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Final Report

**Rural Non-Farm Employment
in Madhya Pradesh**

**Findings of a Participatory
Rural Appraisal in 8 Villages**

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Table of Contents

Acknowledgements	i
Executive Summary	ii
I Introduction	1
1.1 Background	1
1.2 Rationale and Aim	3
1.3 Methodology	4
1.4 Process	5
1.5 Lacuna and Limitations	5
II The Study Area	6
2.1 The Study Districts	6
2.1.1 Betul	6
2.1.2 Narshimpur	7
2.2 The Study Villages	9
2.2.1 Narshimpur District	9
a) Mawai-A	9
b) Manegaon	9
c) Bandesur	10
d) Thalewada	10
2.2.2 Betul District	11
a) Deogaon	11
b) Bundala	11
c) Adarsh Dhanora	13
d) Palaspani	13
III Income Generating Activities	14
3.1 Basic Patterns Governing the Non-Farm Sector in Rural Areas	14
3.1.1 Pattern of Landholdings	14
3.1.2 Caste / Religion Based Affinities	15
3.1.3 Distance from Market	15
3.1.4 Natural Capital	16
3.1.5 Education	16
3.1.6 Ease of Access to Capital	17
3.2 The Sectors: Their Characteristics	20
3.2.1 Primary Sector	20
a) Agriculture	20
b) Livestock Rearing and Dairy	25
c) NTFP (Non-Timber Forest Products) Collection	26
3.2.2 Secondary Sector	28

a)	Food Processing	28
b)	Wetland Economy	29
c)	Traditional Occupation	29
d)	Work in Brick Kilns and other Construction Activities	32
3.2.3	Tertiary Sector	34
a)	Services	35
IV	Sub-sector Analysis	40
4.1	Food Processing - Jaggery Making	43
4.2	Food Processing - Pappad & Bari Making	48
4.3	Traditional Manufacturing – Carpentry	50
4.4	Modern Manufacturing – Mechanical Repair	54
4.5	Services – Retail Trade (Grocery Shop)	55
V	Caste and Gender in the Rural Economy	59
5.1	The Caste System and Its Influence on the Rural Economy	59
5.1.1	The Social Structure of Castes	59
5.1.2	Observations from the Study Area	59
5.1.3	Role of Caste in the Economy	61
5.2	Gender Issues with Respect to the Rural Non-Farm Economy	62
5.2.1	Social Structure	62
5.2.2	Division of Labour	62
5.2.3	Decision Making Processes and Empowerment	63
VI	Local Self Governance in Madhya Pradesh	61
6.1	Experience of Panchayat Raj in Madhya Pradesh	64
6.2	Provisions of Gram Swaraj for Strengthening Gram Sabhas	65
6.3	Quality of Governance – Survey Results	66
6.3.1	Ground Realities of the Panchayat Raj Institutions	66
6.3.2	Participation	68
6.3.3	Decision Making	69
6.3.4	Transparency	70
6.3.5	Multiplicity of Institutions and its Impact on PRI	70
6.4	Self-help Groups (SHG) in the Panchayats	71
VII	Constraints and Opportunities	77
7.1	Introduction	77
7.2	The Constraints: A Comparative Picture of Importance	77
7.2.1	Access to credit	78
7.2.2	Access to markets	81
7.2.3	Skills to initiate and manage RNFE	85
7.2.4	Supply of Raw Material	87
7.2.5	Infrastructure	88
7.2.6	Competition due to Open Market	89
7.2.7	Social Stratification and RNFE	90

Appendices

- Appendix 1: Village Profiles
- Appendix 2: Social Maps
- Appendix 3: Analysis of Social Maps
- Appendix 4: Income Generating Activities

Abbreviations

ACPC	Agriculture Cost Price Committee
CBOs	Community Based Organisations
CSOs	Civil Society Organisations
DFID	UK Department for International Development
DPIP	Indira Gandhi Garibi Hatao Yojana (DPIP), Madhya Pradesh, WB funded
GoI	Government of India
GC	General (upper) castes
GS	Gram Sabha (General Body of a village in PRI)
IGA	Income Generating Activities
MFP	Minor Forest Products
MP	Madhya Pradesh
NABARD	National Bank for Agriculture and Rural Development
NGOs	Non-Governmental Organisations
NRI	Natural Resources Institute, University of Greenwich
NTFP	Non-Timber Forest Products
OBC	Other Backward Castes
PRA	Participatory Rural Appraisal
PRI	Panchayati Raj Institutions
SHG	Self-help Groups
RNFE	Rural Non-Farm Employment
SC	Scheduled Castes
ST	Scheduled Tribes
WB	World Bank

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Rs 68.00 = 1 Pound Sterling
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Executive Summary

The research findings presented here form part of a project concerned with improved understanding and appropriate policy development for the rural non-farm economy. The research is being undertaken by the Natural Resources Institute (NRI) in collaboration with local partners, with funding from the UK's Department for International Development (DFID) under a collaborative agreement with the World Bank. Interest in the non-farm economy originates from increasing realisation of its important role in rural livelihoods, and its potential contribution to poverty alleviation.

The research project has three main components:

- (a) Factors that determine household or individual access or capacity to engage in rural non-farm activities (the subject of this report);
- (b) The influence of local governance on the development of the rural non-farm economy; and
- (c) Characteristics and dynamics of the non-farm economy in Central and Eastern Europe.

- (a) and (b) involve field studies in Uganda, and the States of Madhya Pradesh and Orissa in India. The research is phased over a three-year period 2000 – 2003 with activities to take place in India between mid-2001 to March 2003.

This particular study presents the results of a Participatory Rural Appraisal in Madhya Pradesh, which was undertaken by the NGO Samarthan (Centre for Development Support, Bhopal) in collaboration with the Natural Resources Institute. The fieldwork was undertaken from November 2001 to January 2002. In addition to similar studies in Orissa, a study on local governance aspects of RNFE was undertaken at the same time in Madhya Pradesh in collaboration with the NGO Debate.

The objectives of the PRA in Madhya Pradesh were to identify farm and non-farm income sources of rural households, barriers to the uptake of non-farm employment, and opportunities, which can be translated into policy recommendations. The PRA was undertaken in eight villages within the Betul and Narshimpur Districts. Betul is located in hilly terrain next to the border with Maharashtra, has a relatively high Scheduled Tribe population, and is rich in forest resources. Narshimpur, on the contrary, is renowned for its fertile agricultural land and high yields of crops such as sugarcane or soybeans.

The primary sector is by far the main source of income for the villagers. On the one hand, this includes agricultural production by farmers owning land, on the other hand, it includes agricultural wage labour. Also, in particular in Betul District, villagers earn income from the collection of minor forest products (MFPs) such as *tendu* leaves. Farm sizes can vary considerably from about 0.5 acres to more than 50 acres in the case of large landholdings. On average, it is estimated that farm sizes are of the order of three acres. Demographic pressure and inheritance practices lead to ever decreasing farm sizes, which in the medium to long-term will pose a serious threat to the viability of farm enterprises. In addition, declining soil fertility has been reported in some villages as a result of prolonged soybean cultivation.

Mechanisation in the form of increased use of farm equipment such as tractors, threshers, and motor pumps is also changing the face of agriculture in Madhya Pradesh, resulting in productivity increases. As for its impact on labour, the results are mixed. In some villages it has been reported that mechanisation reduces job opportunities for wage labourers, whereas in others this impact has not yet been felt. Also, mechanisation creates new employment opportunities for job categories such as tractor drivers, thresher operators, and mechanics. On the other hand, these new jobs are resulting in a gender bias, as they are almost exclusively being taken up by the male population.

Out migration is mainly seen in Betul District, where wage labourer households leave their villages during part of the year in search of work in Districts such as Harda, where they work on sugar cane farms. On the other hand, Narshimpur, due to its stronger agricultural base, attracts labourers from outside, who work on farms or in processing industries such as *jaggery* (i.e. traditional unrefined sugar) making.

In the majority of villages it was found that the proportion of households earning at least part of their income from non-farm sources was higher than suggested by the data from the 1991 Census. Based on the PRA survey, three out of eight villages have a high degree of non-farm employment (i.e. 30% - 50%), whereas five villages show a smaller level of RNFE income sources (i.e. 10% - 25%). This takes into account both full-time and part-time income from the non-farm sector.

The main sources of income in the secondary sector include food processing (e.g. *jaggery* making, grain milling), traditional manufacturing (e.g. carpentry, traditional construction), and modern manufacturing (e.g. mechanical repairs). As for the tertiary (i.e. service) sector this provides income from activities such as retailing (e.g. grocery shops, hawking, mobile shops), driving of vehicles in the transport sector, and employment in government services (e.g. teachers, health workers, or bank clerks).

Although it is often argued that a dynamic agricultural sector is important for the development of non-farm employment in rural areas, the socio-economic structure of the farming sector also appears to play a role in this context. For example, it was found that villages with a feudal landholding system and higher concentration of land ownership are less likely to develop a dynamic non-farm sector. On the other hand, there was more evidence of non-farm enterprises in communities where the land was owned by a larger proportion of villagers. Among the villages surveyed, where there are strong feudal structures the landlords are likely to discourage wage labourers from entering other sectors. Mechanisms to achieve this include provision of loans resulting in bonded labour, or preventing wage labourers from acquiring new skills or relevant information.

The main barriers to entry into RNFE in Madhya Pradesh, identified during the course of the PRA, include the following:

- Inadequate credit facilities especially for small entrepreneurs involved in RNFE;
- Lack of market access, in the sense of inadequate market information, small local markets, and insufficient marketing linkages;

- Weak/inadequate managerial capacities and skills to initiate potential RNFE;
- Inadequate raw material supplies especially with respect to traditional RNFE activities;
- Weak infrastructure facilities to enable RNFE;
- In the open market traditional products face competition from industrially manufactured substitute products;
- Caste and class hierarchies creating barriers for the marginalized to take advantage of the RNFE sector.

The reasons behind **inadequate credit facilities**, include: defaulter status and absence of collateral security amongst the marginalised, lack of information about credit sources, complicated bank procedures, the need for ‘speed money’, and decreasing profitability in agriculture leading to low deployment of capital in RNFE.

Avenues to increase the access to credit facilities, include: strengthening of self-help credit groups, inter-linkage with flexible development credit institutions, and the building of federations of self help groups.

The issues related to **lack of market access**, include: existence of ‘predatory’ intermediary traders blocking the flow of information on market prices and marketing opportunities, excessive competition in the RNFE sector rendering it unprofitable for small entrepreneurs, lack of organised collective marketing, inefficient Government mandis (i.e. markets), existence of unofficial mandis, and inability to store products of the RNFE sector.

Measures to improve market access, in particular for small-scale RNFE producers, include: methods to enhance access to information on market prices and marketing opportunities (e.g. more transparency through information kiosks at block level), creation of storage facilities at the Panchayat level/cluster of Panchayats, reforms of local mandis and co-operatives, and more effective utilisation of the middlemen to the benefit of the marginalised.

The reasons behind **weak/inadequate managerial capacities** and skills to initiate potential RNFE, include: inability to undertake structured analysis of markets, weak RNFE planning focussing on village/cluster of villages as unit of RNFE promotion, low level of education inhibiting employment possibilities, pessimistic attitude toward starting new enterprises, in particular amongst wage labourers.

Measures to build skills and managerial capacities to initiate RNFE, include: capacity building of potential young entrepreneurs, and more systematic block level RNFE planning.

The constraint of **inadequate raw material supply**, especially with respect to traditional RNFE activities, is related to: depleting natural resources, and harassment faced by the people during collection of raw material. Measures to ensure a more regular supply of raw material, include: the strengthening of local governance institutions to take control of natural resources, the promotion of alternative inputs

and design improvements for efficient product manufacturing, and the encouragement of more efficient raw material supply markets.

Amongst other things, **weak infrastructure facilities** are the result of lack of road maintenance reducing accessibility, and inadequate power supply. Measures required in this context, include: encouragement of Panchayats to invest in productive assets rather than welfare assets, and the use of development funds for the creation of an infrastructure base which is conducive to the development of the RNFE sector.

