

CHAPTER 8

POLICY SUGGESTIONS AND CONCLUSION

8.1 INTRODUCTION:

The important role played by non-farm enterprises in the overall livelihoods of households in the hill districts has already been established. There are important intangible outcomes of these non-farm enterprises such as women empowerment, improved awareness and access to services of banks and line departments and reduced dependence on natural resource based livelihoods such as illegal stone quarrying. The study leads to arrive at a conclusion that, given the current status of non-farm enterprises and the overall livelihood scenario in the hill districts, no stand-alone approach to develop non-farm enterprises is feasible. Multi-pronged support which ensures improved access to resources is a must to develop nonfarm enterprises. The situation asks for complete overhauling of the prevailing system, which will involve specific measures pertaining to each of the livelihood capitals. This will ensure a favourable environment for sustainability of the non-farm enterprises. This chapter tries to elaborate on the specific subjects that need to be addressed for the above purpose.

8.2 NATURE OF EXISTING NFEs:

The study has helped us to identify the key NFEs practised in the two hill districts of Assam. As our findings suggests while some of the NFEs are strictly taken up as primary occupations, there are others which are either practised as primary, secondary or tertiary occupations. All these activities may be categorised into manufacturing, service and trading based NFEs. Analysis of the NFEs shows that most of these activities can be classified as ‘enterprises in their pre-entrepreneurial stage in the unorganised sector’.

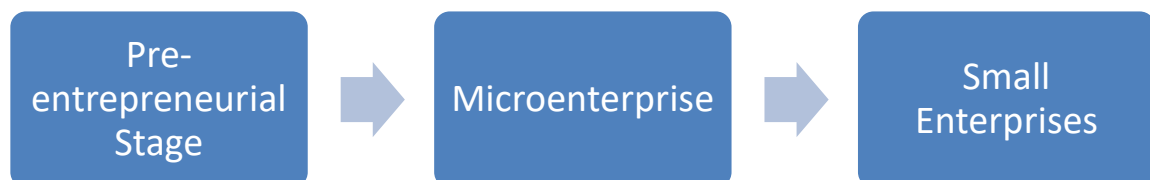


Figure 8.1 Stages of growth of enterprises from informal to formal Stage (IFAD, 2007)

It is necessary to support existing enterprises so that they gradually can grow and reach small enterprise stage. Regarding such support, National Commission for Entrepreneurs in the Unorganised Sector (2007) has stated that support for scaling up such activities should be in a much broader sense, instead of focussing only the ‘enterprise development’ approach. The commission recommended a ‘livelihood promotion’ approach, which encompasses other aspects such access to assets/ resources, policies and institutions.

According to Wolf and Page (2008), focussing economic growth investments on those sub-sectors with a high participation of poor households can help to increase overall growth and reduce unequal income distribution (Wolfe & Page, 2008). Therefore, in order to improve the livelihood status of the hill population, interventions should be focussed on these activities.

8.3 SUGGESTIONS:

The study has helped in understanding the overall situation of livelihoods in the hill districts of Assam. It has also made efforts to divulge ground level information related to nonfarm enterprises and its role in livelihoods of the hill population. While carrying out the study and from the findings of it, a number of important observations were made. These observations have a direct impact on the livelihood strategies adopted by households of the hill districts. Suggestions based on these observations have been discussed in the following sections.

8.3.1 Creating a Business Enabling Environment:

It is clear from the study that the hill districts lack an enabling environment for sustaining nonfarm enterprises. While all indicators of banking development in North East India show that it is still far behind the national averages, there are a number of factors which has led to such situation. There is an urgent need for improving the infrastructure, creating a favourable investment climate, focusing on a few sectors of strategic advantage for development and encouraging a favourable credit culture (Reserve Bank of India, 2006).

Some macro level interventions such as physical resources in the form of improved transportation and communication facilities, cold storage facilities, vocational training centres, financial inclusion, and market infrastructures have a direct bearing on supporting nonfarm enterprises. In other words, these interventions are required for long term impacts on the livelihoods of the population.

One of the most prominent constraints for NFEs is the lack of access to finance. It must be stated that the field investigation was carried out during the phase when SGSY programme was withdrawn and NRLM programme was just launched. Moreover, there were no other institutions providing microfinance to support NFEs of the kind and nature in the hill districts of Assam. Although currently, NRLM has started financing SHGs, either adopted or newly formed, the fact that presence of private MFIs could have largely helped NFEs is largely felt. Another important initiative by the Government of India, to 'fund the unfunded' to develop the microenterprise sector is through its Pradhan Mantri MUDRA Yojana (PMMY). However, failure to extend support to actual financially excluded borrowers, low awareness and monitoring, paradoxical perception of banks as high risk, low value and high involvement product leads to the need of some policy level changes in the scheme (Giri & Singh, 2016). With such changes and some adaptation needed for the hill districts, MUDRA can play a lead role in developing NFEs in the region through improved access to finances from banks and NBFC-MFIs.

It is evident from the field study that most of the land resources are community properties. Relatively better off families possess proper land ownership documents. Therefore, people are unable to provide collateral for availing loans. In Karbi Anglong, in line with RBI's instruction for agricultural loan, LPC may be taken where available for establishing proof of right to cultivate the land. Where LPC is not available, a letter of comfort or certificate from the group/local tribal bodies/farmers' clubs/VDBs regarding the borrowers' right to cultivate land may be taken (Reserve Bank of India, 2006). Legalisation of land leasing would encourage large land owners to lease out land without fear of losing their land ownership rights and invest in non-farm enterprises (with appropriate capital and technology support), which is vital for occupational diversification and rapid rural transformation (NABARD, 2016).

In view of this, some studies have suggested changes in the land tenure system, are essential so that land can be made available to investors for industry, plantation, horticulture, etc, either on lease or on ownership in a transparent manner (Baruah, 2003). Therefore, it is suggested that long term land reform strategies may be adopted.

