' and 'rice mill' fetch above average annual income. There are others such as 'barber', 'mason' and 'tailor' which yield below average annual income. In spite of low income, 'Masons' are the most frequently taken up service sector activities. This might be because of the fact that 'masons' require very little initial investment and skill required may be acquired through informal apprenticeship assisting existing 'masons' in the form of waged labourers. Also we analyse the activities taken up in villages located near urban centres, we can see that five of them which included carpenters, masons, electricians, welders, and contractors were directly associated with civil construction industry. These activities have provided employment to a sizeable number of households and hence, the sector establishes itself as a prominent one for exploration for livelihood development. Thus, it is seen that a greater variety of activities in the service sector exist in villages located near urban centres.

In villages located near urban centres, manufacturing based enterprises involving traditional skills such as 'weaving' (14%) and 'country wine' making (19%) occur in relative abundance as compared to bamboo-craft (5.2%). This is in spite of the fact that these activities generate quite low income (below Rs 10,000/- per annum) as compared to other activities. The reason for such involvement is because of the oversupply of such skills and a limited demand for products, mostly for traditional use. In fact most of the manufacturing units yield below average income, within them though, there are variations. Among them, 'pottery' units earn the highest average annual income (Rs 14000/-). Some of them are non-traditional in nature such as 'pickle making' and 'carpenters'.

The nonfarm enterprises in the trading sector yield high income as compared to most of those in the other sectors. The average income through 'shops' stand at Rs 51,062/- and that of 'traders' stand at Rs 35,711/-. These activities are important because of the involvement of large number of households in both the activities.

Table 5.9
Average Annual Income of Nonfarm Enterprises/ Nonfarm Entrepreneurial Activities categorised as “Primary NFE”

Sl. No.	Activity Name	Near Urban Centres			Far From Urban Centres		
		Units	Percentage	Average Annual Income	Units	Percentage	Average Annual Income
1	Auto Rickshaw	22	5.2	76923			
2	Bamboo-craft	13	3.1	6917	54	8.5	5837
3	Barber	1	0.2	12000			
4	Blacksmith	4	0.9	10000	13	2.1	7600
5	Carpenter	19	4.5	12125	24	3.8	14750
6	Contractor	2	0.5	36000			
7	Country Wine	81	19	8430	219	34.5	5056
8	Cycle Repairing	2	0.5	15000			
9	Electrician	5	1.2	44000			
10	Goldsmith	2	0.5	48000			
11	Mason	31	7.3	13263	33	5.2	18667
12	Mechanic	6	1.4	27333			
13	Pickle Making	6	1.4	10833			
14	Pottery	1	0.2	14000			
15	Ricemill	5	1.2	28364	14	2.2	34125
16	Shop	66	15.5	51062	36	5.7	22977
17	Tailor	4	0.9	14500			
18	Taxi	6	1.4	74000			
19	Tea Stall	5	1.2	13200			
20	Trader	83	19.5	35711	53	8.4	31934
21	Weaving	60	14.1	8139	188	29.7	8183
22	Welder	2	0.5	21000			
Total		426	100	26400	634	100	16570

Source: Field Survey

In case of villages located far from urban centres it was found that ‘masons’ and ‘rice mills’ were the only existing service based nonfarm based activity. ‘Rice-mills’ earned the highest annual income (Rs 34,125/-) in this sector. But as compared to ‘masons’ in villages near urban centres, those operating in villages located far from urban centres have higher average annual income. Among manufacturing based nonfarm enterprises, while ‘carpenters’ earned relatively high annual income, others involved in traditional activities such as weaving, bamboo-craft, blacksmith and country wine yielded very low income because of relative abundance of skill and scarcity of market. In the trading sector, though relatively less number of ‘traders’ were active in villages located far from urban centres, their average annual income was similar to those

located near urban centres and was significantly more than the average annual income from all nonfarm enterprises in similar villages. However, as compared to villages located near urban centres, 'shops' yielded considerably low income in villages located far from urban centres.

5.10.2 OWNERSHIP (Primary NFE):

A prominent distinction in the ownership² pattern of nonfarm enterprises in case of villages located far from urban centres is observed. While majority of enterprises were owned by male members (53%) of the households in case of villages near urban centres, the situation is just the opposite in case of villages located far from urban centres. In these villages the majority of enterprises are owned by female members (65%) of the households. Moreover, male-owned enterprise are very less (12%) in these villages.

The nature of activities, normally, dictates the ownership of nonfarm enterprises. In villages located near urban centres it is observed that most of the service based nonfarm enterprises were owned solely by males. In case of 'tea stalls', ownership was distributed between solely males (40%), solely females (20%) and partnership within households (40%). Partnership ownership within household is also seen in case of 'rice mills' operating in both types of villages. In case of manufacturing units, it is observed that 'bamboo-craft' enterprises are mostly commonly owned by household members across various locations. Again in case of 'country wine' units in villages located near urban centres there is presence of some units which are solely owned by males (24%). However, in villages located far from urban centres such 'country wine' units are mostly owned by females (97%). Total proprietary female ownership is observed in 'pickle making' and 'weaving' activities across all locations. In the trading sector, it is seen that 'shops' were mostly owned commonly by household members (69%) in villages located near urban centres, while most shops were owned by males (50%) in villages located far from urban centres. 'Traders' were mostly owned by partnership within household members across both types of villages. However, there is a relatively higher ownership by females in this activity in villages located far from urban centres. In comparison to villages located far from urban centres it is seen that there is a

² When an individual is the sole owner of an enterprise it is a **proprietary enterprise**. **Partnership** is defined as the 'relation between persons who have agreed to share the profits of a business carried on by all or any one of them acting for all'. There may be two or more owners, belonging to the same or different households (NSSO, 2012).

relatively higher number for female owned nonfarm enterprises such as ‘tea stall’, ‘shop’ and even ‘bamboo-craft’.

Table 5.10 Ownership of Nonfarm Enterprises (Primary NFE)

Sl. No.	Activity Name	Near Urban Centres			Far From Urban Centres		
		Proprietary Male (%)	Proprietary Female (%)	Partnership within Household (%)	Proprietary Male (%)	Proprietary Female (%)	Partnership within Household (%)
1	Auto Rickshaw	100	0	0			
2	Bamboo-craft	4	13	83	9	5	86
3	Barber	100	0	0			
4	Blacksmith	100			100	0	0
5	Carpenter	100	0	0	100	0	0
6	Contractor	100	0	0			
7	Country Wine	24	72	4	0	97	3
8	Cycle Repairing	100	0	0			
9	Electrician	100	0	0			
10	Goldsmith	100	0	0			
11	Mason	100	0	0	100	0	0
12	Mechanic	100	0	0			
13	Pickle Making	0	100	0			
14	Pottery	100	0	0			
15	Rice mill	0	0	100	0	0	100
16	Shop	21	10	69	50	9	41
17	Tailor	100	0	0			
18	Taxi	100	0	0			
19	Tea Stall	40	20	40			
20	Trader	38	0	62	35	13	52
21	Weaving	0	100	0	0	100	0
22	Welder	100	0	0			

Source: Field Survey

5.10.3 LOCATION (Primary NFE):

Nonfarm enterprises located within household premises happen to be most common practice in case of village located near urban centres (48%) as well as those located far from urban centres (69%). This is because the activities are mostly trading based ones, namely ‘shops’ and ‘traders’, where ‘shops’ are mostly attached to household premises and ‘traders’ mostly do not need any fixed structure for operating their activities.

Because of the presence of demand and a facilitating market, enterprises located outside household premises and having fixed structures are relatively more in case of villages located near urban centres (12%) as compared to their far-off counterparts (2%). Similarly, there are more numbers of enterprises located outside household premises but without fixed structures in villages located near urban centres (40%) as compared to villages located far from urban centres (29%).

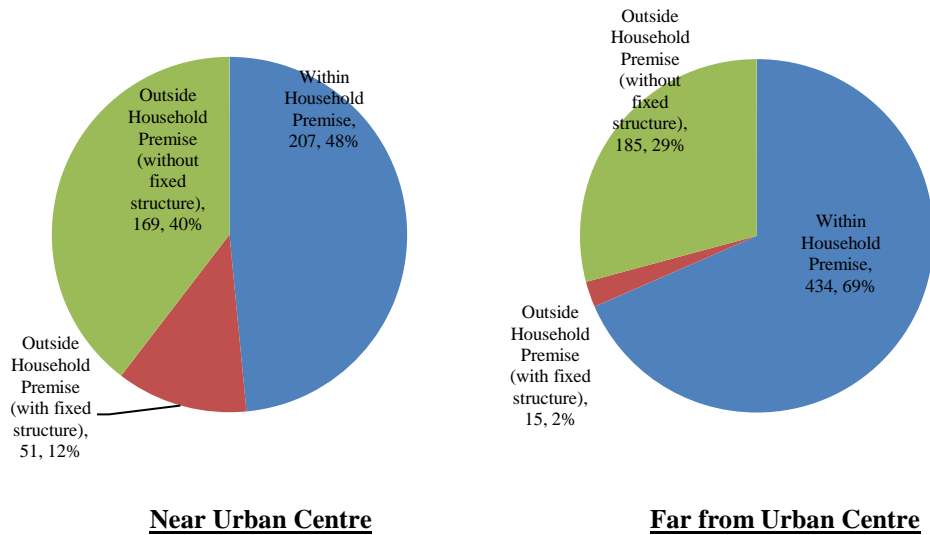


Figure 5.5
Location of Nonfarm Enterprises (Primary NFE)

Source: Field Survey

5.10.4 PRIMARY SOURCE OF CAPITAL (Primary NFE):

Irrespective of the location of villages, agricultural income plays an important role as a source of primary capital during initiation of a nonfarm enterprise.