In the open market, **traditional products manufactured in the villages face competition from 'modern' substitute products**, due to quality issues, perception, and price. Measures required include the introduction of new technologies and manufacturing capacity at local level. Besides a conducive infrastructure, this involves improved planning at block level, and better linkages with research institutions and the industrial manufacturing sector (e.g. pharmaceutical industries requiring medicinal plants as input).

As for social stratification, **caste and class hierarchies often create barriers for the marginalised** to take advantage of the RNFE sector. On the one hand, due to better asset endowment, members of upper castes are more likely to be engaged in successful non-farm enterprises. On the other hand, it was observed that some upper castes try to block access by the marginalised in the village to agents of growth such as education, information and credit. Measures required include the formulation and implementation of pro-poor policies. Although progress is being made in policy design, more efforts are required as far as implementation and monitoring of policies are concerned. Pro-poor policies need to be gender sensitive in order to improve women's access to livelihood assets such as health, education, and credit.

As for **local governance**, considerable progress has been made in Madhya Pradesh in implementing the different Panchayati Raj Acts. However, it also became clear during the course of the Participatory Rural Appraisal that this is a long-term process requiring substantial efforts from all parties involved. For example, shortcomings of the current set-up include: women or Scheduled Caste sarpanchas often only act as proxies; gram sabha meetings are not held regularly due to difficulties in attaining quorums; in particular female participation in meetings is low due to their social status (e.g. general caste women) or work commitments (e.g. wage labourers); lack of transparency in decision making processes; and a multiplicity of institutions creating confusion amongst the village population. This points to the importance of continued capacity building to strengthen local governance. Education and awareness raising are particularly important so that the marginalised sections of the village population will become more aware of their rights and duties. A simplification of the structures should be considered so that the multiplicity of committees and the resulting confusion can be reduced. In addition to the state and district government departments, civil society organisations have a strong role to play in strengthening local governance at the village level.

To sum up, non-farm employment has an increasing role to play in rural areas characterised by demographic pressure and depleting natural resources. The above-

mentioned measures are required to stimulate growth of both the secondary and tertiary sectors. Nevertheless, it is inevitable that the economy of villages in Madhya Pradesh will still depend on agriculture in the foreseeable future. However, in view of changes in the farming systems (e.g. declining farm sizes, mechanisation, reduced soil fertility) certain adaptations are required. More emphasis needs to be put on livestock production. For example, dairy production, small ruminants and poultry can enhance the livelihoods of poor villagers. Also, higher value agricultural and forest commodities need to be targeted (e.g. fruits, vegetables, flowers, medicinal plants).

As for future steps, a questionnaire survey is being carried out in the same villages where the Participatory Rural Appraisal has taken place. This is to obtain statistically valid data from which generalisations can be made. In addition, a study of 'rural' towns will be undertaken. Given the limitations that exist at village level, small rural towns (e.g. Block head quarters) have an important role to play as growth centres for the creation of rural non-farm employment.

I INTRODUCTION

1.1 Background

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The traditional image of village households in developing countries, including India, has been that they focus almost exclusively on farming and undertake little non-farm activity. This image persists and is widespread even today. Policy debates still tend to equate farm income with rural incomes and rural/urban relations with farm/non-farm relations.

There is no standard definition of the Rural Non-Farm Economy (RNFE). The sector is too diverse, in terms of activities, unit sizes and geographic dispersal, to allow a neat classification (Fisher *et al.* 1997)¹. This is further emphasized by the fact that the sector is usually defined in negative terms as the rural non-farm or non-agricultural sector. Positive terms, such as rural enterprises or rural industries are also inadequate in that the former may include agricultural activities and the latter tends to exclude rural services, which in most countries generate more employment than does rural manufacturing. However, the rural non-farm economy is characterized by its heterogeneity, incorporating

¹ Thomas Fisher and Vijay Mahajan with Ashok Singha (1997), *The Forgotten Sector – Non-farm employment and enterprises in rural India*; Intermediate Technology Publications, London

self-employment, micro and small-medium sized enterprises and trade activities. For most rural people in developing and transitional economies, rural non-farm activities are part of a total livelihood activity set that includes farming: that is they are part of a diversified livelihood portfolio. The rural poor in developing countries derive important income shares from rural non-farm activities.

Recent literature particularly emphasizes that whilst the common perception of the rural non-farm sector in India is one comprising largely of traditional village industries, in reality, the sector is diverse. Fisher *et al.* (1997) have identified seventeen sub-sectors, which account for eighty percent of all RNFE. The tertiary sector itself, which contributes sixty percent of all RNF employment, includes retail trade, education, public administration, personal services, transport, restaurants and hotels and medical services. The secondary sector includes many traditional sub-sectors such as textiles, wood, pottery, food, tobacco, metal products, as well as repairs and construction. Important activities including manufacturing outside the household, trading and public services are each estimated to account for one-fifth of the RNF employment.

According to Fisher *et al* (ibid), several reasons for the promotion of RNF activities exist and can be of great interest to policy makers. Firstly, evidence shows that RNFE income is an important factor in household economies and therefore also in food security since it allows greater access to food. This source of income may also prevent rapid or excessive urbanization as well as natural resource degradation through overexploitation.

Secondly, in the face of credit constraints, RNFE activity can positively affect the performance of agriculture by providing farmers with cash to invest in productivity enhancing inputs. Furthermore, development of RNFE activity in the food system (including agro-processing, distribution and the provision of farm inputs) may increase the profitability of farming by increasing the availability of inputs and improving access to market outlets. In turn, better performance of the food system increases rural incomes and lowers urban food prices. Thirdly, the nature and performance of agriculture, themselves affected by agricultural policies, can have important effects on the dynamics of the RNFE sector to the extent that the latter is linked to agriculture. According to Fisher *et al* (ibid), this sector grows fastest and most equitably where agriculture is dynamic, where farm outputs are available for processing and distribution, where there are inputs to be sold and equipment repaired, and where farm cash income is spent on local goods and services.

Recent interest in the rural non-farm economy has been fostered because of the recognition of the fact that:

- Most of the rural communities in the developing countries derive their incomes from multiple sources of livelihood;
- The agriculture sector alone cannot sustain growing rural communities;
- Urban centers cannot, for economic, social and environmental reasons, be assumed capable of supporting a consistently high influx of migrants;

- Heightened focus on poverty alleviation demands closer scrutiny of the livelihoods of the poor, in all their subtleties and multiplicity;
- Policy prescriptions for the development of the rural non-farm sector are presently few and/or weak, lacking sound empirical foundations.

This interest calls for an improved understanding of the rural non-farm economy. It underlines the need for policies to promote the growth of the RNFE, while being vigilant to potential negative outcomes associated with such policies.

1.2 Rationale and Aim

This study report forms part of a research project² focused on gaining an improved understanding, which would facilitate appropriate policy development for the rural non-farm economy in developing countries. Similar studies have been undertaken for Uganda and are also being carried out in Orissa. The study has three main components

- The characteristics and dynamics of the non-farm economy in Madhya Pradesh;
- To understand the factors which determine the avenues to access or the capacity to engage in rural non-farm activities of a household or an individual;
- The influence and role of institutions of local self governance on the development of the rural non-farm economy.

The purpose of the fieldwork was to identify the rural non-farm activities actually practiced in the chosen districts of Madhya Pradesh and to investigate the actual and perceived constraints to rural non-farm activities, as well as enabling factors. The study was undertaken in eight villages in two districts of Madhya Pradesh³ (i.e. Betul and Narshimpur) to gain a representation of the prevalent scenarios in the state.

The study incorporates a mix of participatory assessment and qualitative investigation. Although it was considered that a full livelihoods assessment was beyond the scope of the study, an aspect of the survey was to provide an understanding of the financial, physical, natural, human and social capital assets so that the findings on access barriers can be placed into context. The study process was scheduled as follows:

- Review of secondary literature;
- Establish the field work programme for the field research;

² The research is being undertaken by the Natural Resources Institute (NRI) with funding from the UK's Department for International Development (DFID) under a collaborative programme with the World Bank

³ For the purpose of the fieldwork Mawai-A and Badesur (High RNFE) and Manegaon and Thalewada (low RNFE) of Narshimpur district and Deogaon and Adarsh Dhanora (High RNFE) and Bundala and Palaspani (low RNFE) of Betul district were selected.

- Collection of qualitative data.

1.3 Methodology

A participatory research method was followed, as the study was an attempt to identify the rural non-farm activities actually practiced in the two districts of Madhya Pradesh and to analyze the actual and perceived constraints to rural non-farm activities, as well as enabling factors. Open-ended discussions with individuals and community members was adopted under the assumption that it would ensure better articulation and reflection of the community's view on rural non-farm economy. Thus, there has been considerable flexibility while deploying different participatory methods that include social mapping, ranking of Income Generation Activities (IGAs), focus groups discussion and in-depth interviews.

The Income Generating Activities (IGAs) are multifaceted and are affected by a wide variety of tangible and intangible factors. Methods employed for this were influenced by these complexities and hence the researchers had to collect data wider than those of IGAs per se. Consequently, the data incorporates a broad set of conditions, assets and analysis related to the way people structure their income generating activities as well as the reasons why others cannot access certain IGAs. The perceptual data were extracted by using different above-mentioned PRA methods. Table 1 provides an idea of methods used and the purpose and issues.

Table 1.1 Issues and Assets Explored and Methods Employed

Issue(s) purposes	Tools used
Assessment of community (physical/natural) assets	Social Mapping
Exploration of local resources and development conditions and observation of physical, natural and capital assets	Transect walk
Understanding of specific Income Generation Activities undertaken by Individuals and Small organizations (key issues)	Focus Group Discussions
Gaining in-depth knowledge of specific issues, structure and organizations	Key-Informant Discussion/In-depth Interview
Following up and illustrating specific issues	Caste Studies/Semi-structured interviews
Stakeholders perceptions	Semi-structured interviews
Income Generation present, future and trend and constraints	Ranking / focus group discussion / service opportunity map / seasonality calendars

1.4 Process

The district selection process was governed by a series of criteria, including potential of the agricultural and rural-non-farming economy, as well as status of decentralization and governance based on the rationale that local determination of resource allocation and use should enhance the RNFE.

The site selection was made after consultation of existing secondary sources especially the census data (1991). Four villages from each of the districts were purposively chosen on the basis of the matrix given in Table 2, using accessibility and level of RNFE as the main selection criteria. The preliminary analysis, discussions and revision of methods were carried out during the first phase of fieldwork, which took place in November 2001. The bulk of the data were collected in December 2001 and January 2002.

1.5 Lacuna/Limitation

As is the case with most studies involving qualitative data collection, the sample of villages taken for the study was relatively small (i.e. four villages in each Betul and Narsinghpur Districts). Therefore, although the relevant concerns have come out from the PRA techniques, some pertinent areas might have been missed owing to the limitation in the size of the study area. Nevertheless, the study does address many of the features related to the Rural Non Farm Economy as perceived by the community.

Collection of data was a challenge in itself owing to the busy schedule of the villagers, especially the economically weaker sections. Therefore, the study team had to readjust their timings according to the suitability of the villagers. To ensure complete data collection, a man/woman team went to each village and spent the entire day (from early morning to late in the evening) in the village. The focus group discussions with the women from the labour class had to be carried out after sunset when they used to come back from the fields. In some places, the team took the appointment with the villagers on the previous day and met them the next day.

The findings of the study have been derived from the qualitative data survey of eight villages. To substantiate these qualitative data, a second phase of this project has been initiated. The second phase would mainly concentrate on corroborating the qualitative data through quantitative data. A questionnaire has been prepared and will be executed in 800 households from the same villages which were taken for the first phase. The findings of this report have also been fed into the design of the questionnaire.

Table 2: Matrix of the studied villages

	HIGH RNFE				LOW RNFE			
	Village	Total Population	Total working population	% of RNFE	Village	Total Population	Total working population	% of RNFE
Narsinghpur District								
High Access	Mawai-A	614	187	22.0	Manegaon	359		12.0
Low Access	Bandesur	402	156	6.0	Thalewada	785	361	4.0
Betul District								
High Access	Deogaon	946	319	26.6	Bundala	363	177	4.0
Low Access	Adarsh Dhanora	812	248	20.0	Palaspani	835	527	6.0

Source: Census data (1991)

NB. The census data for 2001 were not yet available when the PRA was designed and carried out.

