

CHAPTER-VIII

8.0 LIVELIHOOD CONCERNS :

1. Context

Madhya Pradesh (MP) remains the fourth poorest Indian State with a per capita income of only three-fourths the national average. Out of an estimated population of 60 million, 75% are rural with 37% of the rural population estimated as living Below the Poverty Line (BPL). MP has a large population of Scheduled Tribes (20%) and Scheduled Castes (15.5%), who are amongst the most marginalised and vulnerable. Their livelihoods are dependent on primitive agricultural techniques providing only short-term food sufficiency for a few months. Livelihood for the remaining months have to be complemented by wage labour (local as well as migration), gathering NTFPs and other subsidiary non-farm occupations (e.g. service, handicraft, traditional art etc).

There are 40.72 lakh small and marginal farmers in the state and they are mostly underemployed. The size of land holding of these farmers (average land holdings of small and marginal farmers is 0.91 hectares) are uneconomical and majority are working as agricultural or casual labourers to supplement their incomes from farming to sustain their livelihood. The, data from NSS reports that there is a gradual casualisation of the workforce, and the number of casual labourers in MP has gone up from 32 % male & 38 % female in 1993-94 to 37% male 44% female in 1999-2000.

Only about 6% of the workers are in the organised sector as compared to the total workforce. The remaining 94% are in the unorganized sectors including agricultural labour, construction labour and labour in traditional leather tanning, forestry, fishing, bidi rolling, household industry, artisans, urban informal workers etc.

Diversification of rural livelihoods is imperative in the given situation. The demographic pressure on land has been increasing significantly. With its share of around 28 per cent in GDP, Agriculture and its allied activities has to bear the burden of 75 per cent of rural workers. Therefore, labour productivity has been low in agriculture. In order to increase wages in agriculture and to shift the workers to more productive areas, livelihood diversification is urgently needed.

The ability of the rural poor to enhance their livelihoods is constrained by a range of inter-related structural, social, economic and institutional barriers. The situation of the poor is characterised by marginal and under-productive landholdings, periodic droughts, insecure land tenure and a reliance on seasonal agricultural and forest labour. The low population, relative isolation and inadequate reach of infrastructure in some districts increase the costs of delivery, resulting in poor access to agricultural inputs, extension services, credit and markets. The rural poor in forested areas, particularly tribal populations, are dependent on forest resources for subsistence, income and employment.

2. Challenges

Preliminary poverty and livelihoods assessments suggest three major challenges:

- i. Land based livelihood are under productive and insecure;
- ii. The poorest depend upon daily wage labour and face difficulty in obtaining sufficient days' work in either their villages or in neighbouring areas to which they migrate;
- iii. Poor access to resources, markets, information and services, presents a significant constraint to realising the potential of available opportunities; and hinders diversification of livelihood strategies.

These challenges are made more difficult by the comparative lack of integration of rural populations into mainstream Indian economy and society. In addition, funds available for rural development and poverty reduction are limited, tied and spread too thin, not allowing the necessary scale to be effective.

Evidence from the field suggest that approaches that rely primarily on impacts from land-based investments can address only some causes of poverty and insecure livelihoods, particularly for households with small landholdings and limited access to forest. Many of these households rely on wage labour for much of the year to generate cash income for food security and other necessities. There is significant scope to increase agricultural productivity even for very small landholdings and the returns from forest based collection, marketing and processing activities. It should be possible to develop micro-enterprises for a proportion of households, although this process will be heavily constrained by limited entrepreneurial skills and market opportunities, and business support infrastructure.

Thus there is a need to adopt a two-track strategy to address the livelihoods issue in rural areas in the state. The first track seeks to enhance livelihoods through improved productivity of land, water and forest resources for poor people through Integrated Watershed and Community Forest Management. The second track seeks to promote enterprises that lead to value-addition of agricultural and forest produce as well as other micro-enterprises, providing employment and income opportunities to the rural poor.

3. Proposed Strategy

Agriculture & Livestock

Although improvements in agricultural productivity can be made, poor soil and water conditions and limited infrastructure mean that the scope for increased productivity is limited. This, together with small land holdings, means that poor households are unlikely to escape poverty through crops alone. Crop production may be one plank for livelihood improvement and possible exit from poverty, but will not be the only one, and is unlikely to be the main one. There is an imbalance between traditional low-input, low-risk cropping and newer 'improved' systems. Whilst the former provide a measure of food and livelihood security, i.e. protecting livelihoods, the latter involve higher input technologies and therefore higher degrees of risk. A balance will need to be struck so that the traditional is not sacrificed in the name of livelihood promotion. **This will involve the introduction of new technology only where levels of vulnerability allow, and where ways can be found to keep risks low.**

Aspects of contract agriculture and marketing need to be explored in partnership with private/corporate players. This may include the option of forward trading and spot marketing, which may be opened for the small and marginal farmers in collaboration with national commodity exchanges.