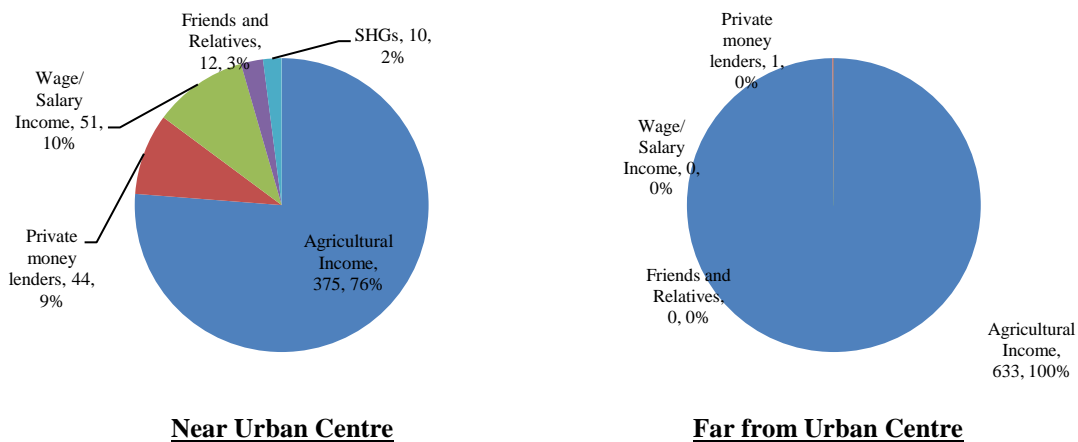


Figure 5.6
Primary Source of Capital (Primary NFE)

Source: Field Survey

Table 5.11 Primary Source of Capital (Primary NFE)

		Near Urban Centres				
Sl. No.	Activity Name	Agricultural Income (%)	SHGs (%)	Friends and Relatives (%)	Wage/ Salary (%)	Private Moneylender (%)
1	Auto Rickshaw	72	0	0	0	27
2	Rice mill	100	0	0	0	0
3	Barber	100	0	0	0	0
4	Tailor	0	25	0	50	25
5	Contractor	50	0	0	0	50
6	Taxi	49	0	17	34	0
7	Cycle Repairing	50	0	0	0	50
8	Electrician	80	0	20	20	0
9	Goldsmith	0	0	0	50	50
10	Mason	86	0	0	14	14
11	Mechanic	66	0	17	0	17
12	Pickle Making	83	17	0	0	0
13	Bamboo-craft	100	0	0	0	0
14	Pottery	100	0	0	0	0
15	Country Wine	76	0	17	7	0
16	Carpenter	84	0	0	8	8
17	Weaving	100	0	0	0	0
18	Blacksmith	100	0	0	0	0
19	Tea Stall	100	0	0	0	0
20	Welder	100	0	0	0	0
21	Trader	100	0	0	0	0
22	Shop	78	10	0	4	8

Source: Field Survey

Almost all nonfarm enterprises in villages located far from urban centres funded initially from income through agricultural activities. This stands as a major obstacle for taking up entrepreneurial activities which require high capital investment as well as for scaling up of activities which are already being practised. Thus, support though credit availability is an urgent requirement in these villages.

In case of villages located near urban centres also, agricultural activities have supported majority of nonfarm enterprises. In villages located near urban centres, it is seen that out of 22 nonfarm enterprise activities, 9 activities were solely financed from income from agricultural sources. Other sources of capital include Wage/ Salary income, Private moneylenders and other sources which include sources such as friends and relatives and Self-Help Groups. Income from 'Wages or Salary' have been able to finance initiation of activities such as 'Taxi', 'Tailor', 'Electrician' or 'Goldsmith' which either require relatively higher investment or higher knowledge and awareness level. Similarly, SHG's role in financing nonfarm enterprises have been mostly limited

to activities such as ‘pickle making’ and ‘shop’ where participation of women is observed. In spite of high rate of interests, private moneylenders are seen to finance a number of capital and non-traditional skill intensive enterprises such as ‘auto rickshaw’, ‘cycle-repairing’, ‘mason’, ‘mechanic’, ‘tailor’. As already discussed earlier, such activities have been taken up as per local demand and have been able to sustain themselves in spite of high lending rates of private moneylenders. Access to cheaper loan facilities through formal financial institutions with adequate grooming support by designated line departments is necessary to ensure more sustainable and profitable nonfarm enterprises.

The overall picture reflects non-performance of formal financial institutions in the region. Banks have failed to provide finance for supporting nonfarm enterprises. Even government supported microfinance initiative, SGSY, has failed to deliver in all these villages.

5.10.5 WORKER HIRING STATUS OF ENTERPRISES³ AND AVERAGE NUMBER OF HIRED WORKERS (Primary NFE):

There were very few non-farm enterprises which had employed hired workers outside family members. Among households located in villages near urban centres, which had nonfarm enterprises, 6.1% reported to hiring of workers. The corresponding figure for villages located far from urban centres stood at just 0.5%. Average number of hired worker in establishments located near urban centres stands at 1.77 while that of establishments in located far from urban centres is 1.

Thus, it is observed that these enterprises are operating in a very low scale as far as hiring of workers is concerned. Most of the enterprises are ‘own account enterprises’ which are run by household members themselves. The practice of hiring workers is almost non-existent in villages located far from urban centres. On running independent sample t-test, it is observed that the average mean number of hired workers across location categories differ significantly at 5% confidence level (p value=0.000).

³ An enterprise, which is run without any hired worker employed on a fairly regular basis, is termed as an **own account enterprise**. An enterprise which is employing at least one hired worker on a fairly regular basis is termed as **establishment**. Paid or unpaid apprentices, paid household member/servant/resident worker in an enterprise are considered as hired workers (NSSO, 2012).

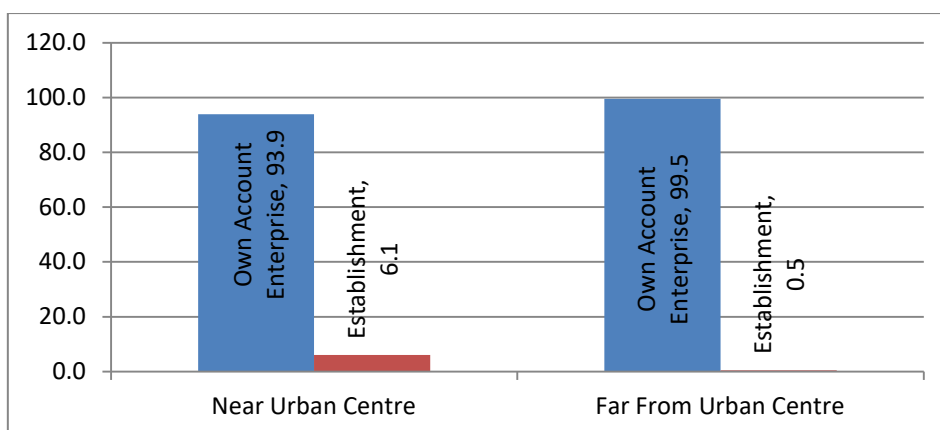


Figure 5.7
Type of Enterprise (Primary NFE)

Source: Field Survey

5.10.6 SEASONALITY (Primary NFE):

In order to know whether or not nonfarm enterprises are operated regularly by the households, they were asked about the seasonality⁴ of operations of the activities. It was observed that more number of nonfarm activities in villages located far from urban centres were perennial in nature as compared to those located near urban centres. Among the activities, it is observed that most of the non-traditional nonfarm enterprises such as ‘auto-rickshaw’, ‘barber’, cycle-repairing’ and ‘electrician’ are completely perennial in nature. Among all activities, only ‘pickle-making’ and ‘weaving’, which particularly is being practised by only women, are ones which are mostly non-perennial and ‘seasonal’ in nature. However, there are a number of other activities such as ‘bamboo-craft’, ‘country wine’, ‘mason’, ‘traders’ and ‘shop’ which are practised as seasonal enterprises. Income generated, skill involvement, availability of raw materials, participation of women seems to affect the seasonality of entrepreneurial activities. There are a few enterprises such as ‘weaving’, ‘trading’, ‘pickle-making’ which are practised casually.

In villages located far from urban centres, only in case of ‘rice mills’ it is observed that all units were perennial in nature. In case of trading based activities it is found that only 50% shops and only 20% of the ‘Traders’ operated perennially. Majority of these activities were seasonal in nature. A significant number of

⁴ Enterprises that are run more or less regularly throughout the year are called **perennial enterprises**. **Seasonal enterprises** are those, which are usually run in a particular season or fixed months of a year. Enterprises that are run occasionally, for a total of at least 30 days in the last 365 days, are called ‘**casual enterprises**’ (NSSO, 2012).

manufacturing based activities such as ‘bamboo-craft’, ‘carpenter’, ‘country wine’ and ‘mason’ operated perennially, with the exception of ‘weaving’ which is practised mostly as ‘seasonal’ and ‘casual’ activity. This might be because of women’s engagement in other household and agricultural activities. It is also observed that a relatively greater number of activities are taken up by households in these villages as casual nonfarm enterprises. This might be either because of abrupt opportunity or some unplanned distress situation. In these villages, it is generally observed that, a fair variety of nonfarm enterprises are ‘seasonal’ in nature as relative to villages located near urban centres where most of them are perennial in nature.