II STUDY AREA

Madhya Pradesh, as its name implies, lies in the heart of India. It covers an area of 443,046 Sq.Km, and borders seven other States – Uttar Pradesh, Bihar, Orissa, Andhra Pradesh, Maharashtra, Gujarat and Rajasthan. It consists largely of a plateau streaked with the hill ranges of the Vindhyas and the Satpuras, and with the Chhattisgarh plains to the east. The hills give rise to some important river systems – the Narmada and the Tapti running from east to west, and the Chambal, Sone, Betwa, Mahandi and the Indravati running from west to east. According to the 1991 census the total population of the State is 66,181,170. Soyabean, rice, jowar (i.e. sorghum), wheat, pulses, groundnuts, linseed and cotton are the major crops. The administrative structure and some of the development indicators are given in the Appendix-1.

The following sections provide a brief profile of the districts and villages that have been selected for the study.

2.1 The Study Districts

2.1.1 Betul

The district Betul is located on the southern border of Madhya Pradesh (Fig 2.1). It is bordered in the north by Hoshangabad district, in the west by Harda and East Nimar districts; in the east by Chhindwara district of Madhya Pradesh and in the south by Amrabati district of Maharashtra. The district derives its name from the former headquarters town Betul (now called Betul Bazar). The present Betul town was formerly known as Badnur. Betul Bazar is around 5 kms south of present Betul town. Betul was a district in the erstwhile state of Madhya Pradesh, which was recognized officially on the 1st of November 1956. In the course of time the name of district headquarters town Badnur became super imposed by 'Betul'. Physically the whole district lies on Satpura plateau.

The geographical area of the district is 10,043 sq.km, which corresponds to nearly 2.26 percent of the total area of the State. Administratively, Betul is divided into 5 *tehsils* and 10 blocks. The total population of the district is 1,181,501 persons (1991 census). The literacy rate of the district is 57.4% for males and 33.9% for females (Table 2.1).

Tapti, Tawa, Wardha, Bel, Morand, Purna are the important rivers of the district. The climate is pleasant marked by dryness during the greater part of the year, the summer being generally milder than in the surrounding districts. The social groups of the district are predominantly Rajputs and Brahmins, while Chamar and Mehar belong to the Scheduled Caste, and Gond and Korku belong to the Scheduled Tribes.

Agriculture is the mainstay of the economy of the district. The majority of people grow cereals such as paddy, jowar and wheat. Paddy is the *kharif* (rainy season) crop whereas jowar and wheat are the important *rabi* (post-rainy season) crops. Among the pulses gram (*chana*), *tuar* (*cajanus indialns*), *uddad* (*phaseous mungo*) occupy an important place. Sugarcane is one of the major cash crops of the district.

Betul District is also very rich in forest resources. The principal forest produce of the district consists of timber, bamboos, *tendu* leaves, gum, *mahua* flower etc.

2.1.2 Narshimpur

The district Narshimpur is situated in the central part of Madhya Pradesh (Fig 2.2). It is bordered in the north by Sagar district, in the west by Hosangabad district, in the east by Seoni district and in the south by Chindwara district of Madhya Pradesh. The district gets its name from the head quarter town, Narshimpur, which owes its identity to the temple of Lord Narshima located in the town. The district was reborn as a separate district on 1st November 1956, with the formation of the new State of Madhya Pradesh.

The geographical area of the district is 5,133 sq.km. The district is divided into five *tehsils* viz., Narshimpur, Gaderwara, Gotegaon, Tendukheda and Kareli. All the *tehsils* have the name of the head quarter town except Gotegaon. The total number of blocks is six including, Narshimpur, Kareli, Gotegaon, Saikheda, Chichli and Tendukheda. According to 1991 census, the total population of the district is 7,85,496. The literacy rate of the district is 68.4% for males and 41.6% for females (Table 2.1).

The Satpura and the Vindhyanchal are two hill ranges passing through the district. The district is drained by the river Narmada and its tributaries viz. Sher, Shakkar, Dudhi, Soner, Sindhor etc. The total forest area of the district is 1240.98 sq.kms, corresponding to 24.17 percent of the total geographical area. The climate of the district is generally pleasant except the hot summer months of May and June when discomfort is felt.

Agriculture is the dominating economy of the district. They grow paddy, *jowar*, wheat and different types of pulses. In some areas sugar cane also be grown. Rajputs are the majority among the general caste while Chamar and Mehar are Scheduled Castes and Gond and Korku belong to the Scheduled tribes. The Socio- economic indicators of the two districts are given in Table 2.1.

Table 2.1 Socio-economic Indicators of Narshimpur and Betul Districts

Indicators	Narshimpur	Betul
Population	785,496	1,181,501
Share of Madhya Pradesh Population	1.19%	1.79%
Urban Population	14.9%	1.79%
Population of Scheduled Castes (SC)	16.6%	10.8%
Population of Scheduled Tribes (ST)	12.9%	37.5%
Scheduled Caste (SC) Gender Ratio	909	950
Scheduled Tribe (ST) Gender Ratio	959	1002
Workers Participation Rate (Female)	25.0%	40.0%
Male Literacy	68.4 %	57.4%
Female Literacy	41.6%	33.9%
Scheduled Caste Literacy	44.0%	33.9%
Scheduled Tribe Literacy	30.8%	17.2%
Employment		
Worker Participation Rate		
All	39.6%	46.7%
Rural	41.0%	51.0%
Urban	29.0%	27.0%
Share of Primary Sector	79.8%	84.8%
Share of Secondary Sector	6.7%	4.7%
Share of Territory Sector	13.5%	10.5%
Employment Growth Rate (1981-1991)	1.78%	2.26%
Total Employment in Farm Sector	79.7%	82.5%
Rural Employment in Non-farm Sector	12.0%	9.0%
Agriculture Labour	38.9%	24.2%
Precarious Employment	45.6%	28.4%
Land Use and Agriculture		
Cereals Per capita (kg.)	181.8	167.8
Pulses Per capita (kg.)	218.1	25.8
Oil Seeds Per capita (kg.)	72.2	118.4
Average Land Holding (Hectares)	2.7	3.4
Irrigated Area ('000 Hectares.)	76.7	73.3
Un-irrigated Area ('000 Hectares)	214.4	341.2
Cropping Intensity	126	119
Per capita Forest Area (in sq.kms)	0.160	0.340
Infrastructure/Facilities		
Pucca (Tarmac) Road (Per 100 sq.km) 1994)	15.6	12.9
Villages with Drinking Water Facility (1996)	96.5%	99.7%
Number of Banks (Per Lakh Population) (1996)	7.0667	5.0186
Middle Schools (Per Lakh Population) (1996)	25.6	30.6
High Schools (Per Lakh Population) (1996)	9.8	11.5
Primary Health Centres (Per Lakh Population) (1996)	3.2	3.2

Sources: The Madhya Pradesh Human Development Report(1998), Government of Madhya Pradesh

2.2 The Study Villages

The following sections provide an overview of the villages selected for the survey.

2.2.1 Narshimpur District

a. Mawai-A

The village Mawai-A comes under Gotegaon block, which is situated on the major axis between Bhopal and Jabalpur. The village is located next to a tarmac road between Gotegaon and the Sridham, and is around 15 kms away from the block headquarter. The village belongs to Joth Panchayat which also includes the village of Shyamnagar. The whole Panchayat has eleven wards, four out of which are reserved for women. Mawai-A itself has five wards.

The Sarpanch of the village is a young Scheduled Caste female. She is educated up to class eight. The *gram sabha* of the village is held very irregularly and the participation of women in the same is not encouraging. There is a (Self-Help Group) SHG of men in the village but at present it is not functional. Besides there is a *tendu patta* committee in the village which is also not very effective.

The agricultural land of the village traditionally is quite fertile and around 10 percent of the population own tube wells and sprinklers. The majority of the households own 0.5 to 2 acres of agriculture land. Wheat, paddy, soyabean and a variety of pulses are the major crops of the village. However, in the recent past, the wheat and soyabean crops have suffered and yields were not satisfactory due to declining soil fertility. As a consequence some farmers have shifted from soyabeans to pulses.

The villagers have also access to the forest and collect different forest products including fuel woods. At the same time, it is recognised that the forest resources are declining. Most of the families have one or two cows for milk production, although one family has a larger herd.

There is a government primary school in the village. For higher education students go to the neighboring villages. The village is connected to the electricity grid, and a *pucca* (tarmac) road exists since 1982 (i.e. when Prime Minister Indira Gandhi visited the nearby temple). There is one grocery shop, two pan shops, one saloon, and one flourmill in the village. The introduction of tractors, threshers and other modern agricultural implements have brought major changes, resulting in an increase in agricultural production. No gender and caste bias is found in the village.

b. Manegaon

The village of Manegaon comes under Gotegaon block and is situated besides the main road, which leads to Narshimpur and Kararkbel. The approach road of the village is good. A good number of buses, autos, and jeeps ply frequently to the neighboring towns and villages. Hand pumps and wells are the main sources of drinking water for the village. The village has one Government middle school and

one private higher secondary school. Among the general castes, Rajputs, Brahmins and Kayasths are prominent. The Nai, Namdev, Yadav, Dheemar, Teli, Kumhar, Viswakarma, Lodhi are the OBCs and Basorh, Mehra, Jharia, Dhobi, Jamadar, Natia are the Scheduled Castes of the village. Among the Scheduled Tribes, only Gonds are found in the village.

The agricultural land of the village is very fertile. The average landholding size of the village is 10 to 15 acres. Agricultural lands are mainly rain fed, although the large farmers have got tube wells and sprinklers. The caste and gender bias of the village is very prominent.¹

c. Bandesur

Bandesur village comes under Chichli Block and Batesara Gram Panchayat. It is situated besides the road, which connects to Narshimpur and Gaderwara. There are two primary schools out of which one is private. For higher education, children go to the neighboring villages. For medical and postal facilities, the villagers depend upon either Kareli or Kharpgaon. Hand pumps are the major sources of water for the village. The caste composition of the village comprises Rajput and Brahmin (General Castes), Lohar and barber (OBC), Dhobi and Kotwar (SC), and Gonds are the Scheduled Tribe. In addition, one or two Muslim families are also found in the village.

The villagers do not have any access to the forest. The agriculture lands are mostly rain-fed. There is a *nala* (perennial), which is flowing, and the water is being tapped for irrigation purpose but it is not sufficient for irrigating the whole land. The pressure upon the land is growing year by year, as a result of which land holdings are getting smaller in size.

The Sarpanch of the village is a middle-aged woman belonging to Batesara village, which is around 2kms away from the village. The *gram sabhas* and other committee meetings related to the *gram sabha* are not regularly held. The participation of the women in the *gram sabha* and the other community meetings is not encouraging. The development initiatives of the village through Government have been started at different points of time. The selection of the beneficiaries has not taken place according to the prescribed norms. The traditional credit system exists, and the land development bank of Kareli has also provided loans to some villagers.

d. Thalewada

Thalewada comes under the Dehalwada Panchayat of Chichli Block. The caste composition of the village comprises Kaurab Rajputs, Brahmin and Kayastha under the general caste; Yadav, Nai, Kumhar and Bodhai under the OBC, Dhobi and Kotwar under the Scheduled Caste and Gond under the Scheduled Tribe of the village. The approachable road of the village is a *kucchha* road. The village has two clusters; one is the main cluster and the other is the *Indira awas*². Hand pumps are the major

² *Indira Awas* are the houses, which are, build for the people those who are coming under Below Poverty Line (BPL). It is a central government scheme and called as Indira Awas Yojana. The priority of providing the houses are decided by Gram Sabha

source of drinking water for the village. For health, postal and banking facilities, the villagers are dependent upon Chichli. The sanitary conditions in the village are not good due to exposed drains and water logging. There is a primary school in the village.

Agriculture is the major sources of income of the village. The farmers grow a lot of sugarcane. All the farmers who have major land holdings have their own tube wells and sprinklers. Migration for agricultural wage labour was not traced in the village—rather some labourers migrate to other nearby villages for the processing of sugar cane and jaggery making. The poor farmers take local credits from the landlords and affluent class people.

Thalwada forms part of the Dahalwada panchayat. The Sarpanch who is a middle aged Scheduled Caste women resides in Dahalwada village. She is not well versed with the Panchayat administration. The *gram sabha* of the village is not regularly held which is also the case with the committee meetings. The participation of both men and women in the *gram sabha* is very low. But they actively participate in the electoral process. There is a woman SHG group in the village but it has failed in the recent past.

