

ABSTRACT

Title of the Thesis: Livelihood Development through Nonfarm Enterprises: A study in Hill Districts in Assam

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Periodicity of research: The study covers a period of 2011 to 2017

Rationale of the Study:

Studies have suggested that the fact that in spite of having special focus on development of hill areas, predominantly inhabited by tribal population, Karbi Anglong and Dima Hasao districts, prevalent social unrest reflects economic and political frustration among the locals and certifies that development initiatives have not worked properly (Planning Commission, 1966; Hussain, 1987; Bhowmick, 1988). Some of the others have suggested a reorientation of development approach in the region (Burman, 1989; Madhab, 1999; Varte and Neitham, 2013).

While planning development interventions, there has been a constant focus on controlling traditional shifting cultivation practice in hill areas, including hill districts of Assam, because of its ecologically harmful consequences (Planning Commission, 1996), (National Committee on Development of Backward Areas, 1981). Mostly, the efforts have been in the form of alternative livelihood options. Studies have shown the increasing role of nonfarm activities and rural enterprises in poverty alleviation (Bryceson, 1996; Scoones, 1998; Adhikari, 2000; Ellis, 2000; Davis, 2003^a, 2006^b). In addition, rural enterprises need to be encouraged in order to preserve the countryside economically, socially and culturally (Warren & Jackson, 2004).

Therefore, it is important to have a deep understanding of the situation of livelihoods in the hill areas and also the role played by nonfarm enterprises in livelihood development in the region. It is also important to understand other aspects such as effectiveness of livelihood development initiatives and the problems faced by entrepreneurs in the hill districts. The Sustainable Livelihood Framework ensures a holistic and participatory approach to understanding the various interactions of livelihood capitals, policies and institutions and shocks which determines the livelihood strategies of a household (Hussein, 2002), (Murray, 2001), (Batterbury, 2011).

Objectives of the Study:

- i. To undertake livelihood assessment and to examine the role of nonfarm enterprises in livelihood development in hill districts of Assam.
- ii. To examine the effectiveness of livelihood development initiatives in nonfarm enterprise sector in the hill districts.
- iii. To determine the barriers and constraints for the sustenance and development of nonfarm enterprises in hill districts.
- iv. To propose a strategy for sustainable nonfarm enterprises in hill areas.

Scope and Limitations:

The study mainly focuses on livelihoods in hill districts of Assam – Karbi Anglong and N.C Hills. It tries to understand the variability of access to various livelihood capitals by households located near and far from urban centres and its effect on livelihood strategies in both type of locations. It also tries to divulge understanding of nonfarm enterprises, their role in the overall livelihoods of households, initiatives facilitating such enterprises and the problems faced by in the hill districts.

The study focuses only on the livelihood development through nonfarm enterprises and avoids detailed investigation on farm based, NTFP based and ‘salaried’ livelihoods in the hill districts. Since, only rural areas were covered, nonfarm enterprises present in such areas qualified for the study.

Research Methodology:

The fundamentals of 'Sustainable Livelihoods Framework' were adopted as the guiding model for the study. The study employed Participatory Rural Appraisal exercises (PRA) and household surveys. Required data were collected from 1126 households and 20 villages. With information, thus generated, livelihood status was assessed in terms of a household's access to livelihood capitals. The characteristic features of non-farm enterprises, which operated in the hill districts, were determined. This included their sectors, type, location, seasonality etc. Further, necessary statistical analysis was undertaken to divulge the role played in non-farm enterprises in the overall livelihoods of the hill people.

Upon establishing the nature and characteristics of non-farm enterprises that existed in the hill districts, attempt was made to achieve the second objective of the study. Hence, the effectiveness of development initiatives undertaken to support the non-farm enterprises, of the nature and characteristics that existed in the hill districts, were studied. This was based upon secondary based information as well as field based case studies from both the hill districts.

This was followed by an attempt at understanding the barriers and constraints for sustenance and development of non-farm enterprises in hill districts. And finally, the study concluded with a proposed strategy for sustainable non-farm enterprises in hill areas. Both the third and fourth objectives were achieved from information and inferences generated while researching first two objectives.