Table 5.12
Seasonality of Enterprises (Primary NFE)

Sl. No.	Activity Name	Near Urban Centres						Far From Urban Centres									
		Units		Perennial		Seasonal		Casual		Units		Perennial		Seasonal		Casual	
		Units	%	Units	%	Units	%	Units	%	Units	%	Units	%	Units	%	Units	%
1	Auto Rickshaw Owner	22	22	100.0	0	0.0	0	0									
2	Bamboo-craft	13	9	69.2	4	30.8	0	0	54	28	51.9	15	27.8	11	20.4		
3	Barber	1	1	100.0	0	0.0	0	0									
4	Blacksmith	4	4	100.0	0	0.0	0	0	13	6	46.2	7	53.8	0	0		
5	Carpenter	19	19	100.0	0	0.0	0	0	24	16	66.7	8	33.3	0	0		
6	Contractor	2	0	0.0	1	50.0	1	50									
7	Country Wine	81	54	66.7	22	27.2	5	6.2	219	87	39.7	76	34.7	56	25.6		
8	Cycle Repairing	2	2	100.0	0	0.0	0	0									
9	Electrician	5	5	100.0	0	0.0	0	0									
10	Goldsmith	2	2	100.0	0	0.0	0	0									
11	Mason	31	27	87.1	4	12.9	0	0	33	11	33.3	16	48.5	6	18.2		
12	Mechanic	6	6	100.0	0	0.0	0	0									
13	Pickle Making	6	2	33.3	3	50.0	1	16.7									
14	Pottery	1	1	100.0	0	0.0	0	0									
15	Ricemill	5	5	100.0	0	0.0	0	0	14	14	100	0	0	0	0		
16	Shop	66	57	86.4	6	9.1	3	4.5	36	18	50	13	36.1	5	13.9		
17	Tailor	4	4	100.0	0	0.0	0	0									
18	Taxi	6	6	100.0	0	0.0	0	0									
19	Tea Stall	5	4	80.0	0	0.0	1	20									
20	Trader	83	61	73.5	16	19.3	6	7.2	53	11	20.8	30	57	9	17.0		
21	Weaving	60	11	18.3	37	61.7	12	20	188	19	10.1	111	59.0	58	30.9		
22	Welder	2	2	100.0	0	0	0	0									

Source: Field Survey

5.10.7 DURATION FOR WHICH ACTIVITY IS PRACTICED (Primary NFE):

The vintage of various activities was assessed by enquiring the number of years the enterprises had been operational. The mean number of years of enterprises located

near urban centres was 5.42 years which was lower than those located far from urban centres (6.14 years). These mean figures (5-6 years) which include traditionally practised entrepreneurial activities indicate that most of the non-traditional activities have been initiated very recently in the hill districts. Because of the fresh options available, there is a rise in nonfarm entrepreneurs in villages located near urban centres in recent times as compared to villages located far from urban centres which still thrive on traditional activities.

5.10.8 STATUS OF REGISTRATION (Primary NFE):

Only 12% of enterprises, located near urban centres, reported having registration under any Act or with any registration authority. The types of registration or authorities of registration included State Directorate of Industries, Khadi and Village Industries Commission/Board, Silk Board, Pollution Control Board, Directorate of Education/AICTE/NCTE, Societies Registration Act, and others. There were no such enterprises in villages located far from urban centres.

Across all locations, majority of respondents believed that such registrations are not required for running enterprises. However, a few respondents from both locations reported excessive procedures and excessive fees as some deterring factors of non-registration. It is observed that registrations were mostly done only in case of activities such as ‘auto-rickshaw’, ‘taxi’ and ‘electrician’, where registration is a legal binding.

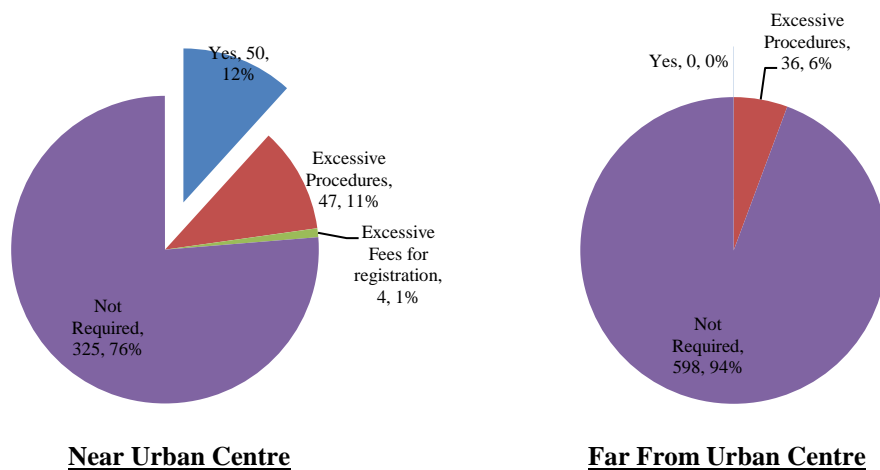


Figure 5.8
Status of Registration of Enterprise (Primary NFE)

Source: Field Survey

5.10.9 MARKET FOR FINISHED PRODUCT (Primary NFE) :

The majority of the nonfarm enterprises products or services are sold to households within the village in which the products are produced. In villages located near urban centres, 18% of the products are sold in nearby towns directly to customers; no such sale is reported in case of villages located far from urban centres.

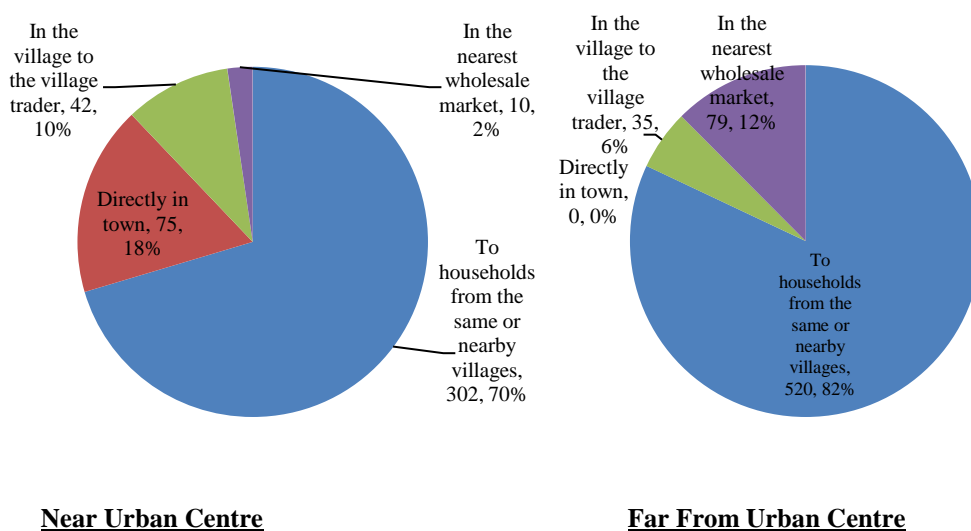


Figure 5.9
Market for finished products (Primary NFE)

Source: Field Survey

In villages located far from urban centres, weekly *haats*, which serve as ‘wholesale markets’ play an important role (12%) as a sales channel for nonfarm products. Likewise, in case of villages located near urban centres, village traders (10%) play an important role in channelizing such sale.

5.11 SECONDARY NFE:

It is a generally observed phenomenon that rural households resorted to multiple income generating activities to support the family. Therefore, the respondents were asked whether they had any more income generating activities which can be categorised as a secondary nonfarm enterprise or entrepreneurial activity. It was observed that in villages located far from urban centres, 53.9% reported taking up such activities. However, in case of villages located near urban centres, only 8% households were involved in such secondary nonfarm enterprises. The following section contains an overview of such secondary nonfarm entrepreneurial activities. The distinctive features of nonfarm enterprises which are prominently existing in the hill districts has already

been assessed in the previous sections where such enterprises are taken up as primary occupations and also where they are taken up as most important income generating activities to supplement household income. Therefore, in the following sections only basic features of secondary and tertiary enterprises have been discussed.

5.11.1 BROAD ACTIVITY CATEGORY(Secondary NFE):

There is much difference in the broad category of activities taken up across both types of villages. In villages located near urban centres, almost all enterprises are manufacturing (98%) based, followed by a few trading (2%) activities. However, in case of villages located far from urban centres, 64% activities are manufacturing based. In these villages, trading (28%) and service (8%) based entrepreneurial activities are also prominent.