The Forest Right Act, 2006 was not being accepted by the Autonomous Councils of both the hill districts during the field investigations. The Act takes care of a number of issues such as land rights, collection of NTFPs etc. However, with some amendments in 2015, the

Act has been implemented. It is reported that Assam have shown relatively poor result in terms of title deeds distributions unlike their counterpart states in the implementation of Forest Right Act, 2006 (Mohanty, 2015).

Experiences and studies have always been prescribing a participatory development mechanism for effective poverty alleviation. Development efforts have failed primarily because they have undermined the role of beneficiaries for whom the initiatives were designed. The ongoing unsustainable practice of collecting wild Medicinal and Aromatic Plants (MAPs) in Uttarakhand, despite policy efforts by National Medicinal Plants Board, New Delhi and Herbal Research Institute, Uttarakhand, only shows this disconnect with the ground realities (Negi, 2007).

In spite of the presence of Indian Institute of Entrepreneurship in Guwahati for more than two decades, both the Autonomous Councils have failed to take advantage of the institution, whose very birth was for entrepreneurship development in the region as apparent from its annual reports. Under its 'Area Approach Projects', there is potential for cluster development with handloom weavers, bamboo and cane artisans, *eri* silk clusers, to name a few. Fund allocation under 'craftsmen training' of Annual Plans for Hill Areas, which falls under non-entrusted¹ sector, may be utilised for implementing such projects, commonly for the hill districts.

8.3.2 Reiteration of the Crisis: Need for Participatory Development

There is need for some modification in policies and approaches of implementation of development activities by these councils so that an enterprise enabling environment is created. It is reiterated from the findings of the study that support mechanisms for developing entrepreneurial activities are in a pathetic state.

According to Bhowmick (1988), tribal areas must be, as far as possible, managed by the tribals themselves which is crucial for their economic and cultural development (Bhowmik, 1988). One of the major findings from the study was that there is disconnection between people at the grassroots and their representatives at the autonomous councils. Mujeri and Singh (1997) suggest that community participation in itself can contribute effectively to rural development (Mujeri & Singh, 1997). The purpose for which the district was constituted under the Sixth Schedule of the Indian Constitution has failed miserably on the very objective

¹ Implementation of activities is not entrusted to the District Autonomous Councils.

of empowering the grassroots and facilitating self-governance. Panchayati Raj Institutions were not accepted on the pretext of protecting local traditional institutions. Even village representative bodies have not been formed on the same ground. However, in spite of these traditional institutions have never received any cognizance in the council's administration and have been, over the years, gradually disintegrating. Such disintegration of institutions like *Farla* or *Jirkedam* was reported by villagers during field visits. In absence of any Panchayati Raj Institutions (PRIs) or Gram Sabhas, implementation of development activities and selection of beneficiaries is highly influenced by political intentions. This is not a healthy sign and needs to be addressed with urgency. Media and government enquiries have confirmed a number of cases of corruptive practices in the hill districts.

One way of handling such practices is through peoples' engagement in the development process. Social mobilization that brings poor together to discuss their common livelihood problems, builds confidence and makes them aware of their entitlement and economic opportunities, as well as learn to work together in improving their condition is an essential pre-requisite for effective organization of the poor. Participation of people in their own development will lead to higher awareness of rights and regulations, need based interventions and closer monitoring of developmental activities. 'Marups' from Manipur and VDBs (Village Development Boards) in Nagaland has been successful in the playing the role of financial institutions and intermediaries.

It is felt that community based village level institutions, which may be called 'Village Development Committees (VDC)' should be formed in each village of the hill districts. These VDCs shall have representatives from traditional institutions, women representatives and all household heads from the village community.

One of the long-unfulfilled demands of the region, and also the one well recognized by the RBI Committee for NER (2006), is the use of "community based organizations in these States" as financial intermediaries. In the hill districts, such VDCs can be used as Banking Correspondents (BCs) and Banking Facilitators (BFs) by evolving appropriate norms and guidelines in consultation with traditional institutions (Ministry of Rural Development, 2009).

A village development committee should be provided adequate training on various developmental programmes and schemes provided by the government. It should be made the nodal centre for dissemination as well as collection of information from the grassroots.

During field visits and review of reports, it was found that multiple CBOs were formed by different government departments for implementation of respective programmes. This can be avoided by forming only one CBO per village for better coordination and monitoring, unless exceptional requirement of special groups arise.

The 73rd Amendment to the Constitution provides for reservation of one-third of all panchayat seats at all levels for women. However, there is no such provision for female reservation in the Autonomous Councils of the Hill Districts. It is clear from the study that women are rarely given any leadership role in the family as well in the community. Also, it is observed that women are the main participants in the NFE sector. Therefore, in order to ensure that matters related to women are given importance by the Council, it is suggested that amendments be made to ensure women representation in the Autonomous Councils. In Mizoram, adoption of Lushai Hill District (Village Council) Act, 2014 has ensured such reservation for women.

8.3.3 Identification of Potential Subsectors:

The study has established that nonfarm enterprises vary with respect to location of the villages. The sector-wise list of activities (Table 8.1) shows that most entrepreneurial activities taken up near urban centres are based on non-traditional skills. The study also shows that such non-traditional enterprises are more remunerative. Differences in access to resources bring in the differences in nature and scale of nonfarm enterprises across locations. Therefore, interventions also need to be aligned with such differences.

Across the hill districts, based on the findings of the study the key sub-sectors which can be identified from the existing practices in the NFE sector are:

- i. Infrastructure Based NFE development
- ii. Handloom and Handicraft
- iii. Non-Traditional skill based enterprises

In addition to these, findings from the field study suggests two more sub-sectors which can be considered for promotion in the hill districts:

- i. Value addition of agricultural and horticultural products
- ii. Medicinal Plants
- iii. Eco-tourism

Table 8.1- Classification of Existing NFEs

	Manufacturing/ Processing		Service		Trading	
	NUCs	FUCs	NUCs	FUCs	NUCs	FUCs
1	Bamboo Craft	Bamboo Craft	Auto Rickshaw	Carpenter	Shop	Shop
2	Barber	Blacksmith	Carpenter	Mason	Tea Stall	Textile and Apparels
3	Blacksmith	Country Wine	Contractor	Rice Mill	Textile and Apparels	Confectioneries
4	Country Wine	Weaver	Cycle Repairing		Confectioneries	Bamboo Products
5	Pickle Making		Electrician		Bamboo Products	Fresh Vegetables
6	Pottery		Goldsmith		Fresh Vegetables	Livestock
7	Weaver		Mason		Livestock	Other Agricultural Products
8			Mechanic		Other Agricultural Products	
9			Rice Mill			
10			Tailor			
11			Taxi Driver			
12			Welder			

Source: Field Survey

It is observed that processing and sale of ‘country wine’ is one the most popular NFEs, providing considerable livelihood support, in the hill districts. It is an illegal practice and therefore no support mechanism for supporting such activities has been suggested. However, recently, government of Assam has taken initiatives to promote traditional brews by legalising such practice. Even if it is legalised, elements such as standardisation, hygiene standards, bottling norms would probably make it almost impossible for poor households to meet these standards.