2.2.2 Betul district

a. Deogaon

Deogaon is a roadside village. Rajputs are the general caste; Nai, Lohar, Kalar are the OBCs; Kumbis are the SCs; and Korkus are the ST of the village. Besides, there are also some Muslim households. The village has one Government primary and one Government middle school. The village has two flourmills, one grocery shop and one electric motor binding shop. The hand pumps and the dug wells serve the purpose of drinking water for the village. The Panchayat Bhawan is situated at the entrance of the village.

The agricultural land of the village is rain fed. Sugar cane is the dominant crop and the villagers also have access to the collection of minor forest products. Soyabean was grown in plenty a couple of years ago.

Deogaon is the main Panchayat, which also includes the village Chouki. The Sarpanch is a middle aged Gond who belongs to Chouki village. He is very active, although the Gram Sabha and other committee meetings are not regularly held. The women SHG group was formed in the village six months ago with the assistance of a Non-Governmental Organization. The affluent class and the landlords provide loans to the marginalized farmers at low interest rates.

b. Bundala

The village Bundala comes under Jaithapur Gram Panchayat of Betul block. The caste composition of the village are Brahmin (General), Teli (OBC), Meher (SC) and Gond (ST). Agriculture is the major occupation of the village. An irrigation canal (Nehar) which supplies water to the agricultural lands for six months is the major source of water for the village. Many of the farmers own tube wells and sprinklers. The villagers also have access to collection of forest products. There is a primary school in the village and for higher education the children go to the neighboring villages. The *Anganwadi* (Child health care) worker of the village is very active.

The cultural practices and the social cohesion among the ethnic groups of the village is very strong. The affluent classes give credit to the marginal farmers and the interest rate of the loan is very low. The Sarpanch of the village is a young man and belongs to Teli caste (OBC). The Gram Sabha of the village is regularly held but there is always the problem of meeting the quorum. Women's participation in the Gram Sabha is bleak. The major cause of poor participation in the latter is that the villagers do not want to loose one day's wage, and the higher and affluent class are not encouraging their women to participate in the same.

c. Adarsh Dhanora

Adarsh Dhanora belongs to Bhimpur block. The village is divided into two clusters, i.e. the main cluster where the Rajput farmers live, and the Indira Awas colony which is about one km away from the main cluster on the other side of the road. The village has one Government primary school, one middle school, and a private high school. In addition, there is also an EGS school in the Indira Awas colony. A sub post office and a branch of SBI are there in the village. Hand pumps and dug wells are the major water sources.

The agricultural lands are rain fed as well as irrigated through a canal. There is no concept of preservation of crops and the farmers sell them immediately after harvesting. In addition to agriculture, the villagers are also pursuing the collection of minor forest product, which, however has been declining in the recent past. The general caste people have major land holdings.

The Sarpanch of the village is a young male (Gond) who appears to be dominated by the local general caste and landowners. The Gram Sabhas are regularly held but the women's participation in the same is bleak. The villagers are very active in the electoral process. The women SHG group was created four months ago with the help of a local voluntary organization.

d. Palaspani

The village Palaspani is a tribal dominated village. The village has three clusters which are locally called *dhana*. There is a Panchayat Bhawan at the entrance of the village. Four hand pumps and one dug well are the major water sources of the village. There is a primary school in the village.

The lands are rain fed. There is a seasonal river but the water of the same is not tapped for irrigation purposes. The poor people take credit from the affluent class and the major reasons for taking credits include illness, marriage etc.

Palaspani is the main Panchayat, which includes one more village, i.e. Kahatapari. The village has eight wards. The Gram Sabhas and the other meetings are not regularly held. The participation of women in the Gram Sabha is not encouraging.

III INCOME GENERATING ACTIVITIES

This section presents the scenario of the various means of livelihood prevailing in the villages. The dominant Income Generating Activities (IGAs) have been listed for each village and community perceptions about each of the IGAs have been analysed. The community perceptions have been enumerated in detail for each of the eight villages (Appendix 3, Tables 1-8) and this chapter provides a synthesised scenario for each of the IGAs.

3.1 Basic Patterns Governing Non-Farm Economy In Rural Areas

3.1.1 Pattern of Land Holdings

An aggregated analysis of the occupational characteristics, as revealed during the PRA exercises, was attempted so as to assess the various factors influencing the status of RNFE within a village. The analysis of the data from the social map shows that in seven out of the eight villages, the RNFE was higher than the amount recorded in the 1991 census. This is indicative of the gradual shift in employment patterns from strictly agricultural and farm based to non farm based patterns. Mawai A was an exception and recorded a comparatively lower RNFE. This is a special case as during the time of the survey for the 1991 census, a temple was under construction in close vicinity to the village. As a result, there was large scale demand for local labour which therefore gave opportunity for the local residents to obtain training and earn their livelihood through construction work at the temple, which might have been the most lucrative offer for that time. But now that the construction is over, the opportunities have reduced and therefore the proportion of non-farm employment has decreased. What also needs to be brought to notice is that the masonry skills developed within the village lie mostly untapped and unused.

The social maps reveal that the pattern of livelihood sources in all the eight villages can be divided into four broad categories, which are as follows:

- (a) Purely agriculture signifying those having substantial land holding;
- (b) Wage labourers and those having smaller land holding;
- (c) Those having a combination of primary , secondary and tertiary sectors as their source of livelihood; i.e. combination of farm and non-farm employment;
- (d) Those whose IGA comes mainly from the secondary and tertiary sector; i.e. Business and Service.

A detailed analysis of the proportion of population under these four categories reveals that the villages having comparatively higher RNFE have more people in the third and fourth category whereas those villages having a more agro-dominated economy have a higher proportion of the population in the first two categories. A characteristic pattern revealed by the data is the relationship between the size of landholdings and the extent of RNFE.

According to the survey results, the size of land holdings is one of the underlying factors, which appears to be responsible for the extent of RNFE within a village. A smaller number of land owners means higher concentration of livelihood resources through agriculture, which in turn leads to more exploitative tendencies and the attempt to subjugate people through the unending cycle of indebtedness. Typical examples of such villages are Manegaon and Bandesur. In these villages the interpersonal relationships are too strong to allow scope of risk taking behaviour. Here, the dependency on the higher economic class is too prominent and therefore acts as a deterrent for any entrepreneurship for the fear of taking more loans and getting further immersed in debts. Manegaon is a typical case where due to the still prevailing feudalistic system of the *zamindar*, most of the villagers work for him. Although the 'king' does take care of his subjects by imparting basic facilities like education, employment and other amenities, the system is strictly speaking a form of local monarchy. The influence of the 'king' is so high that even the research team had to take the royal family's permission to discuss with the villagers.

However, what was notable was that those families who were engaged in one form or another in the non farm sector had been successful in overcoming their fear of the royal family and a marked reduction in dependency on the royal family could be observed. Thus, this fact might be indicative that economic independence through non-farm means, where land is not involved, can liberate people from the clutches of the feudalistic society. On the other hand, villages with higher RNFE have land holdings distributed amongst a larger number of people, i.e. less concentration of agricultural resources. The number of people earning their livelihood through wage labour and/or on small land holdings is smaller, as compared to their counterparts in villages with lower RNFE. This points to a negative correlation between the extent of concentration of land holdings and the level of RNFE.

3.1.2 Caste/Religion Based Affinities

Another factor, which is influential in determining the status of RNFE in a village, is the characteristics of caste/religion-based affinities. One single Muslim family whose descendants comprise the affluent class of the village started Deogaon. Due to the traditional inheritance pattern in the villages, and other family feuds, some of the family offshoots were left landless. But since they hailed from well off families and had the initial capital and were not prejudiced about other sources of livelihood, they started business and have therefore been able to enhance/maintain their source of earning. On the other hand, in villages like Bundala and Bundesar, the Rajput (General Caste) farmers themselves admit that they would not mind bearing loss in agriculture but would never prefer to initiate any other non-agricultural IGA (for details refer to Chapter 6), no matter how profitable it is.

3.1.3 Distance from Market

Proximity to a thriving market base promotes all kind of economic activities, be they agricultural or non-farm. For example, Thalwada is very close to the block head quarter of Chichli and boasts of a strong RNFE. Dairy and processed milk products are the major source of income here. Most of the dairy owners are families who already have a stable

source of income from agriculture, and have relatively large land holdings. The customer base was strong in Chichli comprising both businessmen and service class people. This provided the required market conditions for the promotion of dairy activities. Similar is the case of Adarsh Dhanora which benefits from a market place, (i.e. Haat), being located in the village itself and as the comparative picture clearly shows, (Annex III, Analysis of social maps) the RNFE of this village is on the higher side. Similarly, Deogaon has three prominent markets in its vicinity which are that of Khedi, Bhaisdehi and Chichli. This has given it the benefit of close market linkages.

3.1.4 Natural Capital

Natural capital of a village is also a factor promoting RNFE. For example, Adarsh Dhanora had good forest wealth and people had easy access to minor forest products (MFP). MFP processing therefore became one of the main income sources. Processing of *gulli* was a predominant activity here with many households owning an oil processing unit. Although the forest resources are declining now, the nature to explore more avenues of IGA remains intact amongst the villagers here. With the declining forest wealth accompanied with a shrinking demand for *gulli* oil due to competition from substitutes, one observes a slow transition of the predominant IGA of *gulli*¹ processing to jaggery making. The availability of agricultural land also has implications on the status of RNFE. Due to the increasing population pressure, the agricultural land is being subjected to fragmentation, leading in turn to a reduction in the per capita income of the farmers. At the same time, as has been established by Fisher *et al.* (1997), high agricultural income is known to promote RNFE.

3.1.5 Education

Education, and therefore adequate access to information is another important factor for boosting RNFE. For example, in Thalwada, the education standard is higher than the average standard of a typical village mainly because people have more means to attend school, an increased exposure to the trend of attending school, and the proximity to the thriving market town of Chichli. As a result, people have good access to information as well as links in the Government line departments like that of agriculture. They have recently started the business of growing ginger. Information about the market demand and other related aspects for selling the produce was acquired from the Agriculture Department, where they have their own contacts. To some extent, Mawai-A has also benefited due to education in spite of insufficient facilities in the village. The villagers go to schools situated in neighbouring villages.

The benefits of education can be observed in villages such as Adarsh Dhanora, where there are young educated people (e.g. holders of Bachelor degrees) who have started businesses such as grain milling or masonry.

However, with the rate of unemployment increasing in rural areas, some villagers (e.g. Bundala) ridiculed the purpose of education. According to them, they educated their children, especially the boys, in the hope that their boys would not meet the same fate as

¹ The seeds of *Madhuca latifolia* are called as *gulli* and these are processed to extract oil

their parents, i.e. of working on agricultural fields. However, since there is a dearth of jobs, all these educated youths are unemployed and loiter around wasting their time. They are facing an identity crisis since going back to working on field is against their dignity, given their education status and better exposure and understanding to the outside world whereas on the other hand there are no jobs. Therefore, there are a substantial number of educated but unemployed youths in many villages. As a consequence, parents question the need to educate the present day children.

3.1.6 Ease of Access to Credit

Ease of access to credit also proves to be a determining factor for RNFE. For e.g. in Manegaon, some of the villagers had taken loans from the banks to start other IGAs and enhance their livelihood. However, they did not get the full sanctioned amount as some part of it was siphoned off by corrupt officials/middlemen. This, accompanied with the fact that the IGA did not prove to be very profitable, forced them into difficult situations. They were unable to repay their loans fully and because of passage of time, the interest kept rising thus pushing them deeper into indebtedness. As a result, their only option for earning a living is working for the Rajput families as wage labourers. Lack of access to all available source of credit accompanied with the prerequisite of having influential contacts for access to loan have deterred the poorer sections of the population from availing any credit.

The fact that richer farmers do not want to prosper other villagers so that they remain wage labourers, has already been highlighted above. The high percentage of people under the category of wage labourers (i.e. 61 percent in the villages studied) is at least partly due to the lack of choice and the fact that they are caught in a cycle of debt repayment. To some degree, there is a deliberate effort on behalf of the well off to deprive them of any other source of income for the fear of loosing cheap labour for their own farmlands. This is done through systematic ways of blocking access to information and education. Fig.1 is a depiction of the typical representation of the various forces underplaying the status of RNFE in the village of Bundesar. The causative relationship derived in this figure is the manifestation of the discussion held with the villagers and has been conjured by the researcher.