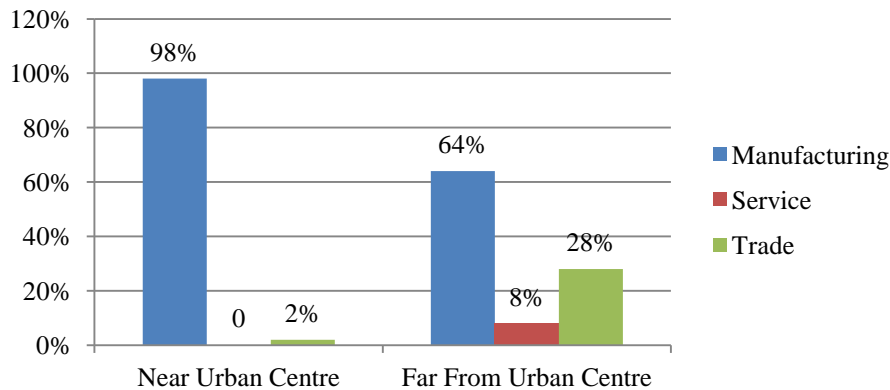


Figure 5.10
Broad Activity Category (Secondary NFE)
Source: Field Survey

5.11.2 OWNERSHIP (Secondary NFE) :

The ownership pattern also varies depending upon the location of the villages. In case of villages located near urban centres, most of the secondary enterprises are owned by female (93%) members of the households, leaving a few owned in partnership within households (7%). Therefore, these activities are mostly limited to weaving, wine making or pickle making.

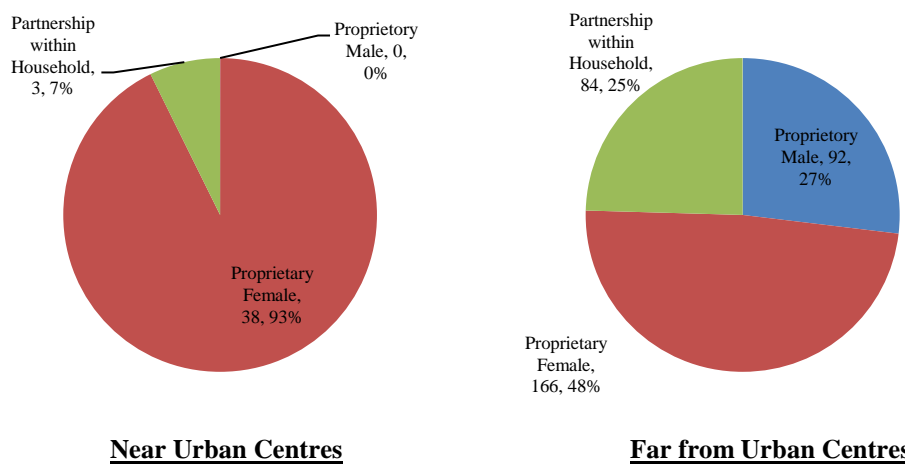


Figure 5.11
Ownership of enterprises (Secondary NFE)
Source: Field Survey

In case of villages located far from urban centres, female owned enterprises constitute about 48% of the households, followed by those owned by male (27%) members and those owned jointly (25%) by members of the households.

5.11.3 LOCATION (Secondary NFE):

Most of the secondary enterprises in villages located near urban centres were operated from within household premises (98%). Only a very few enterprises operate outside household premises. However, such enterprises do not have fixed structures (2%).

In case of villages located far from urban centres, the number of secondary enterprises operating from outside household premises and without fixed structures (36%) is relatively more. All other enterprises in these villages operated from within household premises (64%).

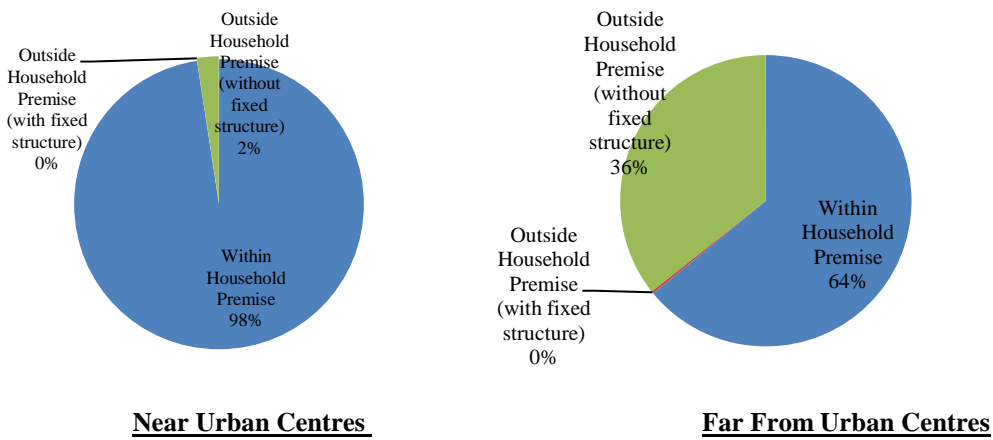


Figure 5.12
Location of Enterprises (Secondary NFE)
Source: Field Survey

5.11.4 WORKER HIRING STATUS OF ENTERPRISES AND AVERAGE NUMBER OF HIRED WORKERS (Secondary NFE):

In case of secondary nonfarm enterprises, all were own account enterprises across both type of locations. Hence, no hired workers have been employed in any of the secondary entrepreneurial activities.

5.11.5 SEASONALITY(Secondary NFE):

In village located near urban centres, most of the entrepreneurial activities were taken up as casual activities (51%). There are a very few households which practice secondary enterprises in a perennial (3%) manner. Seasonal activities in villages located near urban centres constitute 46% of overall activities. This means that these activities are taken up mostly in an irregular manner by the households whenever there is a chance for earning some extra income for the family.

In villages located far from urban centres, most activities are seasonal (57%) in nature, followed by casual (41%) and perennial (2%) ones. This means that most of the households regularly embark upon nonfarm enterprises in a particular season of the year to supplement household income. This again proves that most these households are more dependent upon nonfarm enterprises for their livelihoods as compared to households located near urban centres in spite of relatively very low income from such enterprises.

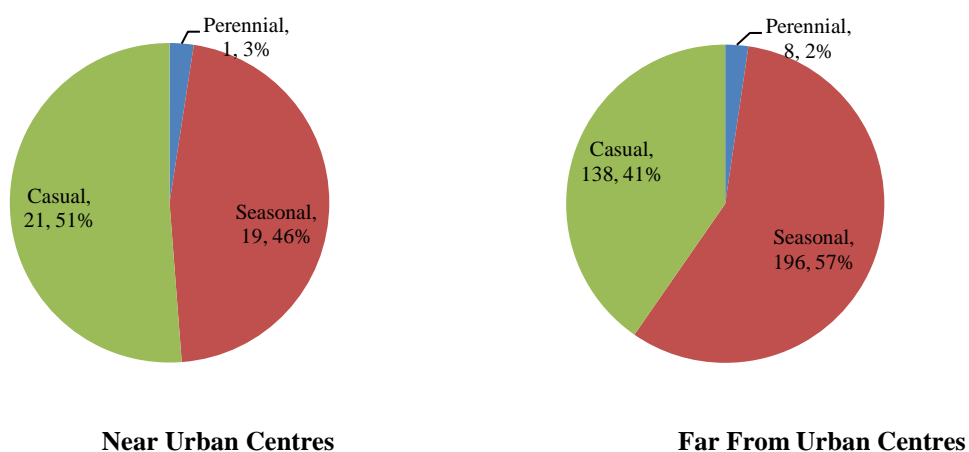


Figure 5.13
Seasonality of Enterprises (Secondary NFE)

Source: Field Survey

Among seasonal enterprises, in case of villages located near urban centres the mean numbers of months the enterprises were operational during the last one year was about 4 months (3.68) which was marginally lower than those located far from urban centres (4.26 months).

5.11.6 DURATION FOR WHICH ACTIVITY IS PRACTICED (Secondary NFE):

The vintage of various activities was assessed by enquiring the number of years the secondary enterprises had been operational. The mean number of years of enterprises located near urban centres was 9 years, which was lower than those located far from urban centres (11 years). It is observed that the mean vintage of activities considered as secondary enterprises was relatively higher as compared to primary enterprises. This hints at a household strategy where a household after practicing a number of nonfarm activities for a number of years and upon getting appropriate income from a particular activity, takes up that activity as a primary activity.

5.11.7 STATUS OF REGISTRATION (Secondary NFE):

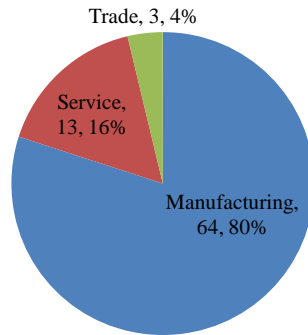
None of the enterprises or entrepreneurial activities was registered. In villages located near urban centres, respondents stated that such registrations are not required for running enterprises. A very few respondents from villages located far from urban centres reported excessive procedures as a reason for not registering their enterprises.

5.12 TERTIARY NFE:

While there were no households in villages located near urban centres having income from tertiary nonfarm enterprises, 80 households (7.1%) from villages located far from urban centres reported to having such sources.

5.12.1 BROAD ACTIVITY CATEGORY (Tertiary NFE):

Out of the 80 households from villages located far from urban centres, 80% were involved in manufacturing activities, while 16% were into service delivering enterprises and a few (4%) were involved in trading activities.