Detailed research studies are required for developing business strategies for each of the sub-sectors that have been identified. However, some preliminary findings may be considered while implementation of enterprise supporting initiatives as well as future research.

- i. Infrastructure Based NFE Development:** One of the primary requirements for facilitating growth of non-farm enterprises in the two hill districts shall be through improvement on access to physical capital this shall include construction of roads, connecting villages to markets, improving transportation facilities, establishment of cold storage units. All these will lead to requirement of skilled manpower and services.
 - a. Youth from villages located near urban centres should be given initial preference for training as electricians, masons, carpenters, mechanics, drivers and welders. These trainings should be preferably provided as per Qualification Packs of NSDC. This will ensure standardisation of skills and enable universal recognition of skills acquired. Here, centrally sponsored

scheme named, 'Vocalisation of Secondary Education'² of Ministry of Human Resource Development, fits well with the requirement of the hill districts. Implementation of such a scheme in the hill districts will ensure better employability of youth, most of who tend to drop-out from schools and colleges.

- b. Under this sub-sector, interventions in located far from urban centres should be training local youth on some limited number of activities such as masonry and carpentry which are currently in demand in such villages. This will support efforts to control the problem of migration.
- c. Moreover, selection of activities has to be guided by education level required for such activities as education level was found to be significantly varying across villages during field study.
- d. It is also observed from field studies, that these activities, in spite of relatively higher income, have a limited demand and may saturate the local market within the hill districts within a short span as apparent from the growth of employment observed. In such case, overstressing efforts in this sector may lead to either unemployment or migration.

ii. Handloom and Handicraft: It is observed that although skilled weavers are present in both the districts, there are issues which need to be addressed so that this skill resource is optimally utilised. These interventions will help to increase the income level of households, majority of which have access to such traditional skills. The average annual income increment in these traditional skill based activities may not be as high as that from other nonfarm sectors as observed during field study. However, it can benefit a large portion of the population because of abundant presence of skilled artisans in the hill districts. As spill over benefit, efforts to promote enterprises in handloom and handicraft sector shall ensure sprouting of many non-traditional skill based nonfarm enterprise which will play some role in forward or backward linkage of

² Scheme named 'Vocationalisation of Secondary Education' of Ministry of HRD, Government of India ensures trainings based on National Occupational Standards set by NSDC through its Skill Councils. NSDC is currently working with the State Governments of Haryana, Himachal Pradesh, Karnataka, Punjab, Uttarakhand, Madhya Pradesh, Nagaland, Maharashtra, Chhattisgarh and Rajasthan for implementation of the scheme in their states through its approved and funded Sector Skill Councils. Under the scheme, state provides the support in the form of civil infrastructure and skill labs at each school. NSDC Training Partner recruits teachers and place them in schools as per the minimum prescribed qualifications. Two Trades are offered in each school and each trade to have 50 students. The courses run for four years from Class IX-Class XII pertaining to a Qualification Pack prescribed by the Sector Skill Councils (www.msde.gov.in/school-education.html).

enterprises in the sector. This makes implementation easier and provides scope for achieving long term developmental targets through interventions in this sector.

- a. In spite of abundance of skilled weavers and handicraft artisans, generally engaged in production of only traditional dress material or traditional utility articles, there is a very limited market as they are used mostly within the hill districts only. Therefore, training on use of different colour combinations, use of improved technology such as 'shuttle-looms', semi-finished products in the form of fabrics, improvised products with new designs will help to garner more income in this sector. Here, a diversified strategy for villages located near urban centres and far from urban centres should be adopted. In villages located far from urban centres, inputs for improved looms, fabrics and colour patterns and designs should be given to weavers to produce only semi-finished products and fabrics. In villages located near urban centres, training should be given for production of diversified handloom products. Training on cutting and sewing will be necessary to ensure product diversification.
- b. Market linkage with bigger enterprises and corporate houses, for semi-finished fabrics should be promoted for scaling up of production through participation in national and international fairs, organising buyers' visits etc. These interventions should be focussed especially in villages located far from urban centres where bulk of the weavers and artisans live.
- c. In case of, in villages located far from urban centres, cluster development approach may be adopted for its promotion. Weavers should be initially linked horizontally to form weavers' organisation. Weavers from villages catered by a single village *haat* may be considered to constitute one cluster. Such cluster approach will ensure better bargaining power to the member weavers in addition to information dissemination, standardisation and quality maintenance. This will also ensure better access to quality supply materials.
- d. As weaving is a predominantly women centric activity, any intervention in this sector must also ensure that targeted women have ample time to invest in such activities. This may include intervention in water supply, low cost toilets, and rice mills in the vicinity.
- e. It is essential to enable forward linkage to promote handloom and handicraft products produced in villages located far from urban centres. In case of handloom sector, nonfarm enterprises which use handloom fabrics to produce

diversified products such as bags, cushion covers, neck-ties etc. should be promoted. Better access to electricity, transportation, banking and other resources makes such units feasible only in villages located near urban centres.