Livestock production offers some prospects, but remoteness from main consumer markets poses severe challenges for perishable products, and even if massive investments to improve infrastructure were made, these products are unlikely to be competitive with those produced in urban peripheries. Apart from some petty local trading, the main function of livestock is to act as "savings" and as a buffer against shocks and stresses, whether in the farm or domestic context.

Non-timber forest products (NTFPs) also offer some potential, but face problems of degraded resource base, illegal access by "outsiders", low prices offered to collectors owing to market imperfections and low local value-added. NTFP products are crucial in meeting tribal

people's subsistence needs, including food security, providing a safety net in times of need and contributing to seasonal income. Tribal communities within MP tend to have a higher dependence on forest resources. With ownership of NTFPs by Gram Sabha as per the PESA and its reinforcement by the Scheduled Tribes (Recognition of forest rights) Act, and buoyant demand for many products, significant contributions to income can be earned by collectors, but they are typically forced to sell immediately on harvest at low prices when they have high-interest loans to repay to middlemen. Access to alternative credit and primary processing of products can significantly increase the income of collectors. The introduction of more sophisticated processing at local level is a priority for increasing income and reducing pressure to collect ever more quantities of unripe raw material.

A comprehensive, pro poor crop and livestock strategy needs to be devised which can accommodate differences in physical and social context. **Participatory varietal selection**, which has had a high rate of success in some parts of the state, appears to be among the most promising of these, which can be expanded to take in traditional crops. **Exploring ways of making seed supply chains more effective and producer-friendly is another.** In the **livestock sector, service providers** like Gopals is likely to be beneficial for developing a sustainable model.

Rural Non Farm Economy

There is a need for more effective policies to promote agricultural production and incomes, through a progressive shift from subsidised inputs and towards productive public investment e.g. in roads and water development, especially if this can be used to employ labour in the agricultural slack season. It is rarely that any given location can be characterised as predominantly either farming or Rural Non Farm Economy (RNFE) – in most contexts where farming is strong, so also will be the RNFE, and vice versa.

Steps are needed to rationalise the regulatory environment and so remove restrictions and reduce transaction costs where these arise in both agricultural and RNFE production and marketing systems. There is also a need to enhance awareness of and the capacity to implement policy. Public investment in power supply, transport and communications infrastructure would help to stimulate the RNFE (as well as agriculture and NTFP-related activities). Furthermore, where distances between producers and consumers are long, even with the best of infrastructure, products from remote areas are unlikely to be competitive with those produced close to major consumption centres. Promotion of the RNFE will, in addition, require the appropriate provision of credit, and capacity building among all concerned. Enterprise

development strategy needs to be developed and implemented, drawing on lessons from other projects such as DPIP and SGSY which may have taken these concepts somewhat further.

Migration

Circular migration, much of it seasonal, is now an integral part of the livelihood strategies pursued by a large number of poor people in Madhya Pradesh. Migration is generally driven by lack of sufficient local employment, land fragmentation, drought and better opportunities in other locations. Common migration streams within the State include those to intensive agricultural areas such as Malwa and Mahakoshal, to a few industrial pockets and mines; to urban centres for rickshaw pulling, and to brick kilns, mines and quarries for labouring. While the poor and unskilled appear to circulate closer to home, more skilled workers go farther for higher wages. Savings from migration vary widely by occupation, wage rates, expenses at the destination, and contracting/loan arrangements. This is clear is that most households would be worse off if they were depending solely on local employment.

There is a need to recognise the importance of migration as a livelihood strategy. Steps have already been initiated under NREGA to reduce distress migration by creating higher opportunities for wage employment and creating infrastructure leading to sustainable livelihoods. In case of migrations for better livelihood opportunities steps are needed to test and certify the skills of existing workers. There is a need to emphasise the importance of human resource development in addition to natural resources. The skills gap of workers needs to be bridged and new entrants to the labour force need to be trained in various vocations to enhance their skills and consequential employability. This is especially important for those who have limited access to land and other natural resource based activities.

Financial Services

Financial services will be addressed more substantively. Whilst agriculture is the predominant activity for most households, livelihoods are typically a “diversified portfolio of subsistence activities”. Under these circumstances credit becomes an important part of the coping strategy. Other financial services such as savings, micro-insurance and money transfers would substitute for credit if available. Microfinance services for the poor also need to be contextualised against the need to build up the natural, human and infrastructural base, given the underdeveloped areas of the state.

Although good steps have been taken in almost all parts of the state in terms of forming or reviving self-help groups, but the credit flow is still small. There is a need to look at expanding savings and insurance. There are three main constraints in the provision of financial services: (a) inappropriate products and procedures for poor people (b) inadequate outreach of distribution channels and (c) unpredictable distorted financial behaviour among the target group. An appropriate strategy might be to build and support a culture of savings, develop a closer understanding of needs, and assess local institutional capacity. Where capacity is strong, it may be possible to build a community based financial structure.