Far from Urban Centres
Figure 5.14
Broad Activity Category (Tertiary NFE)

Source: Field Survey

5.12.2 OWNERSHIP (Tertiary NFE):

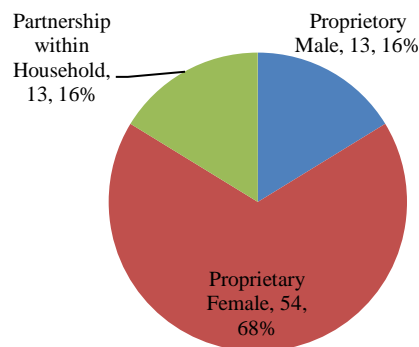
Majority of the tertiary enterprises are owned by female (68%) members of the households. Such enterprises solely taken up by male household members and those taken up jointly by household members comprised 16% each of the total 80 households.

5.12.3 LOCATION (Tertiary NFE):

In the villages located far from urban centres, 80% of the enterprises were located within household premises. The rest were operated from outside household premises without any fixed structures.

5.12.4 WORKER HIRING STATUS OF ENTERPRISES (Tertiary NFE):

All tertiary entrepreneurial activities involved only owners and household members and none involved hired labour.

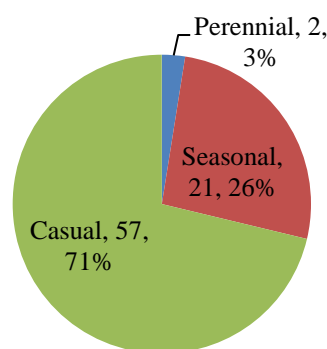


Far from Urban Centres
Figure 5.15
Ownership of Enterprises (Tertiary NFE)

Source: Field Survey

5.12.5 SEASONALITY (Tertiary NFE):

Majority of tertiary nonfarm enterprises were casual (26%) in nature, followed by a few seasonal (26%) and perennial ones (3%). In case of seasonal activities, the mean number of months operational in the last one year was 3.5 months.



Far from Urban Centres

Figure 5.16
Seasonality of Enterprises (Tertiary NFE)

Source: Field Survey

5.12.6 DURATION FOR WHICH ACTIVITY IS PRACTICED (Tertiary NFE):

The mean number of years of tertiary enterprises located far from urban centres was 6.01 years, which is much lower than the mean vintage of secondary enterprises.

5.12.7 STATUS OF REGISTRATION (Tertiary NFE):

There were no registered tertiary enterprises and respondents stated that registration was not required for carrying out such activities

5.13 STATUS OF LINKAGE SUPPORT BY VARIOUS ORGANISATIONS:

It was reported by the respondents, practising nonfarm enterprises, from both types of villages that majority (83%-91%) of them did not get any support for linkage with input suppliers for their nonfarm enterprises. In case of villages located near urban centres, most respondents (9%) had to depend upon their own acquaintances which included friends, relatives, neighbours etc. for establishing such linkage. Government agencies (3%), private institutions (2%) and non-government organisations (3%) played a very minor role in establishing such linkage.

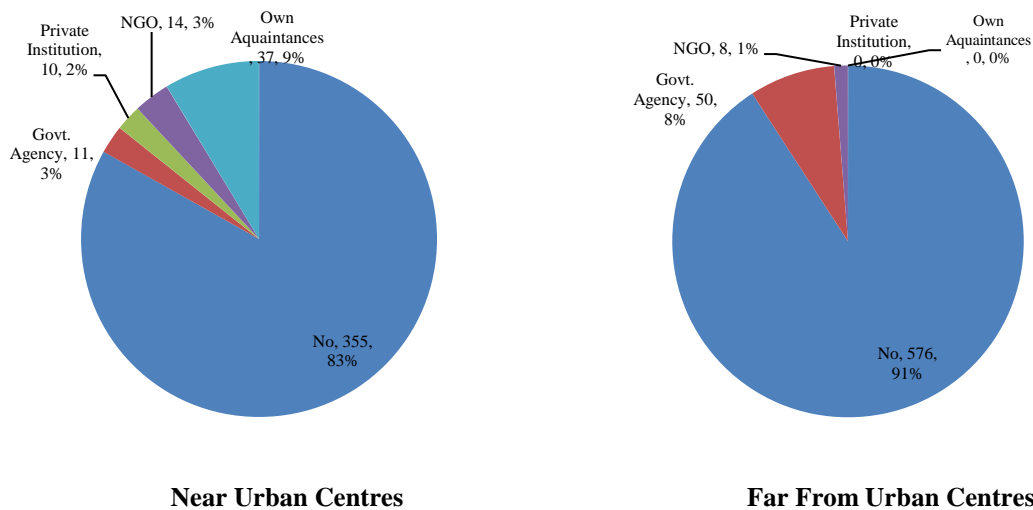


Figure 5.17
Linkage with Input Suppliers

Source: Field Survey

Although the enquiry was to judge the credit-linkage with banks, because of absence of any credit linkage for nonfarm enterprises, the meaning of the term ‘linkage’ was confined to opening and operating savings account by respondents. Irrespective of their nearness and farness to urban centres, half of the respondents having nonfarm enterprises stated that their own acquaintances have helped them in linkage with banks. However, it is also reported by a considerable chunk of the respondents that they have not received bank linkage support through any agency.

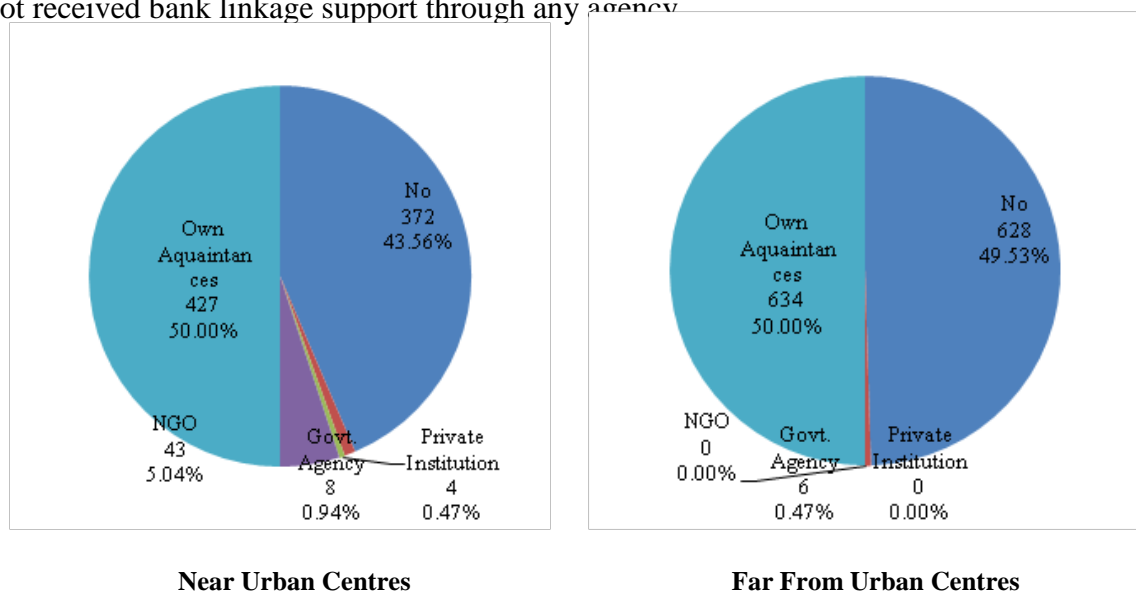


Figure 5.18
Linkage with Banks for credit

Source: Field Survey

In case of villages located near urban centres NGOs (5%), Government Agencies (0.94%) and private institutions (0.47%) have played a very negligible role in establishing linkage with banks. Still worse is the scene in villages located far from urban centres; in the absence of NGOs and private institutions, Government agencies have supported merely 0.47% of the nonfarm enterprises in these villages.

A huge majority of nonfarm entrepreneurs (88%-89%) reported that they have not received any support for establishing linkage with buyers for selling their products. Although very miniscule, effort of government agencies (3.75%), own acquaintances (3.51%), private institutions (2.58%) and NGOs (1.87%) was reported by the respondents. In case of villages located far from urban centres, private institutions (7.89%), Government agencies (1.26%) and own acquaintances (2.21%) have played a meek role in establishing linkage between buyers and entrepreneurs. No support from NGOs in establishing linkage with buyers was reported by the respondents.