On the other hand, in Thalewada, innovative ways to lure labourers have been devised. A small number of bigger farmers lend money to the wage labourers and do not charge any interest rates but in return it becomes obligatory for these people to work as wage labourers on the fields of the same farmers. Therefore, in spite of opportunities, they are unable to work anywhere else. Such forms of indebtedness were not formed in other study villages. (For details on the constraints and opportunities on access to credit, refer to Chapter-7, Section -1).

Figure 3.1: Relationship between Landlords and Wage Labourers

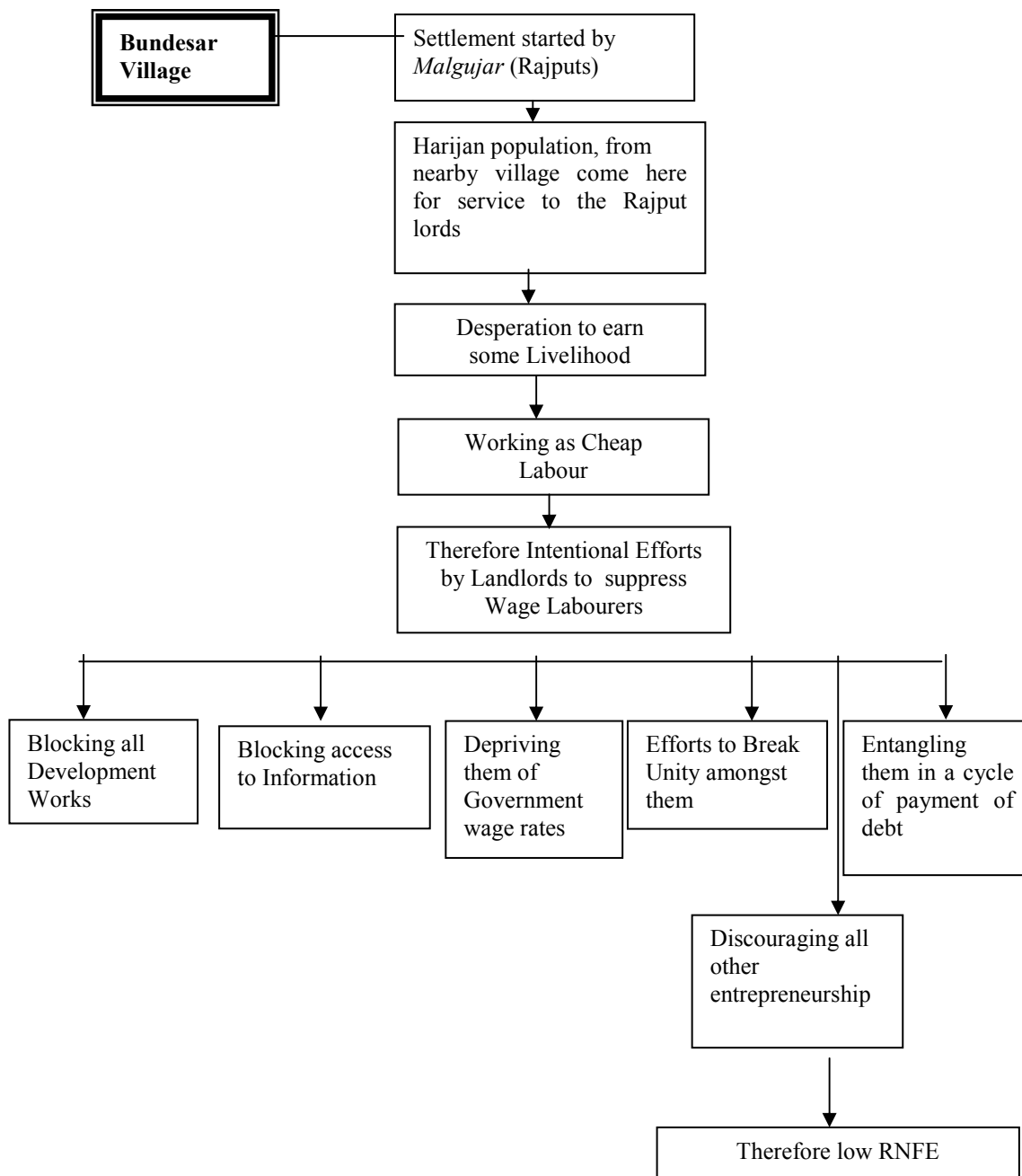


Table 3.3 is a summed up scenario of the various factors acting as engines or brakes for the growth of RNFE. It should, however be borne in mind that the presence or absence of particular factor in high or low amount is not sufficient to conclude the status of RNFE. It is a combination and permutation of many factors that determine the status and scope of RNFE of a particular village.

Table 3.3 Difference amongst the Villages with High RNFE and Villages with Low RNFE

Factors		Low RNFE				High RNFE			Remarks	
Villages		Bundala	Bundesar	Manegaon	Mawai-A	Palaspani	Adarsh Dhanora	Deogaon	Thalwada	
Extent of RNFE		10%	15.3%	25.17%	16.2%	19.79%	30.60%	50.94%	35.45%	High=>25% Low=<25%
A G	Only Agriculture	19.73% (Aggregate Picture)				38.72% (Aggregate Picture)				1:2
	Wage Labour	61% (Aggregate Picture)				21.24% (Aggregate Picture)				3:1
	Primary + Secondary, and/or Tertiary*	10.33% (Aggregate Picture)				17.26% (Aggregate Picture)				1:2
	Only Secondary and / or Tertiary	8.94% (Aggregate Picture)				22.78% (Aggregate Picture)				
Extent of caste hierarchy		Medium	High	High		Low		Medium		
Caste based occupational affinities		High	High	Medium		Medium	Low	Low		
Natural capital, specially forest		Low	Low	Low	Low	Medium	High	Low	Low	
Education and access to information		Low	Medium	High	High	Low	Medium	Medium	High	

* Households who earn their income in the primary, plus secondary and / or tertiary sectors.

Source: PRA Survey Results

3.2 The Sectors : Their Characteristics

3.2.1 Primary Sector

a. Agriculture

Land Holding Patterns

The economy of all the villages except Palaspani revolves around Agriculture with the average size of land holding varying from village to village. The major landowner ship is distributed amongst a limited number of people. Others do not own more than, on an average 3 acres of land. *Too much pressure on land due to high dependency on agriculture combined with population growth is assuming the form of a serious threat.*

The Agricultural Economy

As a result, the village economy revolves around the seasonality of crops and the main earnings depend on the crop yield whereas the earnings of the wage labourers is according to the various processes involved in the particular crop being produced. For example, in the case of crops like wheat it is mainly weeding, harvesting and threshing, on the other hand, for crops like sugar cane, additional processing activities are required.

The option to grow vegetables and other new crops which have a market demand was expressed by the villagers. Examples of this includes:

- Growing of ginger,
- Bee keeping in mustard fields,
- Production of merry gold, and
- Production and processing of mangoes (e.g. Local mangoes from Betul District have a good reputation for their taste, however this potential appears to be largely unexplored. The establishment of orchards and processing units could take better advantage of this potential).

Critical points mentioned in the context of starting new ventures were lack of access to loans and the uncertainty surrounding future levels of production. In such cases, some villages like Adarsh Dhanora are known to be benefiting from their connection with the Department of Agriculture. Education and better access to information related to new technologies and upcoming market demands equally provide opportunities to opt for cultivating new crops. This may also apply to the introduction of hybrid or high yielding varieties. In addition, the agricultural co-operative banks could be encouraged to spread their outreach and target marginal farmers.

Panchayats could act as a medium for easier access to credit. As banks require institutional guarantee, panchayats could play an important role in the form of offering collateral security for groups/individuals willing to start new enterprises. The norms for giving collateral security could be worked out as per the consent of the *gram sabha*. Another option could be the formation of a federation of all groups at the village level. This apex body could function in synergy with the panchayats. The panchayats can access matching credit from the banks for these federations. Similarly the provision to

form the *gram kosh* (Village Treasury) encompasses the accretion of various forms of treasury like grain bank, labour bank, and material bank and money bank. The resources in the *gram kosh* could be used as a back up security and would enhance the lending possibility of the panchayats. Similarly, effective implementation of schemes like the Employment Guarantee Scheme by the panchayats will partially ensure the livelihood of some of the villagers.

Natural Capital

Natural resource capital like availability of water, fertility of soil, regularity of rains etc. governs the success of yields and therefore the economy *per se* of the villagers. According to farmers, soil fertility is declining due to the cultivation of soya bean. They opined that compared to the normal dose of one bag of fertiliser, now the requirement for a good yield was three bags of fertiliser. At the same time it was reported that fertilisers and pesticides were increasingly becoming unaffordable for marginal farmers due to price increases. The realisation amongst the farmers that the older practices of farming using farm manures were wiser may be indicative of the willingness to take measures to restore soil fertility. In such cases, the concept of organic farming and the use of farmyard manure can be introduced.

As for water, many villages are facing the problem of depleting water resources. The creation of dams or the provision of canal irrigation schemes was considered to obliterate their problems. As the terrain of Madhya Pradesh (i.e. undulating) does not allow natural canals for irrigation, there is a high dependency on irrigation through the use of motor pumps. The availability of electricity is essential for irrigation, however it is now becoming a very pertinent problem. *Electricity cuts are frequent and the limited supply for around 6 hours has affected the efficiency of agriculture.*

It has been highlighted in the literature that high agriculture incomes are one of the main factors required for the promotion of RNFE (Fisher *et al.* 1997). Therefore it is imperative that the problems facing the agricultural sector be addressed.

Mechanisation and Intensive Agricultural Practices

Mechanisation has introduced tractors and threshers in the agricultural fields. On the one hand, this has 'snatched' the main livelihood means of the traditional carpenters (i.e. building of agricultural equipments), on the other hand it has given rise to new avenues of income such as, driving of tractors, hiring out threshers, repairing of agricultural equipment like pumps and motors. Relevant skills can be built through training. However, it needs to be noted that the employment generated through mechanisation is considerably less in comparison to the one prevalent in the pre-mechanised era. Activities in the field required the participation of both men and women apart from the work of carpenters. This pattern has undergone a transformation since there was a reduction of people employed, and women have been sidelined as per the requirements of the 'new' jobs such as tractor driving (i.e. this is considered a 'male' profession).

Nevertheless, it ought to be mentioned that the impact of mechanisation on employment and wage rates is not felt the same way in all the villages. In some villages it was

reported that wage rates have declined and there are fewer jobs, also for those who migrate to other districts as farm workers, whereas in other communities no impact is felt.

As perceived by the wage labourers from Bundesar, it is a top-down cycle wherein starting from the ACPC's (Agriculture Cost Price Committee, Government of India) policy of pricing decides the selling price for the farmers. On the other hand, the extent of subsidies on electricity, water, fertilisers, insecticides and the investment for the production of a particular crop influences the input cost of the farmers. With declining input subsidies and stagnating output prices, many a time the profit margins are felt to be low. The farmers' net profit, in turn, is the determining factor for the prevalent wage rates for agricultural labourers.

The Role of Soyabean Production in Madhya Pradesh

A large number of farmers had opted for soyabean as the main crop throughout Madhya Pradesh in the last decade. It led to a kind of economic revolution as the crop gave high returns thus enabling farmers to expand their sources of livelihood. However, growing of the cash crop soyabean resulted in lucrative profits for the first few years but now the overall observation of the villagers was that owing to soyabean production the fertility of the soil has reduced substantially. Moreover, in the past, the practise of growing rice required bunding, thereby acting as an inbuilt mechanism to recharge water. As bunding is not required for soyabean, no recharge is taking place, and, due to over-exploitation of water, the water table is declining. Therefore, water is becoming a ubiquitous constraint to agriculture, and has given rise to the practise of selling water for irrigation in villages such as Manegaon. There, the rich Thakur family sells water to the small and medium-scale farmers at Rupees 300 for each acre of land irrigated. Related to this is the development of new businesses like hiring out of water pumps. The growth of soyabean has also adversely affected the wage labourers as it has changed the wage patterns. The grace crop², which used to be given as reward, used to a large extent fulfill the dietary requirements of the wage labourers families. Since soyabean is not available in edible form there is no system of similar reward.