- f. Regarding bamboo-based artisans, villages far from urban centres should concentrate more on bulk production of bamboo mat which, according to respondents have a steady demand. Bulk production will enable collective marketing which will ensure better income to the mat weavers.
- g. Nonfarm enterprises, which are based on processing of trading of handicraft products, may be supported in villages located near urban centres. In this sector, bamboo mat processing units or units producing diversified high value handicraft products such as bamboo-furniture, lamp-shades etc. should be supported in villages located near urban centres. Here, e-commerce platform can play an efficient role in promoting such handicraft and diversified handloom products in the national as well as international level.

iii. Non-Traditional skill based enterprises:

During field investigations, it is observed that there is potential for promoting non-traditional skill based enterprises in the hill districts. Such enterprises which are based upon local resources may be promoted for livelihood development in the region. Cultivation of Areca Nut is widely practised in both the hill districts. ‘Areca Nut leaf’ based disposable utensils, which are eco-friendly and natural have shown a growing demand over the years. Therefore, promotion of ‘areca nut leaf’ based product manufacturing units has feasibility in the region. This shall ensure employment and income generation through creation of leaf collectors, leaf traders, machine operators and other skilled and unskilled workers.

Similarly, broom which is a major forest based product (NTFP) in the hill districts also provides scope for improving income and employment. Bereft of training and financial access, broom cultivators normally sell their harvested raw broom to traders. As income from broom cultivation is not regular throughout the year, households, in absence of formal sources of credit, are compelled to enter into contract agreement with broom traders and take advance money for meeting their regular expenditures. Thus, they lose their bargaining power with traders and remain content with their earnings. Therefore, broom producers do not get scope for improving their income by value adding or producing finished broom products.

The total production process have to be segregated such that procurement, grading and transport related nonfarm enterprises may be promoted in villages located far from urban

centres whereas, manufacturing units need to be set up in villages located near urban centres because of existing infrastructural support and better accessibility to markets. Improved access to credit from formal financial institutions will help broom producers to get rid of exploitative traders.

iv. Value addition of agricultural and horticultural products:

Another arena in nonfarm enterprise sector which needs exploration is the food processing sector. Makhura (2001), while summarising his study in rural areas of Northern Province of South Africa, stated that programmes for rural development should aim to enhance the contribution of both agricultural and non-agricultural sectors to poverty alleviation by strengthening linkages between the sectors (Makhura, 2001). The presence of large number of agricultural as well horticultural products of the hills districts provide immense scope for the food processing industry. Some of the viable food processing industries in the hill districts of Assam are:

- a. Fruit Processing – Jam/ Jelly/Juice/Squash-making units of pineapple and orange and mesta.
- b. Fruit Processing – Chips making unit of Banana, Jackfruit and Tapioca
- c. Pickles production unit – Bamboo Shoot, chillies, etc.
- d. Dehydration Unit – Ginger, Turmeric, Black Pepper

However, use of modern machineries in such units requires adequate supply of electricity. Water supply is another key element in a food processing unit in order to maintain hygiene and food safety standards. Given the current situation, such units are only feasible near urban centres. However, benefits from such units will spill over to distant villages in the form of traders of supply materials and finished products, people engaged in transportation of goods etc.

However, targeted efforts should be on installing cold storage facilities for storing perishable agri-horti produces and grading and sorting units for farm level value-addition. Improved connectivity through greater bandwidth internet connectivity and mobile connectivity shall ensure easier information flow, be it for market information or financial services.

Investment in this sector will have long term developmental effects because of climatic conditions in the hill districts which favour cultivation of a wide variety of fruits and

vegetables. There is a high likelihood that most of the cultivable land in the hill areas is still organic in nature because of the fact that shifting cultivation requires no manuring. Support by the state for organic certification of cultivable plots, awareness among farmers regarding organic farming, promotion of high value food species etc. has the potential for high growth of income through food processing based units in the hill districts.

v. Medicinal Plants:

It was revealed during field investigations that the local population have wide knowledge on available medicinal herbs. According to World Health Organisation (WHO), over 80% of world population relies on traditional medicines, largely plant based, for their primary healthcare requirements. Studies have shown presence of considerable number of medicinal plant species in Karbi Anglong District (Kar & Borthakur, 2008) (Dutta & Dutta, 2005).

In view of this, initiatives may be taken to encourage controlled commercialisation of such plants. Although agencies like CAPART has schemes for projects on sustainable cultivation and harvesting of medicinal plants, such projects are absent in the district. In the same note, there is huge potential for leveraging commercial production of organic vegetables and fruits, replicating an initiative like Sikkim Organic Mission, which shall address employment and poverty issues. Because of increased availability of land resources in villages located far from urban centres plantation activities under such initiatives should be focussed in villages located in villages located far from urban centres. However, ancillary processing industries in the form of distillation or related facilities which require advanced infrastructural support should be set up in villages located near urban centres.

The Industrial and Investment Policy Assam 2014 has identified extraction and value addition of herbal medicinal and aromatic plants as one of the key thrust areas for the state. Among others is food processing and agro based industries, bamboo based industries and the tourism sector which befits the hill districts well.

Both the food processing sector and medicinal plants sector shall bank on existing skill and knowledge of the hill population. Hence, their effect will be far reaching and penetrate deep into the hill population. Serious interventions in these sectors will have long term developmental effects and will address other issues of migration, unemployment and poverty.

vi. Tourism:

There is immense potential for developing tourism initiatives in both the hill districts. Both the districts have already established tourist destinations in the form of Kaziranga National Park in case of Karbi Anglong and Jatinga Valley in Dima Hasao district. But still, there is much potential for developing other tourist circuits themed as ‘ethnic tourism’ or ‘culture-tourism’. Because of their isolated location and better natural endowments, such activities should be promoted in villages located far from urban centres.