Findings:

It is evident that livelihood strategies differ with respect to nearness and farness from urban centres. Primary occupation of majority of households is agriculture and allied activities across both types of locations. Knowledge regarding traditional agriculture, weaving, brewing rice beer, handicraft, wild food varieties and medicinal plants was observed. The role played by non-farm enterprises as a source of household income also varies significantly with respect to nearness (31%) and farness from urban centres (18%). Household in urban centres have better access to resources is observed in terms of better health, civic facilities, infrastructure and banking facilities. Friend and relatives happen to be the most convenient source of credit (38%-Near Urban Centres;

62%- Far from Urban Centres). Most households had members in SHGs. Significant variation in terms of corpus, loan disbursement and average loan amount was observed with respect to the location of the villages. Land holding per household was more in villages located far from urban centres (1.89 Hectare) as compared to near urban centres (1.46 Hectare.). Most of the land in villages located far from urban centres is community owned. Non-Timber Forest Produces (NTFPs) also play a major role in supporting livelihoods. Village administration is run by traditional headmen and he takes major decisions related to land allocation, disputes, and festivities in the village. Male dominance and corrupt practices in the society as well in the household is observable.

Although very few households have taken up non-farm enterprises as primary occupations (Near Urban Centres- 10.10%; Far from Urban Centres-15.40%), participation in non-farm enterprises as secondary livelihood options is very common (Near Urban Centres- 86.8%%; Far from Urban Centres-100%). In villages located near urban centres, presence of second generation entrepreneurs is high (54%), whereas in villages located far from urban centres households have shifted from agriculture and allied based livelihoods (36%). Relative rate of growth in employment is much more in case of villages located far from urban centres (Near Urban Centres- 51%; Far from Urban Centres-36%). Average annual income through these activities stands at Rs 61,308.00 (near urban centre) and Rs 26,813.00 (far from urban centre). Only a very minimal number of enterprises got support for input suppliers, credit service and linkage with buyers from government agencies, private institutions and NGOs. They mostly depended upon their own acquaintances for such services. Training support to these units is negligible. The contribution of non-farm enterprises to the household income was significantly higher in villages located near urban centres. Shock incidents such as death of income earner, illness of income earner, drought, and crop damage and price shock have direct association with the participation in non-farm enterprises. 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. Overall, push factors have higher influence than the pull factors. The participation in non-farm enterprises has not contributed much to improve the food security situation (ANOVA Test), housing condition or access to electricity, and piped water supply till now. However, the households practising such enterprises have shown higher levels of awareness and use health and hygiene practices. 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 non-farm entrepreneurial activities.

NERCORMP has been effective in ensuring improved access to livelihood capital assets. Its multi-pronged interventions are decided by a participatory process. NERCORMP has dedicated strongly in capacity building of its beneficiaries on subjects ranging from book keeping for microfinance, skill based trainings such as tailoring, food processing, masonry, and trainings related to legal matters, biodiversity conservation etc. In the process Community Resource Persons are created. Equal representations of women in the village level committees have resulted in better handling of issues which effect women population. Moreover, the principle of community contribution (partial support) is practised. Increasing productivity of agriculture through activities such as irrigation and improved technology has helped to increase household income. This increase in household income directly affects the uptake of non-farm enterprises as already observed during field survey. Intervention in the form of microfinance through SHGs has enabled participation of women in economic activities. Problems such as low literacy, high transaction costs, poor infrastructure, and scattered population were revealed from the case studies.

Formal Credit, Social Unrest, Access to Electricity, Access to Telecommunication and Access to market were considered as important constraints. Limited product range- Handloom and Handicraft items produced for local consumption only, land ownership, gender inequality and common property resources.

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. The key sub-sectors which potential in the nonfarm enterprise sector are- handloom and handicraft, non-traditional skill based enterprises, infrastructure-based nonfarm enterprise, value addition of agricultural and horticultural products and eco-tourism. Long term impacts in the livelihood development in the hill districts require three key 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 promotion of nonfarm enterprise through implementation of a livelihood promotion programme exclusively designed for the hill districts of Assam.

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