Madhya Pradesh is the major producer of soyabeans and soya oil in India. Soyabean cake is mainly exported as animal feed to other Asian countries such as Thailand and Indonesia, but also to Europe since it is GMO free. At the same time, according to industry sources, soybean oil is expected to face strong competition from Malaysian palm oil imports, in particular after March 2003 when WTO agreements will be implemented. This, in turn, is expected to put further pressure on the soyabean producers of Madhya Pradesh whose prices have already been stagnating at about Rs970/980 per quintal. For comparison, the Government support price is at Rs885 per quintal.

² In villages, it is a practise that apart from the regular wages, the farmers give some amount of the yield to the wage labourers as a reward of their hard work. This is in proportion to the number of bags of yield. For example, for every twenty bags of any crop like wheat, the twenty first bag is given to the labourers as a reward.

In places like Chhindwara, the farmers are undertaking mass scale cultivation of merry gold. Merry gold being a sturdy plant grows in any type of soil. The flowers are transported to adjoining Nagpur and sold at Rs250/- per kg. The profits in selling merrygold are considered to be very high. Undertaking such kind of floriculture cultivation in some places might be an option for those farmers willing to replace soyabean.

The farmers in Mawaii A reported starting cultivation of pulses because of the decline in soil fertility. Options of multicropping, choosing species having edible value could be explored to obliterate this problem. However, viewed at a larger scale, soyabean and its processed products has a high market demand and it is being processed into various products, which are being extensively propagated as rich sources of protein.

New agricultural technologies to prevent nutrient depletion of the soil should be designed to address the problem of declining soil fertility.

The Market Scenario

Timely access to markets before the spoilage of crops sets in impacts on farmers' profit margins. The price in the peak season is comparatively low as compared to the end of the season when demand is high and supply is less. Although the farmers realise this fact they claim that preservation of crops is expensive and not feasible. In particular, expenditures on labour are considered high, whereas storage space is not a problem for the better off farmers. Moreover, some of the farmers also opined that the stored produce is dead capital and the cropping cycle is such that a substantial part of the profit from one crop is used to purchase the inputs for the next crop.

On the other hand, for the smaller scale farmers storage space is a problem. It was suggested that collective storage space could be built/provided for and co-operatives formed. The panchayat could play a key role in this process.

The practise of selling of agricultural produce to middlemen exists despite the existence of Government *krishi uppaj mandi* (Government wholesale agriculture markets). This is mainly because middlemen give ready cash whereas the dealings in the *mandis* take time and payment is not immediate. Improving the functioning of the Government *mandis* and increasing the efficiency of payment might encourage farmers to sell their produce in Government *mandis*.

The condition of roads not being good has many a time deterred the small and medium-scale farmers from taking the efforts to sell their produce directly in the market. Therefore, this has given rise to the business of wheat trading in some places like Deogaon. With the ongoing Prime Minister Road construction scheme, sincere efforts could be made to establish better roads. This has other related benefits as it would also facilitate the easier access to information and exposure because many a time poor accessibility also proves to be a deterrent, in this context.

Access to Credit

Intensive agricultural practices accompanied with natural calamities such as droughts have compelled the farmers (i.e. in particular, the small and medium farmers) to take out loans. Repeated failure of rains has led to attain the status of defaulters due to inability to repay loans. Although a large number of farmers have repaid part of the credit (i.e. instalments and/or interest) natural calamities keep increasing their debt. In such cases, mechanisms to exempt the loans of at least those who have paid their principal amount should be devised.

Access to credit for the marginalized sections, both from caste and class point of view presented a dismal scenario. Strong contacts were a prerequisite for getting loans. Group loaning/grants based on the interest of the poor and marginalized farmers could be thought of which could help them in improving their agricultural yields or starting new enterprises. Apart from this, the complexities involved in taking loans need to be simplified.

Agriculture Wage Labour

It was a ubiquitous observation that the *wage labourers were caught in a cycle of indebtedness and were being suppressed under caste and class hierarchy of the village*. Intervention by civil society institutions and awareness building exercises can be undertaken at wider levels to reduce such impacts. The rates vary from village to village but the Government recommended wage rates are not being paid anywhere. This is mainly because of strong interpersonal relationships and dependency, which subjugate the wage labourers. As a consequence, they never raise their voices, although they are aware of the prescribed rates. The panchayats can play an active role to ensure certain minimum days of employment through the construction of various infrastructure within the periphery of the panchayat. Effective use of the employment assurance scheme should be undertaken seriously. The Extension officers posted at the field level could undertake the exercise of strict monitoring to ensure that Government wage rates are given. This would also necessarily imply intense monitoring from the district level as well.

Agriculture related RNFS

As a result of a dynamic agricultural sector, RNFE businesses are created such as spraying of chemicals, jaggery making and other food processing, and trading in agricultural produce. This sector is increasing with the intensification of agriculture. For example, more and more farmers have been reported to start their own jaggery making units and some are even reported to have started small-scale sugar mills. The growth of this sector also implies more employment for the wage labourers. This can be substantiated by the fact that migration in areas having this business is negligent and is at the most limited to nearby villages. Moreover, a crop like sugarcane is even today labour intensive as opposed to the involvement of threshers and harvesters in crops like wheat. Therefore, labourers from other non-producing districts migrate to the sugarcane producing regions.

Intensive agricultural practices involving mechanisation have given rise to related business like giving tractors and threshers on hire in case of wheat, paddy etc. and

crusher in case of sugar cane. However, mechanisation coupled with decrease in fertility and failure of rains together is getting adversely manifested gradually on the livelihood of the wage labourers.

b. Livestock Rearing and Dairy

▪ Goat Rearing

Rearing of livestock mainly involves goat rearing and poultry. The Harijans, and not other castes, generally practise goat rearing. Goat rearing does give some additional income and supplements like milk for self-consumption. The profits in goat rearing are considered substantial because the demand for meat is high and although price fluctuations are there on one goat bought the profits range around 220 percent.

The availability of pastureland or possibilities of stall-feeding through the agricultural waste are a prerequisite for livestock rearing. However, *pastureland is decreasing day by day especially with the Government's plan to distribute the common lands among the people under the BPL.* However, the presence of agricultural waste can act as pasture and mechanisms for stall-feeding can be promoted. *Space is a problem for stall feeding* by small-scale farmers or landless wage labourers. Therefore, exploring the possibility of common space on panchayat land can be explored.

The main hurdle as expressed by the community was access to loans for buying goats initially. Since most of them are already indebted to either the big farmers or the moneylenders (i.e. for loans taken for consumptive purposes) they are often hesitant to take out new loans. Once started, the revolving funds obtained from the selling of the goats can be self-sustaining. Obtaining credit from the banks is not a very feasible option as most of them are considered to be defaulters.

The wage labourers were particularly keen on undertaking goat rearing and expressed access to credit as the main problem compounded due to their marginalized status in the village and the deliberate intention of the bigger farmers to stagnate their growth. Therefore, access to credit for such enterprises could be made more accessible through simplifying the complexities involved in the process of taking loans. The various formalities involved in getting the loans, the constant harassment at each desk, and the tedious requirement of going all the way to the block headquarters deters them from taking out loans from the banks. In order to avoid these problems they prefer to borrow money from local moneylenders. *Due to lack of influential contacts, arranging a collateral was expressed as one of the main problems in procuring credit.*

Poultry

In case of poultry, the requirements include space/shelter and electricity. Chicken are by and large sold within the village and at the most in neighbouring villages. According to villagers, poultry is an upcoming option and although presently not many people were engaged in this type of business more and more people have started realising the benefit of poultry. The constraints voiced were mainly related to the *irregularity of power supply, which results in the inability to maintain temperature.* Electricity is a prerequisite

for successful brooding of the chicks as it is essential for incubation and initial feeding of the chicks. Apart from that, due to improper storage, predators like cats can cause damage to the chicks.

It was reported that the demand for eggs in Nagpur, which is relatively close to Betul, has amounted to Rs.50000 each day. According to one of the retired schoolteachers of Bunadala, poultry had very high prospects as a viable option for income generation. The initial investments needed are not very high and the requirements of storage, incubation and temperature control could be handled in a collective manner. A common space could be allotted for small-scale farmers/landless people by the panchayat for poultry farming and taxes on the same levied by the panchayat. The self-help groups could undertake the functioning of this business.

Dairy

Dairy has been found to be a profitable option, and has lucrative prospects in the future. Milk and other by-products are sold at small scale within the village and in the nearby markets.³ However, the enterprise is mainly at the family/individual level and is largely unorganised. Other families were also willing to opt for dairy but the *hurdle of managing the initial investment cost deters them to do so*. The only option available for credit (as per their knowledge) is either the money-lenders or the richer farmers. *As they are already immersed in debts, they are not willing to risk any new debts*, fearing the enterprise may not be successful, thereby further increasing their debts. The common observation was that the bigger farmers who were now realising the limits of income from agriculture were more willing to opt for dairy as an option.

On the other hand, wage labourers expressed the constraint of space for keeping the cattle. In areas having good agriculture, cattle feed was not a problem because of the easy availability of agricultural waste. Due to close association with agriculture as well as Hindu culture, the presence of at least one or two cows/buffaloes in the households of the farmers is very common. The skills related to the processes of milking are present in most families. The option of dairy as a means of livelihood lies mainly untapped and with the increasing market demand, this is the right time to exploit this skill.

The concept of community owned group marketing thereby promoting and organising the market of dairy should be explored. The formation of milk routes to ensure the timely delivery of milk and prevent spoilage and thereby loss to the farmers can be promoted. Installation of processing plants and building linkages with *dugdh sangh* within the state can further promote the scope of dairy.

c. NTFP (Non -Timber Forest Produce)⁴ Collection

NTFP collection was primarily reported from the villages of Betul, which is District rich in forestry resources. *Tendu patta* collection and *bidi* making is practised in all the 4

³ Part of the milk is sold in processed forms like *ghee* and *dahi* (curd). However, since the amount is not too high, both milk and processed milk products have been dealt together

⁴ At places it has also been called as Minor Forest Produce (MFP)

villages⁵ in Betul. The produce is sold to the middlemen or to the Government *tendu patta* collection *samiti*. The role of the *Phad munshi*⁶ is prominent in some villages. However, there are no co-operatives in any of the villages. *Depleting forest resources and heavy dependence of a large proportion of the village on the forest* is proving to be the biggest challenge. With the onset of stringent regulations on behalf of the Forest Department, collection is becoming increasingly difficult. MFP processing or any sort of value addition was not reported from anywhere. In fact, processing of *gulli* to extract oil was a thriving practise in Adarsh Dhanora but has now stopped due to competition by other substitutes.

Although skills exist with the people to collect NTFP and in fact they are a repository of knowledge on the life cycle and the interrelationships amongst the various species in the forest, the alienation they have been subjected to cause them to become foreigners in their own forests. As a consequence, in spite of their invaluable knowledge on the stage and timing of collection, which is in tune to the regenerative capacities of the species, their knowledge is not valued by the Forest Department. Presently, the villagers under the aegis of the Forest Department are undertaking the MFP collection. Although this practise ensures fair returns of their labour to collect the produce, the declining supply of forestry resources has given rise to a resigned attitude of viewing MFP collection as a livelihood means. This has also contributed to the lack of success as far as village based processing industries are concerned.