One such circuit which has potential for promotion as tourist circuit is the “Guwahati-Umswai-Umpanai-Birsingki-Guwahati” circuit. The circuit has potential to showcase rural tribal lifestyle of three hill tribes – Karbis, Hill Tiwas and Pnars. There is scope for showcasing the rich traditional culture of different tribes and their indigenous cuisines. These will include indigenous cuisines (Three different tribes), folksongs and dances and storytelling by village elders, trekking to Sacred Groves at Umswai, fishing, staying in ‘tree-houses’ and participation in traditional sports. The sites are also suited for promoting adventure tourism activities such as hill trekking, photo-adventure tours and guided motorcycle tours. Located about 55 Km away from Nellie town (70 km from Guwahati) which lies along the Guwahati –Nagaon four lane highway, the three destinations can offer tourists a real package of recreation, relaxation and adventure. Village-level CBOs may be trained on ‘home-stay’ arrangements, ‘drop-out’ and relatively educated youth may be trained as tour guides. All these will ensure employment and increase in income, which in turn will address issues of migration. The circuit is ideal for weekend travellers from Guwahati city, as it is just about two and half hour’s drive from the city. The direct benefit of promoting such a circuit will be employment generation, particularly, youth engagement leading to decrease in migration to urban areas. Participation of women in various related activities such as hosting travelers in their home, performing traditional dances etc. shall lead to economic and social empowerment.

Involvement of village development committees (VDC) in such endeavour will ensure effective management at the village level. Moreover, increased interaction with people from outside their community will help in reducing ‘distrust’ which was revealed during field investigations. However, the district autonomous councils and Assam Tourism Development Corporation should coordinate efforts in funding and promotion of such tourist circuits. Local NGOs may be supported for taking up activities such as forming CBOs, organising capacity building initiatives of individuals and coordinating with tour operators.

The suggestion made for development of livelihood opportunities in the non-farm sector through promotion of the mentioned sub-sectors is possible by convergence and coordination of efforts of various development institutions, financial institutions, line departments and community-based organisations. As already mentioned, promotion of non-farm sector activities has to be strategized with a 'cluster approach'. This will ensure efficient coordination and better economies of scale. However, for developing ideal 'clusters', detailed research studies should be carried out. The services of IIE, which has already carried out similar studies in the North Eastern Region, can be taken. The fund for such research studies may be planned under the budgetary allocations of concerned sub-sector or department.

While going through the tentative allocation of funds under Annual Plans of both the hill districts, it is observed that such allocations are mainly categorised under twelve sectors. The funding for development of identified subsectors may be planned as per allocations suggested by the Office of the Development Commissioner for Hill Areas of Assam. Promotion of handloom and handicraft sector may be funded from allocations under sub-heads, 'handloom and textile' and 'Khadi and Village Industry' under the sector 'Industry and Minerals'. Promotion of 'food processing' sector should be brought under the purview of organisations like Assam Hills Small Industries Development Corporation (AHSIDC). Infrastructure based NFEs should be promoted through funds under the sector 'labour and employment'. There is also specific allocation for development of tourism sub-sector. However, a glance at the implementation of funds under HADP during the 11th Five Year Plan and during Annual Plan of 2012-13, budgeted funds was mostly spent on infrastructure creation in handloom and textiles sector. For example, annual sub-plan under 'Handloom and textiles' for the year 2012-2013, having a budget allocation of Rs 85.29 lakh was spent solely for construction of Handloom Production Centres, boundary bricks wall, residential staff quarter as well as renovation, repairing works of departmental institutions and staff quarters. Similarly, budget allocated under 'Community Development and Panchayat Department' was spent for construction of 'Safe Drinking Water' reservoirs, ring-wells, minor irrigation, community fishery, all of which are actually duplication of efforts of sectors/ departments dedicated to each activity, namely department of Fishery, Department of Public Health and Engineering, Department of Irrigation. The allocation for resource build-up in terms of skilled manpower, or promotion of non-farm enterprises was limited to trainings to some weavers. Fund allocation under 'craftsmen training', which is non-entrusted sector

may be implemented at the state level, commonly for the hill districts for developing and promoting non-traditional skill based enterprises (KAAC, 2013).

State Institute of Rural development (SIRD), Assam is the apex institute for training and research in the broad field of Panchayati Raj & Rural Development. Although it has a strong infrastructural network for implementing its training programmes, the hill districts seem to be inadequately covered. There is no 'extension training centre' or 'handloom production cum skill development training centre' in any of the hill districts. The only facility that is available is an 'extension training cum resource centre' under BRGF that is located at Diphu in Karbi Anglong (SIRD, 2012).

Similarly, Indian Institute of Entrepreneurship (IIE) also conducts skill based training programmes on various subjects such as weaving, tourism, food-processing, e-commerce and garment construction. Training reports of IIE reveal that sponsors like SIDBI, Spices Board, KVIC, Ministry Of Youth Affairs & Sports and MSME has till now not focussed on non-farm sector in the hill districts (IIE, 2017).

Assam State Rural Livelihood Mission Society (ASRLMS) is implementing the DAY-NRLM in Assam. It has been designed as a multipronged approach to strengthen livelihoods of the rural poor by promoting SHGs, providing skill development and placement for youth for wage based occupations and imparting self employment oriented training. Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) is the skill and placement initiative of the Ministry of Rural Development, Government of India (MoRD). It is a part of the Deen Dayal Antyodaya Yojana- National Rural Livelihoods Mission (DAY-NRLM). ASRLMS is implementing the programme in Public Private Partnership (PPP) mode through training centres operated by Project Implementation Agencies (PIA). However, till now, there are no such training centres in any of the hill districts of Assam (DDU-GKY, 2017). In order to build up capacity of persons to be engaged in the proposed sub-sectors, it is necessary to organise skill based training programmes. This gap in the hill districts can be very aptly filled by focussed efforts of ASRLMS in the hill districts.

NABARD can play a key role in promoting non-farm enterprises in the hill districts through its financial, developmental and supervisory functions. Direct term loans support to projects for creating infrastructure required in food parks, setting up of individual food processing units, modernization of existing processing units etc. should be provided for developing food parks and processing units located in the hill districts. Similarly, focus should be on financing projects on creation of warehouse, cold storage facilities in the region

under its Warehouse Infrastructure Fund. In order to support value addition initiatives and promotion of production of non-traditional items such as areca plates and broom, support to producer organisations or marketing federations may also be financed through NABARD. Financial support in the form of grants, loans or revolving fund assistance may also be sourced through NABARD's support under its off-farm sector initiatives. Such support should be utilised for initiatives supporting marketing initiatives, which includes developing e-portals of non-farm sector products, trainings on skill development and entrepreneurship promotion. It should also play an important supervisory role by inspecting and suggesting ways to strengthen producer's organisations, marketing federations and RRBs (NABARD, 2017).