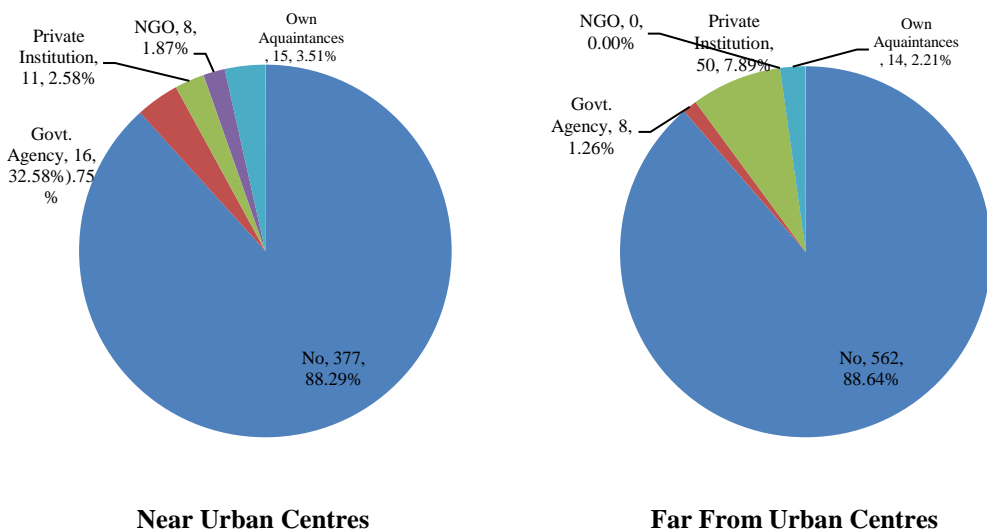


Figure 5.19
Linkage with Buyers
Source: Field Survey

5.14 DETAILS OF TRAINING SUPPORT RECEIVED BY NONFARM ENTREPRENEURS:

Most of the nonfarm entrepreneurs, both from villages near urban centres (93.2%) and far from urban centres (96.7%) stated that they did not receive any kind of training from any agency. In case of villages located near urban centres, only 3.5% of nonfarm entrepreneurs had received some kind of formal training related to their activities. Most of the trainings were 'skill-based' ones, which were organised by government agencies

(8 no.s), private institutions (2 no.s) and NGOs (2 no.s). Training on ‘accounting’ was attended by two respondents and was given by government agency and private institutions. Respondents reported that in spite of the importance of marketing and general management trainings, no such trainings have been provided by any of the organisations till date.

Table 5.13
Participation in training programmes

Location	Training	
	Yes	No
Near Urban Centre	6.8	93.2
Far from Urban Centres	3.3	96.7

Source: Field Survey

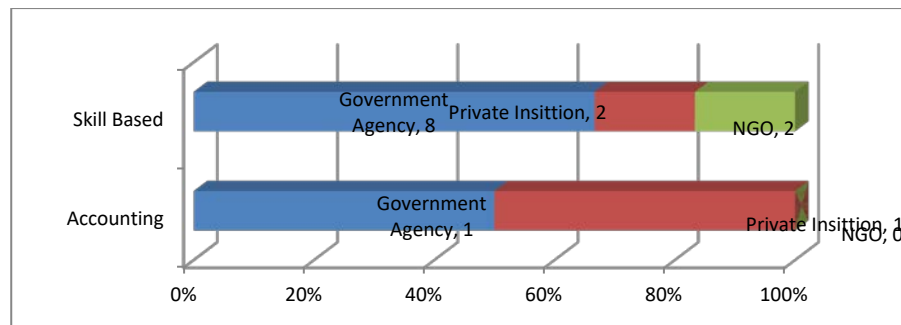


Figure 5.20
Training module attended (Near Urban Centres)
Source: Field Survey

In case of villages located far from urban centres, only 0.95% of the respondents reported having received trainings related to their activities. These trainings were provided by government agencies (3 numbers), private institutions (1 number) and NGOs (2 numbers). Trainings on any other module such as accounting, marketing and management were not reported.

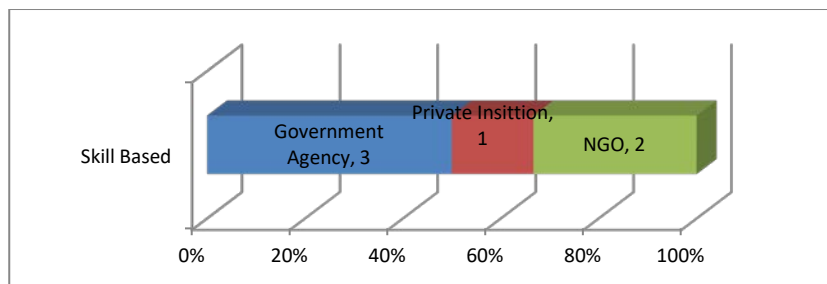


Figure 5.21
Training module attended (Far from Urban Centres)
Source: Field Survey

5.15 NONFARM ENTERPRISES AND LIVELIHOOD DEVELOPMENT

In order to understand the complex characteristics of household livelihoods and their determining factors, an attempt is made to ascertain various associations and relationships among these factors so as to understand the current situation of the role of nonfarm enterprises as part of the overall livelihood system of a household. The following section contains relevant research questions and their answers as evident from filed data.

5.15.1 Contribution of nonfarm enterprises to the total annual household cash income:

It is observed that in villages located near urban centres, nonfarm enterprises contribute about 31% of the total cash income of the households. This is much more than the contribution of nonfarm enterprises in villages far from urban centres (18 %). In the overall scenario of the hill districts, about 24.95% of the total cash income is contributed by nonfarm enterprises or entrepreneurial activities. It is seen that in spite of the fact households located far from urban centres engage in more number of enterprises or entrepreneurial activities, their income from these sources are much lesser than their urban contemporaries.

Table 5.14
Contribution of income from nonfarm enterprises to total cash income

Location of Village		Cash Income from nonfarm enterprises in the last 12 months	Total Cash Income	Mean number of Nonfarm Enterprises per household
Near Urban Centre	Mean	22067.48	70457.53	0.95
	% of Total Sum	31%	100%	
Far From Urban Centre	Mean	9553.63	52251.89	1.67
	% of Total Sum	18%	100%	
Total	Mean	15021.49	60206.76	1.31
		24.95%	100%	

Source: Field Survey

5.15.2 Determinant demographic factors for adoption of nonfarm enterprise:

Studies have shown that age, size of family, education determine adoption of nonfarm enterprises (ANNEXURE-II). Here, through chi square test⁵ we have attempted to infer whether these demographic factors have any significant association with adoption of nonfarm enterprises.

Table 5.15
Association of demographic factors and participation of nonfarm enterprises

Demographic Factor	Statistical Inference
1. Age of HH head	There is no significant relation between age of HH head and participation in nonfarm enterprises.
2. Gender of HH head	In case of villages located near urban centres, there is a strong association between gender of HH head and participation in nonfarm enterprises (p value=0.012). 87.6% of the male headed households participated in nonfarm enterprises while only 69.6% of female headed households participated in nonfarm enterprises.
3. Community of HH	In case of villages located near urban centres, there is strong association between community of the households and participation in nonfarm enterprises (p value=0.000). Among the households from either of the dominant indigenous tribes, about 84.7% participated in nonfarm enterprises. Whereas, in case of rest of the

⁵ The hypothesis tested are:

- i. H_0 : Age and participation in nonfarm enterprises are not significantly associated
 H_1 : Age and participation in nonfarm enterprises are significantly associated
- ii. H_0 : Gender and participation in nonfarm enterprises are not significantly associated
 H_1 : Gender and participation in nonfarm enterprises are significantly associated
- iii. H_0 : Community and participation in nonfarm enterprises are not significantly associated
 H_1 : Community and participation in nonfarm enterprises are significantly associated
- iv. H_0 : Family Type and participation in nonfarm enterprises are not significantly associated
 H_1 : Family Type and participation in nonfarm enterprises are significantly associated
- v. H_0 : Education and participation in nonfarm enterprises are not significantly associated
 H_1 : Education and participation in nonfarm enterprises are significantly associated
- vi. H_0 : Family Size and participation in nonfarm enterprises are not significantly associated
 H_1 : Family Size and participation in nonfarm enterprises are significantly associated

	communities taken together, 97.5% of the households participated in nonfarm enterprises. This might be because of the fact that non-dominant communities have limited access to land based resources, and hence have to rely on nonfarm enterprises for their livelihoods.
4. Type of Family	In case of villages located near urban centres, there is no strong evidence to believe on the assumption that there is any association between type of family and participation in nonfarm enterprises. (p value=0.971)
5. Years of education of HH head	Only in case of villages located far from urban centres, a moderate positive relationship (p value=0.662) is observed between years of education of HH head and number of enterprises taken up by the household.
6. Family Size	There is not enough evidence to reject the assumption that there is no relationship between family size and participation in nonfarm enterprises. This contradicts the observations in previous studies that smaller sized families, because of difficulties in engaging in agriculture-based livelihoods, tend to adopt lesser labour intensive nonfarm enterprises.

Source: Field Survey

5.15.3 Association of incidence of shock and participation in nonfarm enterprises:

It is observed from literature that poor households tend to adopt nonfarm enterprises as a response to some kind of shock incidents that might have affected its regular livelihoods. It is therefore, necessary if participation in nonfarm enterprises in the hill districts have any association with such incidents of shock.

Table 5.16
Association of shock incidents in participation in nonfarm enterprises

Shock Incident	Statistical Inference
1. Death of Income Earner	In case of villages located near urban centres, it may be inferred that there is association between death of income earner and participation in nonfarm enterprises. (p value=0.002).
2. Illness of Income Earner	In case of villages located near urban centres, it may be inferred that there is association between illness of income earner and participation in nonfarm enterprises. (p value=0.000).
3. Loss of Job of Income Earner	In case of villages located near urban centres, it may be inferred that there is no

	association between loss of job of income earner and participation in nonfarm enterprises. (p value=0.929).
4. Food Shortage	In case of villages located near urban centres, it may be inferred that there is no association between food shortage and participation in nonfarm enterprises. (p value=0.733).
5. Drought	In case of villages located near urban centres, it may be inferred that there is a association between drought and participation in nonfarm enterprises. (p value=0.037).
6. Flood	No incidence of flood was reported
7. Crop Damage	In case of villages located near urban centres, it may be inferred that there is a association between incidence of crop damage and participation in nonfarm enterprises. (p value=0.000).
8. Price Shock	In case of villages located near urban centres, it may be inferred that there is a association between price shock and participation in nonfarm enterprises. (p value=0.000).