The local people have now been given the legal rights to collect MFP but in reality *they are not aware about this provision*, nor are the forest officials disclosing this information to them. On the contrary, the old system continues where they are being subjected to harassment and payment of taxes for collection of even those MFP which they use for their day to day lives. At times, they end up taking loans to pay the taxes (illegal) imposed on them for the collection of MFP. Although many activist organisations are fighting for the rights of the villagers, more civil society intervention needs to be undertaken to ensure the rights of these people. With the international pressure on the Forest Department to involve local people in the management of the forests, their stakes and therefore means of earning have chances to increase (JFM Project). The MFP, which is collected, is sold in the local markets where they are given very low price of their produce. The local people are compelled to sell this to the middlemen, as they do not have the knowledge about the markets neither the accessibility. The experiment of *van dhan* in Bastar⁷ has changed the lives of many; all it required was an enterprising officer. Such exercises could be replicated in the forest areas of the state of Madhya Pradesh,

⁵ *Tendu patta* is the local name for tobacco leaves and is one of the main NTFP with high commercial value. Locally made cigarrates called as *bidi* are made from them. In the state of Madhya Pradesh, *bidi* making is one of the main Forest Produce processing business-offering employment to many

⁶ *Phad munshi* is the middleman involved in the collection of *tendu patta* from the village level. Efforts are being made to stop the exploitative practices of the *Phad munshi*

⁷ An exemplary initiative undertaken by the Government *officials in the Bastar district of Chhattisgarh to exercise the rights of collection of NTFP by the gram sabha*. The *gram sabha* promotes a 8-10 member SHG, now popularly called as the *van dhan samiti*. Each SHG has a bank account and is guided by the focal agents. (For details refer to “*van dhan* in Bastar- A Case Study; Pravin Krishn; M.D. Madhya Pradesh Civil Supplies Corporation-Bhopal, Madhya Pradesh.)

which would therefore ensure the ownership of MFP profits to the communities. Apart from this, the effective implementation of PESA (Panchayat Extension to Scheduled Areas) has the scope to strengthen the villagers' control of natural resources as well as enhance the economy of the people.

There appears to be substantial scope for MFP collection with some value addition. The health industry is gaining more and more importance in the international market and the species are being valued for their medicinal and other properties. The indigenous knowledge of the local people can be tapped to know the use and properties of the MFP species and they can be made stakeholders to the benefits accruing from the species (convention on biodiversity). Villages located in the periphery of forests, which have been declared sanctuaries or National Parks can benefit from the benefits accruing from the eco-tourism industry, which is gaining more and more popularity with each passing year. Since the forests are akin to their homes the local people can become the best guides for the forests. Apart from this, ecotourism also has scope for other related business like hotels, tea stalls and other sectors of the service industry.

3.2.2 Secondary Sector

a. Food Processing

Jaggery making (i.e. local, brown, sugar product) is a business of the richer farmers in 50 percent of the sampled villages. Selling *jaggery* is much more profitable than selling the sugar cane to the sugar mill. However, electric supply is becoming a major constraint, as it is essential to operate the processing unit. Therefore, with just 6 hours (average) electricity supply, only five quintal of *jaggery* are being made per day, thereby considerably reducing the profits. Although quite high, the profits are being gained by some of the richer farmers only. In many of the villages, skilled labourers from outside are preferred and not the resident wage labourers. In some places, the *jaggery* is sold in Government *mandis* where better prices can be obtained. However, in villages like Bundala, where *jaggery* is sold in *mandis* like Betul Bazaar, which are not under the purview of the *Government Krishi Mandi*, the role of middlemen is considered to be exploitative in nature. The farmers opined that they loose as much as 30 percent due to selling their produce via middlemen. In Narshimpur, many farmers are known to have installed their own sugar mills, however there were no such incidents (i.e. loosing out to middlemen) in the four sampled villages. According to farmers, the selling price of *jaggery* has substantially decreased in the past five years due to opening of the market. This is becoming an issue of concern for the farmers.

At the same time, the price of sugar has been stagnant at Rs.16 for the last three years because of the budgetary regulations fixed by the Central Government. Compared to this, the cost of fertilisers is increasing, subsidies on agricultural raw material decreasing and wage rates increasing. Therefore, overall, the production costs are increasing but the selling price remains stagnant. As a consequence, there is a state-wide trend of sugar mills closing down. The study team did come across one of the sugar mills, which had closed down in Bundala, the reasons of closure were not known to the people.

b. Wetland Economy

The topography of Madhya Pradesh allows the formation of plenty of natural depressions, which act as natural ponds and lakes. In fact, most of the villages have a local pond. Hiring of a pond for fishing was being used as an income generation activity in two villages but the ponds are privately owned and therefore the benefits are accruing only to the individual owners. However, although not very popular in the sampled villages, this activity has a lot of potential in the future. With the ongoing watershed management program in the state and schemes like the *pani roko abhiyaan*⁸, many of the inland wetlands are now reviving. Therefore, leasing the ponds, if it is a private property can become a much more promising business. In case of panchayat owned ponds, fresh water aquaculture can be introduced and can therefore become a source of income for the panchayat. However, care would have to be taken while introducing new species and the criteria of ecological balance would need to be taken care of. Apart from this, cultivation of other species such as *Lotus*, *Trapa*, which have a high market demand, could be undertaken.

c. Traditional Occupation

The traditional occupation includes IGAs, which are essentially caste based like barber, pottery, black smith, carpentry, masonry etc. By and large, such occupations have been undertaken strictly by the caste responsible for it.

Blacksmiths

Activities, which have emerged with mechanisation, have got inculcated as a part of the respective caste based occupation. In other words, the occupational characteristics of the blacksmiths have got improvised according to the need of the hour. They are now engaged in repair of agricultural equipment, tractors, pumps etc. in the present day times. This transition from making of agricultural equipment to repair of equipment has benefited some but others have completely lost their source of livelihood. Upon in depth discussions during PRA, a clear non-preference for pursuing the occupation of their forefathers (here blacksmiths) was revealed by the present generation. They opined that although skills exist, because of the prevailing mode of payment through the *Jajmani* system (for details refer to Ch. 5), the preference for following such caste based non farm occupations was not there. Since the lifestyle has changed, everyone prefers immediate payment rather than an annual basis of payments. On the other hand, few were of the opinion that they have lost in the race because they could not acclimatise themselves at the right time and thus lost opportunities. Another reason for the declining demand is the reduction in caste based affinities as compared to the past. Previously, it was culturally forbidden for the upper caste farmers to even touch iron and for the smallest of things, the blacksmith would be called. However, with the dilution of such cultural norms accompanied with economic reasons, the farmers have now started undertaking small

⁸ *Paani roko abhiyaan* is a scheme being implemented by the State Government throughout the State of Madhya Pradesh to counteract the adverse circumstances and scarcity of water due to drought

scale repair by themselves and it is only when they fail to address the issue that they call in a blacksmith/mechanic.

Carpentry

Carpenters were found in all the villages and were generally belonging to the *Badai* caste. In some of the villages, like Bundesar, the carpenters had been brought from nearby villages to render service to the farmers around 20-25 years back. During these times, when the effects of mechanisation had yet to percolate to the villages, the carpenters had a flourishing business, as they were involved in making the agricultural equipment and tools for the farmers. However, now with the tractors and threshers steadily replacing the traditional agricultural equipment, they have been loosing on this front. Moreover, procuring wood is becoming more and more difficult. With the stringent regulations of the Forest Department to stop exploitation of wood, the main hurdle is the availability of the raw material to the extent that one of the carpenters claimed that he had been harassed by the Forest Department whenever he was seen with wood (which he had purchased from the market) to make implements. Therefore, the skill of carpenters is under threat. The availability of wood is likely to become lesser than before, with conservation measures getting strengthened with each year. However, in terms of opportunity, with the slow sanskritisation⁹ of most of the castes, the practise to give furniture during marriage is becoming all the more common nowadays. Even the tribal families have started this trend. Therefore, during the marriage season and festivals, the carpenters get good business.

Masons

Masons were also present in all the villages. The masons have been engaged traditionally in construction of houses made of mud, or at the most bricks. However, this caste based traditional occupation has undergone substantial transformation and has been able to acclimatise itself in the best possible manner despite the dominant influences of mechanisation. The hitherto masons, who were until now confined to building of mud houses, have expanded their sphere of working and are increasingly engaged in cement buildings or mechanics (e.g. hand pump repair, and other electric repairs). Although some villagers were of the opinion that traditional masons did not have the skills to construct cement buildings, there is opportunities to build this skill, as they are already skilled in construction activities. With the mushrooming of buildings in semi-urban as well as in rural areas, the demand for masons is high. Also, the masons are engaged in the construction work, which is undertaken by the panchayats (i.e. local government buildings). Another change observed was the fact that villagers have now started transcending the traditional caste based boundaries and more and more people have been known to earn their livelihoods from construction work, i.e., people from other castes are also entertaining construction work as their main source of livelihood.

Pottery

Potters were not present in all the villages. Those present were sustaining their income through the making and selling of earthen pots. But the market for them within the

⁹ The word sanskritisation was first used by the noted Sociologist M. N. Srinivas. Sanskritisation means the gradual emulation of the culture, behaviour and lifestyle of the upper caste by the lower castes

village had also comparatively declined, with the replacement of earthenware by steel ware, especially in the houses of the bigger farmers. Their sales however are higher and more profitable during festival seasons and specially Diwali, since the demand for earthenware were like *dias* and toys increases due to the cultural ceremonies involved during these festivals. Sometimes, potters also go to the weekly *haats* to sell their products. The raw materials are easily available but scarcity of water has started posing problems. Therefore they have to adjust the scale/volume of their activity as per the season. Nevertheless, the opportunities for potters are considered to be plenty with some value addition. In addition to demand in urban centres of India, there is also felt to be a growing international market for good quality earthenware. Potters could be taught the techniques of value addition, to better capture these markets. Also, potters would require better access to markets – for example, some potters producing their goods along the national highway between Nagpur and Bhopal complained about the lack of market facilities in large urban centres such as Bhopal or Indore. Partly, this may be due to lack of facilities, partly it may be due to lack of information about existing selling points.

Bamboo Products

Skills to make bamboo products are mainly present in villages located in the vicinity of forests. Making of articles of daily consumption such as *tocries*¹⁰ of various shapes and sizes is a common skill present amongst many in such villages. The market for such articles is mainly within the village and since the past few years in the local weekly *haats*.

The main threat facing this skill is the depleting raw material i.e., bamboo. The bamboo plantations in most of the places are under protected areas of the forest department. Therefore, access to bamboo is very difficult for the villages. Moreover, with the resurgence of infectious plant diseases it was known that in villages like Adarsh Dhanora, there was complete devastation of the bamboo plantation. Therefore people have been compelled to buy bamboo from the government depot @ Rs.5/- per bamboo. This bamboo is not of the same quality as the ones, which were available from the forests. Therefore the quality of their products also suffers apart from the time consumed in making them.

It needs to be noted here that bamboo has been now declared as NTFP species and therefore the local population have the legal rights to collect it. However, this information often is not available to the villagers. Considering the demand of bamboo products from the urban areas, skills can be developed to improve value addition to their products. However, caution would have to be taken in the amount extracted for making bamboo products since the regeneration capacity of bamboo is very slow.

Broom Making

Broom making is strictly governed by general rules wherein it is only the women involved in broom making. It was found that the Scheduled Caste women and some other women are engaged in making brooms. The raw material i.e., *Chind* grass, grows wild and is widely available in the periphery of some of the village. Brooms are sold

¹⁰ Bamboo baskets normally prepared by Basod community and it has a great ritual importance.

within the village as well as in the weekly markets. However, cultivation of the grass was not found in any of the villages. Moreover, the grass is abundant only during winter season, which is the main season for broom making. The income generated through broom making was considered to be low since the brooms are sold at Rs.1.50/- per piece only. As a result, the income from this activity is not sufficient to support a whole family, and at best it can only be a side business.

To sum up, all the traditional occupations like making of bamboo products, pottery and barbers are primarily catering to the needs of the farmers and wage labourers. This means, all these traditional occupations can thrive in a particular village only at small scale, ie catering to the population size of the village. Therefore it cannot be a viable option at larger scale and only relatively few families can benefit from it.

d .Work in Brick Kilns and other Construction Activities

It is mainly the wage labourer ‘class’, which is employed in the construction business. They do accept that it is a more lucrative offer than working on the fields as the wage rates for men in the kilns are rupees 500 for men and rupees 300 for women excluding food and lodging. Although brick making is a year round business and therefore considered relatively secure, it is acknowledged that it also negatively affects health, resulting in related expenditures. In addition, the savings from working in the kilns are also diminished due to the cost incurred on staying away from home (i.e. migration).