In summary, in order to promote non-farm enterprise sector, there should be a concerted effort of all stakeholders which includes producers, development and financial institutions, private market intermediaries, departments under the District autonomous councils and state. Here, Office of the Development Commissioner for Hill Areas should play a more active role of liaisoning and coordination of efforts.

8.3.4 Implementation of a nonfarm enterprise promoting programme with livelihood approach

As already stated, promotion of NFEs in the hill districts call for a 'livelihood approach' of intervention. Because of its unique characteristics, ready-made enterprise development programmes have failed in the two hill districts, as suggested by various reports and statistics discussed earlier. Till now, efforts by multiple agencies to improve employability through various skill development trainings have not seen remarkable results in terms of employment generation in the districts. Because of their special constitutional provision under the Sixth Schedule of the Indian Constitution, implementation of a 'livelihood approach' requiring multipronged interventions becomes much easier as all departments (thirty) related to development in the region are the under the Autonomous Councils of the respective districts. Therefore, it is suggested that a livelihood promotion programme, focussed on nonfarm enterprise development, especially designed for the hill districts of Assam should be implemented.

Although the design of livelihood promotion programme necessitates detailed estimation of programme costs and other related details, based on the findings of this study, an attempt has been made to propose an implementation framework for designing such a

programme. Finances for supporting such programmes may be sourced from the ‘Tribal Development Fund’ of NABARD. In case of the hill districts, a livelihood programme focussing on nonfarm enterprise development calls for interventions in specific areas. As apparent from field study, such a livelihood promoting programme in the hill districts of Assam requires special focus on four major components. These are:

i. **Agriculture and allied activities:**

It is observed from the study that income from agriculture is the most prominent source of start-up capital for nonfarm enterprises. Therefore, efforts in increasing income through agriculture will ensure nonfarm enterprise proliferation. Productivity in hill areas may be improved by utilising marginal agricultural lands and engaging appropriate technology, such as developing agro-forestry production systems, fruit farming, or afforestation combining forestry and horticulture. These will ensure improved natural resource management and livelihoods of farming communities (Partap, 1999). Therefore, a component which stresses on activities related to enhancing productivity through technological inputs is essential in a livelihood development programme in the hill areas. Activities under this sector shall also include promotion of horticulture and animal husbandry for providing alternate livelihoods to *jhumming*.

ii. **Nonfarm enterprises:**

This component will focus on scaling up existing enterprises, skill building. All the major findings of this study can be considered for planning interventions in identified sub-sectors.

iii. **Microfinance:**

It is seen that in the hill districts, most of nonfarm enterprises are in the unorganised sector and are run by women. Cases from NERCORMP confirm that microfinance has enabled women to take up such activities. Women's participation in rural institutions and in decision-making is broadly recognized by the development community as an essential condition not only to improve their situations, but also to bring about more effective and sustainable development processes (IFAD, 2003). The fact that microfinance leads to many tangible and intangible positive results have already been established. Microfinance's role in tribal societies has also been well established (Lyngdoh & Pati, 2013).

iv. **Capacity Building and Convergence:**

This component shall focus on coordinating capacity building initiatives on various subjects related to key components of the programme. It will include coordinating training initiatives taken by various line departments as well as trainings organised by the programme support units. Special focus will be on creation of community based resource persons who shall support extension activities. According to Deka et al. (2007), the primary reason for failure of development initiatives in the hill districts is the absence of a holistic approach. These agencies have failed to understand the unique characters of the hill district, its people and their needs. For example, although majority households have been traditionally practicing 'livestock rearing' as a supplementary income source, inadequate knowledge about feeding, health care and breeding management has prevented it from sufficing as a profitable venture (Deka, Thorpe, Lapar, & Kumar, 2007). The study also opined the current service delivery mechanism to be ineffective and suggested a participatory approach to extension services.

Another fact that is revealed from the study is that there is high level of disconnect between the grassroots and the line departments engaged in development initiatives. In spite of high budget allocation for developmental activities in the hill districts, people are ignorant of them. Although there are so many schemes and programmes that are offered by line departments and other stakeholders, people at the grassroots are unaware of them, which make such initiatives redundant. This component will also act as a nodal information and communication centre which will coordinate all schemes applicable in the Autonomous Council. This will help in lowering direct investments by the programme on its key components. For example, by facilitating credit linkage with banks, investments under microfinance may be lowered. Again, by facilitating and coordinating schemes provided by Agriculture Department, say subsidy on power-tiller vehicle, productivity of agricultural land shall increase which will also lower programme inputs in the agriculture and allied component.

The management of the suggested programme will have three tiered support framework. The programme will require support in the form of staff at the state level, district

level as well as at the block level. The staffing pattern should ensure subject experts on each of the components.