Source: Field Survey

In order to know about incidence of shock events, respondents were asked whether there was any incidence of such events in the previous 2 years. In order to establish whether there exist any association between occurrence of such events and participation in nonfarm enterprises, chi-square test was done. In case of villages located far from urban centres, it is seen that all households participate in nonfarm enterprises. Hence, association with shock incidents cannot be established. It can thus be interpreted that the households located far from urban centres take up nonfarm enterprises, not as shock management strategy to recover from shock incidents. They are more of a traditional activity to complement household income.

It is observed from the above inferences that in case of villages located near urban centres, some shock incidents are strongly associated with participation in nonfarm enterprises whereas some are not. Incidents such as death or illness of income earner, drought, and crop damage and price shock are strongly associated with participation in nonfarm enterprises. No association was found between loss of job of income earner, incidence of flood and food shortage with participation in nonfarm enterprises.

5.15.4 Influence of “push” and “pull” factors in nonfarm enterprises participation:

From literature and pilot survey, a number of factors were selected which either could act as “push” or “pull” factors for undertaking nonfarm enterprises. Respondents were asked to respond with their level of agreement to the factors’ as having influenced their taking up of nonfarm enterprises.

i. Push Factors influencing adoption of nonfarm enterprises:

Table 5.17
Ranking of ‘Push’ factors influencing adoption of nonfarm enterprises

Push Factors	Near Urban Centre		Far From Urban Centre	
	Mean	Rank	Mean	Rank
Population Growth(More Members)	3.5	2	4.0	2
Increasing scarcity of arable land and decreasing access to fertile land	2.9	4	3.2	4
Declining Farm productivity	3.0	3	3.1	5
Declining returns to farming	3.6	1	3.6	3
Lack of access to farm input markets	2.3	6	2.3	8
Decline in natural resource base	3.0	3	4.2	1
Temporary events and shocks	2.5	5	2.6	7
Absence or lack of Access to rural financial markets	3.0	3	3.0	6

Source: Field Survey

It is observed that there is difference in views of respondents from villages located far from and near urban centres. In case of villages located near urban centres, declining returns to farming as the strongest reason for taking up nonfarm enterprises. Declining returns to farming means that the return on investment in farm activities is on a declining trend. This may be because of cost of farm inputs, such as labour, are higher in villages located near urban centres. So, households find it less beneficial to invest in farm activities and consider taking up nonfarm enterprises. Population growth, leading to more members in the households, has also influenced the adoption of nonfarm enterprises. It qualifies as the second most influencing factor for adopting nonfarm enterprises near urban centres. Other factors, which the respondents agreed to have influenced their adoption of nonfarm enterprises, are decline in natural resource base, absence or lack of access to agricultural finance markets and increasing scarcity of arable land and decreasing access to fertile land. Respondents were undecided on whether temporary events or shocks influenced their adoption of nonfarm enterprises. Regarding lack of access to farm input markets, respondents from near urban centres opined that it was not an influencing factor for adoption of nonfarm enterprises.

In case of villages located far from urban centres, respondents considered declining natural resource base as the most influencing factor for adoption of nonfarm enterprises. This is followed by increasing family members as a pushing factor for nonfarm enterprise adoption. Declining returns to farming and increasing scarcity of arable land and decreasing access to fertile land also influenced respondents' adoption of nonfarm enterprises. Respondents also were slightly inclined towards their agreement that absence or lack of agricultural finance and temporary events or shocks also influenced their adoption of nonfarm enterprises.

ii. Pull Factors influencing adoption of nonfarm enterprises:

The factors which act as motivators towards adoption of nonfarm enterprises are categorised as “pull” factors. In villages located near and far from urban centres, generation of cash to meet household objectives was the primary pull factor for adoption of nonfarm enterprises. Similarly, in both type of locations, higher return on labour in nonfarm enterprises is considered the second most motivating factor. Respondents from villages near and far from urban centres were undecided whether higher return on investments in nonfarm enterprises had influenced their adoption of nonfarm enterprises. Moreover, in villages near urban centres respondents disagreed that appeal of urban life had anything to do with their adoption of nonfarm enterprises. They were undecided whether higher return on investments in nonfarm enterprises had influenced them.

Similarly, in case of villages located far from urban centres, respondents were undecided about other factors such as appeal of urban life, lower risk of nonfarm enterprises compared to on-farm activities, higher return in investments in nonfarm enterprises.

Table 5.18
Ranking of ‘Pull’ factors influencing adoption of nonfarm enterprises

Pull Factors	Near Urban Centre		Far From Urban Centre	
	Mean	Rank	Mean	Rank
Higher Return on labour in the RNFE	3.2	2	3.5	2
Higher Return on investments in the RNFE	2.8	3	2.4	4
Lower risk of RNFE compared to on-farm activities	2.2	4	2.2	5
Generation of Cash to meet HH objectives	3.4	1	3.6	1
Economic opportunities, often associated with social advantages outside rural area	2.0	5	2.5	3
Appeal of urban life, in particular to younger population	2.0	5	2.5	3

Source: Field Survey

On analysing as a whole, it is seen that declining returns to farming and population growth were the two most influencing factors for adoption of nonfarm enterprises in villages near urban centres. In case of villages located far from urban centres, decline in natural resource base and population growth are the two most influencing factors for adoption of nonfarm enterprises. It is can be therefore, be concluded that in all types of villages, “push” factors influence more than “pull” factors for adoption of nonfarm enterprises. Nonfarm enterprises are mostly taken up as distress-recovery strategies in the hill districts.

5.15.5 Food Security:

In order to assess, whether adoption of nonfarm enterprises have significantly addressed and improved food security status of participating households, respondents were asked about the number of meals they could afford per day.

Table 5.19
Average number of meals per day

Location of Village	Participation in non-farm enterprises	Mean (Number of meals per day)	N	Std. Deviation
Near Urban Centre	Yes	2.15	427	0.359308341
	No	2.26	65	0.44289259
Far From Urban Centre	Yes	1.99	634	0.190296654
	No	-	-	-
Total		2.06	1126	0.297240781

Source: Field Survey

It was found through ANOVA that the mean number of meals among various groups, on the basis of participation and location of villages varied significantly (p value=0.000). However, it is seen that the average number of meals in case of non-participants is more than that of participants. This shows that nonfarm enterprises in all categories have not been able to perform significantly well such that it is able to bring about significant change in the food security. As already discussed, nonfarm enterprises are taken up as result of ‘push’ factors such as population growth, decreasing natural resources, etc. These factors would affect the poor sections of the population quite in advance and they are forced to take up one or the other nonfarm activity. Therefore, it is seen that food security status of non-participants was still better than that of participants.

5.15.6 Housing and amenities:

Since all households in villages located far from urban centres were engaged in some kind of nonfarm entrepreneurial activity, change in housing pattern with regard to participation is not necessary. However, in case of villages located near urban centres not all households participate in nonfarm enterprises. It is observed that only a few households participating in nonfarm enterprises have houses with concrete flooring (33.5%), brick walls (7.5%) and C.G.I sheet roofing (78.7%). Households which do not participate in nonfarm enterprises have relatively better housing structures as apparent from the following table.

Table 5.20
Housing Condition

Location of Village	Non Farm Enterprise	Type of floor in the house (%)		Type of wall in the house (%)					Type of roof (%)		
		Clay	Concrete	Brick	Bamboo	Plastic/ Polythene	C.G.I Sheets	Wood	Thatch	C.G.I Sheet	Plastic/ Polythene
Near Urban Centre	Yes	66.5	33.5	7.5	89.7	0	2.6	0.2	21.3	78.7	0.0
	No	32.3	67.7	24.7	75.3	0	0	0	9.2	90.8	0.0
Far From Urban Centre	Yes	84.8	15.2	4.1	95.6	0.3	0.0	0.0	51.1	48.6	0.3

Source: Field Survey

It is seen that only 14.75% of households practicing nonfarm enterprises use LPG as a primary source of cooking fuel. This is significantly less than that of households not engaged in nonfarm enterprises (30.77%).

Table 5.21
Cooking Fuel

Non Farm Enterprise	Primary Cooking Fuel	
	Firewood	LPG
Yes	85.25	14.75
No	69.23	30.77

Source: Field Survey

However, in case of the access to primary lighting arrangement it is seen that households engaging in nonfarm enterprises have a better access to electricity supply (96.3%) as relative to non-practitioners of nonfarm enterprises.

Table 5.22
Lighting Arrangement

Nonfarm Enterprises	Primary Lighting Arrangement		
	Kerosene/Gas Lantern (%)	Solar Panel (%)	Electricity (%)
Yes	2.1	1.6	96.3
No	15.4	3.1	81.5

Source: Field Survey

With regards to access to primary source of drinking water most of the households not engaged in nonfarm enterprises had access to piped water supply (78.46%). However, among those households which participated in nonfarm enterprises only 27.87% had access to piped water supply. On deeper enquiry it was observed that irrespective of participation all households in Karbi Anglong sourced water from ‘wells’, whereas in case of Dima Hasao, 87.5% of households participating in nonfarm enterprises had access to piped water supply against 81% of non-participating households having access to piped water supply.