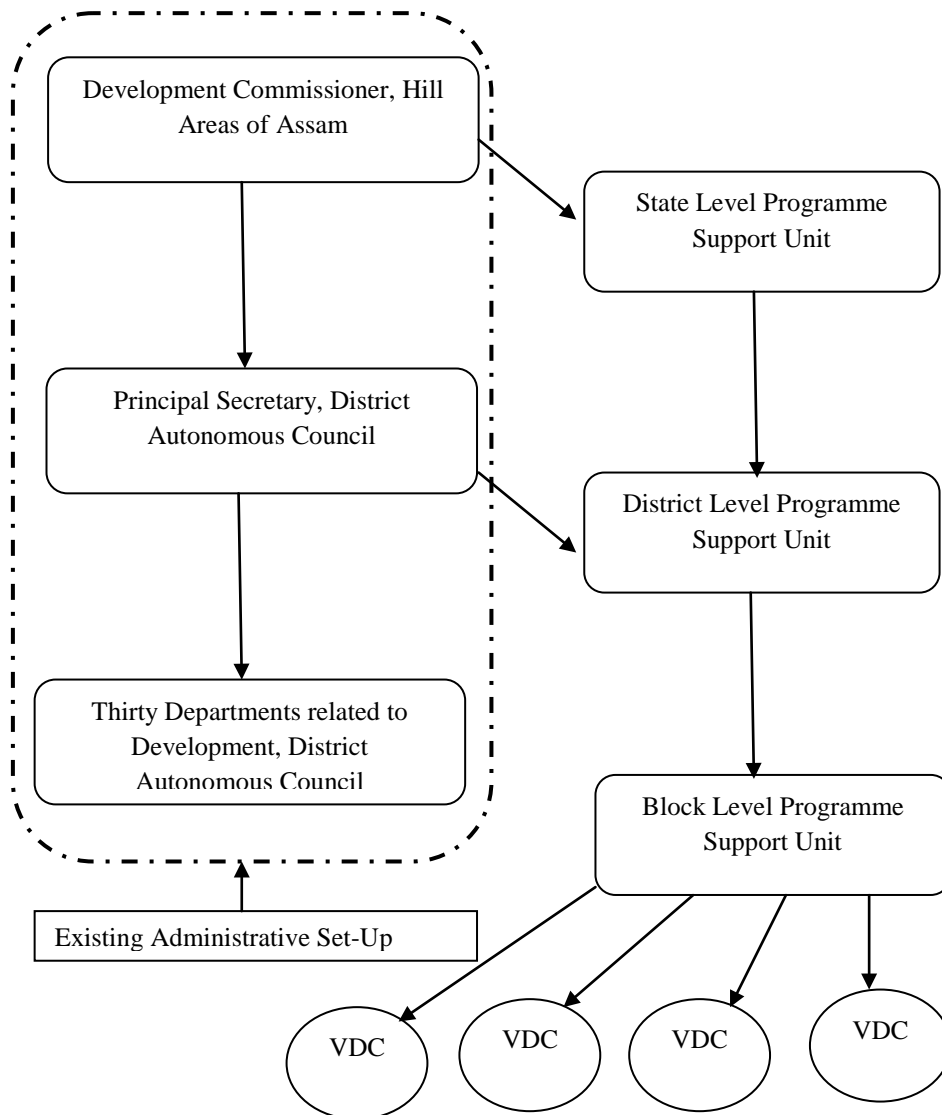


Figure 8.2

Suggested programme implementation framework for livelihood promotion in the hill district of Assam

i. State Level Programme Support Unit:

This team will be headed by the Development Commissioner, Hill Areas of Assam. The Office of the Development Commissioner for Hill Areas of Assam is the monitoring and evaluation authority of the planning works

implemented by the Autonomous Councils. Therefore, it is suggested that the state level programme implementation team should be headed by this office. The need for a separate dedicated society under Societies Registration Act XXI, 1860 may also be considered. It is important however that any institutional framework should incorporate active participation of academic and research institutes, members from the local community and representatives from line departments. The state level support units shall comprise primarily of subject experts in each of the four components. There shall be additional requirement of experts in the fields of monitoring and evaluation, documentation and finances.

ii. District Level Programme Support Unit:

The district level implementation shall be made through a support unit which is based at the office of the Principal Secretary, District Autonomous Councils of both the districts. The district support team will be headed by the Principal Secretary. He will be supported by subject experts in the four mentioned components. This team will also require personnel for monitoring and evaluation of activities.

iii. Block Level Programme Support Unit:

In order to ensure that programme interventions are spread evenly throughout hill districts, block level support units will be necessary. These will comprise of field level facilitators. These facilitators will help in programme implementation, monitoring and documentation. Adequate number of such facilitators has to be worked out in order to ensure adequate facilitation in the hilly terrain. For facilitation at the grassroots local NGOs shall be engaged. A local NGO, with established performance record, from each of the hill districts may be assigned the task of facilitating programme interventions at a block level. Involvement of local field level facilitators will allow trust, easier facilitation, implementation and communication of project activities.

iv. Village Development Committee (VDC):

As discussed earlier in this Chapter, grassroots level institutions in the form of Village Development Committees need to be formed for need assessment, activity implementation, monitoring and maintenance. This will also ensure empowerment of the villagers to approach the 'convergence'-cell at the district level for availing benefits under various developmental programmes.

As already mentioned, only a suggestive framework of a livelihood promotion programme, based on the findings and learnings from the study has been proposed. Therefore, dedicated efforts to design and formulate such a programme is an urgent requirement for ensuring livelihood development in the hill districts.

8.4 CONTRIBUTION TO THE BODY OF KNOWLEDGE:

The study is an addition to the existing literature on hill area development and livelihoods especially in the North East India. The study has attempted to divulge ground level realities with regard to specificities of livelihoods in hilly areas and scope of nonfarm enterprises as a source of alternative livelihoods, away from agriculture based ones. Majority of nonfarm enterprises are operated by women, in very small scales and fall in the unorganised category. They are still in the ‘pre-entrepreneurial stage’, but have potential for growth, if adequate support measures are taken. The key sub-sectors which have potential in the nonfarm enterprise sector are- handloom and handicraft, infrastructure-based nonfarm enterprise, value addition of agricultural and horticultural products, medicinal plants processing and eco-tourism. Long term impacts in the livelihood development in the hill districts require three other initiatives- ensuring participatory development through reorganised village level and district level bodies, creating a business enabling environment through improvement in access to physical and financial resources and finally, promotion of nonfarm enterprise through implementation of a livelihood promotion programme exclusively designed for the hill districts of Assam.

8.5 SCOPE FOR FUTURE RESEARCH:

The study gives a overview of the livelihood situation and nonfarm enterprises. Although the study adopted a holistic approach, its main focus remained on NFE. This leaves scope for further research on a number of subjects such as,

- i. In-depth study on each of the identified sub-sectors in the non-farm sector for implementation in hill areas
- ii. Value Chain Analysis of key agricultural and horticultural products for developing NFEs
- iii. Microfinance Implementation in Hill Areas
- iv. Reforms on Land Use Policies and Regulations
- v. Governance loopholes in Hill Districts

8.6 CONCLUSION:

The primary objective of the study was to understand the livelihood situation in the hill districts and the role of nonfarm enterprises in it. Setting up the study framework on the ‘Sustainable Livelihoods Framework’ of DFID, enabled a holistic and participatory learning process. Participation of respondents allowed understanding their livelihood situation, their access to various resources, the influence of various resources on livelihood decisions, policies, institutions and vulnerabilities which determine their livelihood strategies.