Table 5.23

Non Farm Enterprises	Primary source of drinking water		
	River/Stream	Well	Piped water Supply
Yes	3.98	68.15	27.87
No	18.46	3.08	78.46

Source: Field Survey

5.15.7 Health and Hygiene:

i. Incidence of Illness

It is observed that the overall health status of participants of nonfarm enterprises was relatively better than that of non practitioners. In case of non-serious illness, 30.4% of households practising nonfarm enterprises stated that they had not encountered any non-serious illness during the previous one year. Only 7.7% of the households stated occurrence of such illness during the same period. In case of serious illnesses, 69.6% of the households stated that they never faced such incidents during the previous one year. The corresponding figure for non-practitioners stood at 23.1%.

Table 5.24
Health Status

Non Farm Enterprises	Frequency of non-serious illness			Frequency of serious illness	
	Never	Once or twice	About once a week	Never	Once or twice
Yes	30.4	33.0	36.5	69.6	30.4
No	7.7	87.7	4.6	23.1	76.9

Source: Field Survey

ii. Process adopted to purify water :

It is observed that there is a strong association between participation in nonfarm enterprises and practices adopted for purification of drinking water (p value=0.023, significant at 95% confidence level). It is observed that 22% of households engaged in

nonfarm enterprises adopted 'boiling' process while only 14% of households not engaged in nonfarm enterprises adopted it. Likewise, while 59% of households engaged in nonfarm enterprises adopted some kind of treatment procedure, only 42% of non-participating household adopted any such processes.

Table 5.25
Water Purification Process

Process	Nonfarm Enterprises (%)	
	Yes	No
Cloth Sieving	37	28
Boiling	22	14
Nothing	41	58

Source: Field Survey

iii. Practices regarding defecation :

It was observed that there is no strong association between participation in nonfarm enterprises and practices regarding defecation (p value = 0.10).

iv. Practices regarding disposal of garbage:

It is observed that there is a strong association between participation in nonfarm enterprises and garbage disposal practices of households (p value=0.015, significant at 95% confidence level). However, it is seen that households that do not practise nonfarm enterprises have better access to garbage disposal sites as compared to those engaged in nonfarm enterprises.

Table 5.26
Garbage Disposal Practice Adopted

Site for Garbage Disposal	Non Farm Enterprise (%)	
	Yes	No
Undesignated Space	18	6
Designated Space	82	94

Source: Field Survey

In spite of the fact that nonfarm entrepreneurial activities are taken up the poorer population, their participation in these activities have made them more aware towards availing public services such as 'electricity', they have better 'health' and follow better hygiene practices as far as water purification is concerned. Thus, positive changes are observed where there is no or minimum cost involved.

5.15.8 ASSET HOLDING:

It is observed that there is a significant variation in the possession of household assets such as mobile phones (p value=0.000), radios (p value=0.001), music players (p value=0.014). In these types of assets which involve lesser costs, possession is significantly higher in case of households engaged in nonfarm enterprises. However, in case of assets which are relatively costlier such as television, households not engaging in nonfarm enterprises have significantly higher number of televisions as compared to those engaged in nonfarm enterprises. In case of other assets such as cycles and motorcycles there is not significant variation in the possession of these assets with respect to participation in nonfarm enterprises.

Table 5.27
T-Test Results comparing mean of Asset holding

Asset category	Non Farm Ent.	Mean	Std. Deviation	Lavene's Test Sig.	t-test p value
Number of mobile phones	Yes	0.19	0.39	0.000	0.000
	No	0.03	0.17		
Number of radios in the family	Yes	0.18	0.38	0.000	0.001
	No	0.02	0.12		
Number of Music Players	Yes	0.16	0.37	0.000	0.014
	No	0.05	0.21		
Number of T.Vs in the family	Yes	0.21	0.41	0.001	0.049
	No	0.32	0.47		
Number of bicycles in the family	Yes	0.24	0.43	0.864	0.932
	No	0.25	0.43		
Number of motorcycles	Yes	0.15	0.36	0.552	0.77
	No	0.17	0.38		

Source: Field Survey

5.15.9 ACCESS TO GOVERNMENT SERVICES:

It is observed that, in case of villages located near urban centres, although awareness level regarding government organisations does not differ much between those who are involved in nonfarm enterprises and those who are not involved in nonfarm enterprises. However, when enquired whether they had availed services from these organisations, except for veterinary department, accessibility to all other departments was reported significantly high in case of households involved in nonfarm enterprises.

In case of villages located far from urban centres, in spite of participation in nonfarm enterprises by all households, their awareness and accessibility to government services still remains lower than that of households located near urban centres.

Table 5.28
Access to Government Services

Organisation	Near Urban Centre				Far from Urban Centre	
	Not involved in nonfarm enterprises		Involved in nonfarm enterprises		Involved in nonfarm enterprises	
	Aware	Access	Aware	Access	Aware	Access
Public Health Centre(PHC)	98	75	95	76	64	45
School	95	64	98	76	84	48
Agriculture Dept.	84	44	86	56	68	41
Police Station	97	35	97	42	70	63
Veterinary Dept.	98	65	98	62	74	34
Post Office	46	31	58	46	59	33

Source: Field Survey

5.16 CONCLUSION:

In the first part of this chapter the characteristic features of nonfarm enterprises, as revealed from household surveys is discussed. It is seen that although very few households have taken up nonfarm enterprises as primary occupations, participation in nonfarm enterprises as secondary livelihood options is very common across both the hill districts. Households, primarily engaged in nonfarm enterprises, have shifted from agriculture and allied based livelihoods. However, in case of villages located near urban centres presence of second generation nonfarm entrepreneurs is prominent which is otherwise in case of villages located far from urban centres. Some nonfarm entrepreneurial activities such as ‘taxi driver’, ‘mechanic’ and ‘auto-rickshaw’, which require technical knowledge to operate are only taken up as primary occupation in villages located near urban centres whereas those which requiring traditional skills such as ‘bamboo-craft’ serve as primary occupation only in villages located far from urban centres. Trend in employment generation over the last three years has shown that the relative rate of growth is much more in case of villages located far from urban centres. However, employment generated and rate of growth in employment over the last three years have shown significant differences with respect to nearness and farness to urban centres. Non-traditional activities have fetched better income as compared to traditional skill based enterprises.

In addition to households which were primarily occupied with nonfarm enterprises, a high majority of households in villages located near urban centres were involved in such activities as secondary livelihood options. In villages located far from urban centres all households had one or the other nonfarm entrepreneurial livelihood activities. While majority of households in village located near urban centres practised only one such activities, most households in villages located far from urban centres were engaged in more than one enterprise.

Therefore, all nonfarm enterprises, including those taken as primary as well as secondary occupations, were brought within the study purview. The activities were analysed separately categorised into Primary NFE, Secondary NFE and Tertiary NFE as per their contribution to the household's income. In villages located far from urban centres, manufacturing based enterprises significantly high in numbers as compared to service and trading based ones. However in villages located near urban centres, almost identical presence of manufacturing, service and trading sector based nonfarm enterprises is observed. Involvement of women is more in case of villages located far from urban centres because 'weaving' and 'country wine' are the practised in most households. Hence, while enterprises under proprietary ownership of male members of the households form majority in villages located near urban centres, the situation is opposite in case of those located far from urban centres. These enterprises, which are mostly perennial, are operated mostly from within household premises by household members only. Agricultural income is the major source of start-up capital for these enterprises.

Among activities, considered as second important contributor to the surveyed households, 'manufacturing' based ones are most common in all villages. The presence of trading enterprises relatively higher in case of villages located far from urban centres. These activities are mostly owned by women from within household premises, operated in a casual or seasonal manner.

Only in villages located far from urban centres, respondents reported having a third category of nonfarm enterprises which are mostly from the manufacturing sector, owned by female, operated from within household premises run by household members in casual or seasonal manner.

Only a very minimal number of enterprises got support for input suppliers from government agencies (3-8%), private institutions (0-2%) and NGOs (1-3%). Hence, they mostly depended upon their own acquaintances for such services. Similar is situation in case of linkage for credit services and linkage with buyers. Training support to these units is negligible.

The later section of the chapter was concerned with the role played by nonfarm enterprises in livelihood development in the surveyed villages. It was found that the mean income from different sources differed significantly with respect to location. The contribution of nonfarm enterprises to the household income was significantly higher in villages located near urban centres than that in villages located far from urban centres. Male headed households seemed to have relatively higher participation in nonfarm enterprises. Similarly, participation is higher in case of households belonging to the non-dominant tribes of the districts. Shock incidents such as death of income earner, illness of income earner, drought, crop damage and price shock have a direct association with the participation in nonfarm enterprises. Different push factors influence the adoption of nonfarm enterprises with respect to the nearness and farness from a urban centre. Declining natural resources was the most influencing push factor in case of villages located far from urban centres. Generation of cash and higher return on labour were considered to be most influencing factors in both types of villages. Push factors have higher influence than the pull factors. The participation in nonfarm enterprises has not contributed much to improve the food security situation, housing condition or access to electricity, piped water supply till now. However, the households practising such enterprises have shown higher levels of awareness and use regarding LPG as cooking fuel, purification of drinking water and disposal of garbage. They have better health status and possess more low cost assets such as mobile phones, radios and music players. Awareness and access to various government services is high in case of household practising nonfarm entrepreneurial activities.