It was found that access to productive resources is very limited. Low literacy and poor health conditions limit the quality of human resources. However, presence of traditional skills and knowledge skills is observed. It is found that although primarily agrarian in occupation, households tend to diversify their income sources. Higher dependence on a dwindling natural resource base is observed in remote villages. Limited access to physical resources, such as roads, electricity and telecommunication, limit livelihood options in the hill districts. The situation is similar in case of access to financial resources. Limited access to banking services, mainly because of infrastructural limitations, has led to low credit mobilisation which directly impact livelihood decisions. Social issues such as gender discrimination, political favouritism and corrupt practices have an impact on the livelihoods of the hill population.

The hill districts, as a whole, are in a stage of economic transition. Although richly endowed with natural resources, initiatives have failed to optimally make use of these. Uncontrolled exploitation of forest resources have led to rapid depletion of flora and fauna. Thus, incomes from such resources have largely reduced in villages located near urban centres. The changes in pattern of livelihoods in villages located near and far from urban centres actually display a pattern of shift in livelihoods, from purely agriculture-based ones to alternative options. Higher frequency and variety of skilled based non-farm based livelihoods in villages located near urban centres show that there are better non-farm avenues in these places and have led to considerable migration of youth to urban centres. In spite huge fertile land endowments, poor productivity in agriculture acts as a catalyst to such migration. A balanced stance should be undertaken by various agencies to promote land based livelihoods in villages located far from urban centres, by ensuring proper land entitlement, technological interventions, promoting permanent horticulture crops and forward linkages for food-processing units or direct markets. Similarly,

Nonfarm enterprises play an important role as a supportive income source for majority of households in the districts. However, its contribution in terms of employment generation and annual income vary with nearness to or remoteness from urban centres. They exist mostly as pre-entrepreneurial units in the unorganised sector. It is seen that shock incidents have a direct relation with participation of nonfarm enterprises and these enterprises are being taken up under compulsions such as declining natural resources and population growth. At this stage, participation in nonfarm enterprises have not contributed much in terms of improving food security situation, housing conditions or access to civic amenities. However, participants of nonfarm enterprises have shown better health status, increased ownership of low-cost assets and more awareness and access to government provided services. It is seen that NERCORMP has implemented a livelihood development project in the hill districts. Case studies on NERCORMP initiatives have shown that features like participatory planning of project activities, capacity building initiatives, multi-pronged approach, gender mainstreaming efforts, grassroots level CBOs have considerably in successful implementation of project as well as non-project activities. However, NERCORMP beneficiaries too disclosed hindrances such as seasonal earning pattern slowing down the rotation of loans within SHGs, high costs involved in doing banking transactions, dispersed households and low literacy. Formal Credit, Social Unrest, Access to Electricity, Access to Telecommunication and Access to market were considered as important constraints that hinder participation in nonfarm enterprises.

On the basis of the findings of the study, suggestions for improving the overall livelihood situation in the hill districts have been made. These include specific interventions- to create a business enabling environment, to ensure people's participation in the development process, to ensure gender empowerment, to focus on key subsectors for nonfarm enterprise promotion and to implement a livelihood promotion programme in the hill districts of Assam.

Reference:

1. Abu, M., & Scott, A. (2001). *Understanding livelihoods that involve micro-enterprise:markets and technological capabilities in the SL framework*. Warwickshire: ITDG.

2. Bhowmik, S. K. (1988). Development Perspectives for Tribals. *Economic and Political Weekly*, 23(20): 1005-1007.
3. BJP, Assam. (2016). Assam Vision Document 2016-2025. Guwahati: BJP, Assam.
4. Deka, R., Thorpe, W., Lapar, M. L., & Kumar, A. (2007). *Karbi Anglong's pig sub-sector: Current status, constraints and opportunities*. International Livestock Research Institute.
5. Lyngdoh, B. F., & Pati, A. P. (2013). Impact of Microfinance on Women Empowerment in Matrilineal Tribal Society of India: Analysis using Propensity Score Matching and Difference in Difference. *International Journal of Rural Management*, 9(1): 45-69.
6. Makhura, M. (2001). Patterns of Relationships between Farm and Nonfarm Sources of Income in the Rural Areas of the Northern Province. *Agrekon: Agricultural Economics Research, Policy and Practice in Southern Africa*, 40(2): 259-268.
7. Ministry of Rural Development. (2009). *Credit Related Issues Under SGSY*. New Delhi: GOI.
8. Mohanty, A. (2015). A study on implementation status of Forest Right Act, 2006 at the national and state levels and its recommendations. *Journal of North East India Studies*, 5(1):73-91.
9. Mujeri, M. K., & Singh, L. S. (1997). *Case Studies on Decentralisation: Bangladesh*. Rome: FAO.
10. NABARD. (2016). *Annual Report 2015-16*. Mumbai: NABARD.
11. Partap, T. (1999). Sustainable Land Management in Marginal Mountain Areas of the Himalayan Region. *Mountain Research and Development*, 19(3), *Poverty, Rural Livelihoods, and Land Husbandry in Hillside Environments, Part 1*, 251-260.
12. Reserve Bank of India. (2006). *Report of the Committee for Financial Sector Plan for North Eastern Region*. Mumbai: R.B.I.
13. Varte, I. Z., & Neitham, E. L. (2013). People and development: With special reference to the tribal peoples of north-east India. *International Journal of Development and Sustainability*, 2 (1):46-51.
14. Warren-Smith, I., & Jackson, C. (2004). Women creating wealth through rural enterprise. *International Journal of Entrepreneurial Behaviour & Research*, 10(6): 369-383.
15. Wolfe, J., & Page, C. (2008). *Nepal Inclusive Economic Growth Assessment: Microenterprise Development*. USAID.