Some of the villagers have also been engaged in the construction of roads and are keen on further job opportunities in this sector in the vicinity. This is mainly due to the fact that they are offered Government wage rates to construct roads, which is rupees 52/- per day. However, there is a mismatch between the extent of work and the number of people available to construct the roads, i.e. the more people available to do a given task the smaller the number of days required to complete it. Therefore if a road is being constructed transcending the boundaries of three or four villages, the availability of wage labourers is therefore from all the villages benefitting from the road. As a consequence, a road which is being built for one panchayat may be finished within just one and a half weeks. This, plus the reduced frequency of such activities results in relatively little income for households.

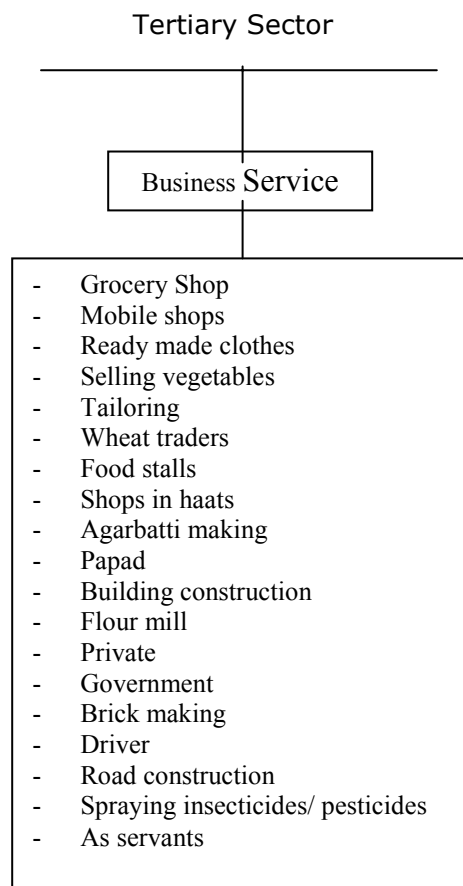
As per the analysis of trends in employment data from census (Mahajan, 1997), construction repairs and metal products are already among the high share sub-sectors in terms of rural employment, thereby clearly sharing the influence of growing demand. Moreover, the availability of raw materials for these sub-sectors has improved with market liberalization. These sub-sectors have also seen one of the most successful promotional activities, both from the public and private entrepreneurs. Another advantage with the construction sub-sector is that it is not specific to any caste or community. New entrants can learn through informal apprenticeship in existing units. The expenditure incurred on sickness and other health hazards due to working in brick kilns has a high indirect cost. Therefore, the net savings are less. Apart from this, brick kilns come under the category of production units causing environmental damage. With

the environmental regulations becoming more stringent, the future of present type brick production is questionable.

3.2.3 Tertiary Sector

The tertiary sector mainly has two broad divisions i.e. business and services. The various categories under these two main groups have been also given in the Figure 3.2.

Fig. 3.2 The Diversity of Tertiary Sector



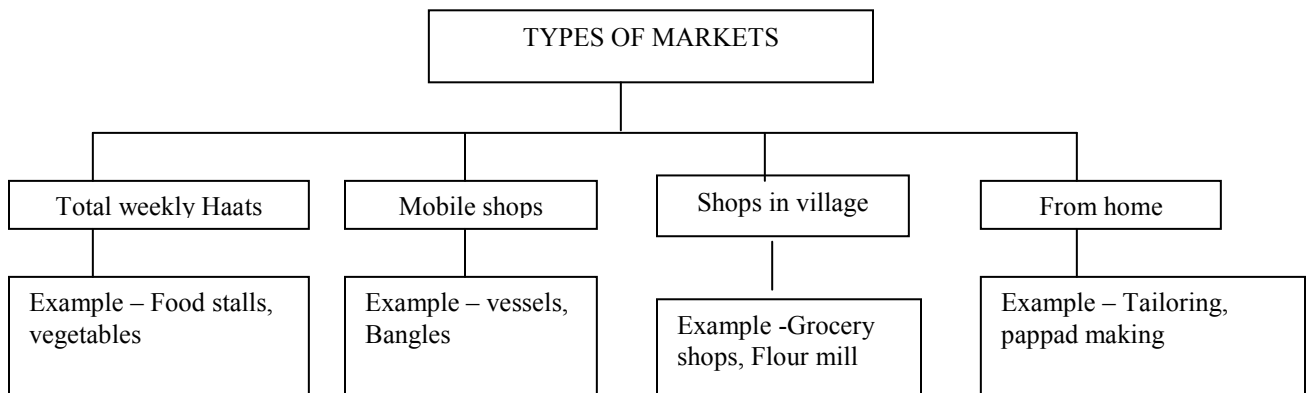
a. Business

Many new types of business have emerged as per the requirements of the changing lifestyles and increasing exposure to the outside world. The sale of consumptive articles has given rise to related businesses like grocery shops, general provision stores etc. The market for these might vary in nature from place to place.

Three essential kinds of markets were visible for any type of business. The first type of market was setting up of shops within the village where the customer base are the inhabitants of the village and its periphery. A second type of selling strategy was setting up of mobile shops, generally on cycles and going from village to village. Daily consumption articles like soaps, detergents etc. and cosmetic articles for women were generally sold like this. Apart from this, grocery in small scale and at time steel vessels was also seen to be sold in this manner. Selling of vegetables was generally from door to door at the village level or at the weekly *haats*.

The third type of market i.e., at the weekly *haats* was more profitable as compared to other modalities of selling. All types of daily use, consumptive as well as cosmetic articles are present in such *haats*. The shops are of bigger scale and shopkeepers were supposed to pay for the space that they had rented. However, goods like papad making and tailoring were being operated from home only. Fig. 3.3 shows the various types of markets operational in the villages surveyed.

Fig 3.3 Types of Markets in the study area.



As regards the various types of business, the factors and constraints are broadly of a similar nature. For example, both owners of grocery shops and flour mills, state low profit margins as a problem. This in turn, is either due to the small population of the village, and therefore low customer base, or the inability to extract payment from the villagers due to the interpersonal dynamics within a village. The out-standing payments, at one stage or the other, cause them to face a loss, resulting in little scope for expansion.

Businesses like selling of ready made clothes or wheat trading were found in only one of the study villages. The business of ready-made clothes was more of a traditional occupation of a Muslim family, rather than a new venture. It appears that many traders come from outside to the villages in order to sell their goods.

Food stalls were viewed as a profitable option by most of the villagers, specially in locations like the weekly *haats* where shopkeepers come from villages all over the district to spend the entire day there. In such places, setting up of food stalls is a very lucrative business. Even within the villages, setting up of Tea stalls and Pan stalls are again considered a profitable option and such stalls were found in almost all the villages, which were visited.

Women dominated businesses like Pappad (pappadum) making were found at a very small scale in just one village. Although the skills exist within the women folk, more up-scaling is required. Making of incense sticks has become a popular business amongst the youths since the raw materials are easily available from nearby Nagpur city. However, as voiced by the youths themselves, the competition has increased a lot due to unemployment, often resulting in selling prices which are below cost prices. Tailoring, on the other hand, appears to have prospects and is particularly profitable during the festive seasons. However, as opined by one of the young women in Bundala, buyers have a higher preference for ready made clothes in markets.

In the service sector, as depicted in the Figure 3.2, various categories exist. Villagers working in Government service (e.g. school teachers) were more found amongst the middle aged men. The youngsters were, comparatively, more involved in private sector activities. Temporary employment of people in government tasks such as spraying of plantations, road construction etc. occurs occasionally. Although such activities offer higher remuneration when compared to daily agricultural wages, they are periodic in nature, and can only be relied upon to increase the source of income and not as a permanent and stable job.

On the other hand, options of becoming drivers are high since the village youths easily pick up this skill, although it is not necessarily a preferred option. The main reason for this is the high risk factor and touring involved as a driver. As a result, many youths prefer to earn their livelihoods at the village level through driving the trucks and tractors of the richer farmers. At the same time, the private vehicle owners complain that they cannot find enough drivers mainly because the rates being offered to them are not found satisfactory. The owners of private vehicles (i.e. for commercial purposes) expressed an inability to pay higher wages due to the losses they face in paying high road taxes to the government.

One of the main constraints related to the service sector is that new jobs through state sponsored permanent services like that of peons, teachers, clerks etc. is out of question, as of today. Also, training institutions required for upgrading/building of skills do not exist for the villagers. This is considered to be one of the major reasons why villagers are not able to keep up with globalisation. Moreover, the Natural Resource based industries, in

which the villagers mainly excelled, are fast disappearing. Lastly, a major threat faced by the rural society is the fact that jobs in businesses and Non Farm Sector Enterprises are mainly occupied by the rural elite. The effects are not percolating down to the marginalized sections of the society. One of the reasons is availability and access of initial investment for starting a new Non-Farm Sector Enterprise.

At the same time, there are plenty of opportunities for business enterprises in the rural environment. New markets are emerging in the rural areas as the consumption pattern is changing due to increasing exposure. People are increasingly opting for new readymade things, which were earlier the prerogative of only the rural elites or the urban dwellers. The caste based occupational barriers are slowly being diluted thereby providing a wide range of occupational opportunities for everyone (for details refer to Ch.5). Moreover the buying capacity of people is increasing. Last but not the least, the connectivity and communication with the outside world has increased considerably due to betterment in infrastructure and increase in the means of transport.

3.3 Migration

Migration is slowly assuming a more prominent role in the district of Betul. The reasons are several and may be partly attributed to the depleting/deteriorating natural resources leading to many villagers being converted to ecological refugees. Demographic pressure and mechanisation have also brought about changes in patterns of livelihood thereby forcing the villagers to search for other livelihood options.

A major issue of concern is that employment on agricultural fields is seasonal and those villagers relying from this type of income being left without any constant and stable source of income for few months. Even the opportunities in the agriculture sector are declining as a result of which they have been forced to either migrate or adopt new means of livelihood. The demand and supply situation in the wage market determines the actual wage that a labourer gets. With the excessive supply of labourers they are forced to compromise with the lower than prescribed wage rates.

The pattern and reasons of migration varied for the two districts. The differentiation between the two gives a fair representation of the scenario of the state. Table 3.4 provides details in the variation in the status of migration in the two districts.

Table 3.4 Status of Migration in Betul and Narsinghpur

S.No	Features	Betul	Narsinghpur
1.	Agricultural income	Low	High
2.	Terrain	Rough and undulating	Plains
3.	Nature of migration	Out	In
4.	Distance of migration	Long as well as short	Short distance from nearby villages.
5.	Reasons of migration	Unemployment, lack of livelihood	Demand for their skills in nearby villages

The two districts fall into two quite different agroecological zones, resulting in a considerable difference in terrain and nature of livelihood sources. In Betul, the terrain is undulating and the district boasts of a high forest cover, with a comparatively smaller area used for agricultural production. On the other hand, Narsinghpur has rich fertile plains allowing high crop yields. As a consequence, the agricultural income is higher in Narsinghpur as compared to Betul District.

The migration pattern is a direct reflection of the kind of natural resources and prevalent livelihood in the two districts. The livelihoods of the people in Betul depend to a considerable degree on forests. With the forests coming under the protection of the Forest Department, these people have been alienated from their original and traditional style of living. The terrain is not appropriate for a prosperous agriculture, thereby limiting locally available livelihood options. This has forced people to migrate in search of alternative livelihoods. For example, in Palaspani village, almost the entire population migrates the short distance to the nearby town of Bhimpur in search of agricultural and non-agricultural employment. Short distance and daily commuting for the purpose of road construction was commonly found in many villages.

However, there is also longer distance migration by both female and male villagers to other Districts. According to them, there is not much difference in the daily wage rates of men and women when they migrate. Sometimes migrant workers are also pay in kind, i.e. the landowner arranges food and accommodation for the labourer. The non-agricultural employment include construction, service and to a lesser extent business. The proportion of people migrating for non-farm purposes is increasing as the demand for agricultural wage labour is declining due to mechanisation.

In Betul District, in particular, long distance migration was reported from Bundala and Adarsh Dhanora villages to Amravati and Harda respectively. In the case of Bundala it was circumstantial since a sugar factory had recently closed down and the villagers wanted to benefit from the skills they had acquired while working in this sugar factory.

In Narsinghpur a much smaller number of people migrate to neighbouring villages and districts. Here, the better off farmers call skilled wage labourers from neighbouring villages for jaggery processing. In general, it could be observed that migration takes place at a much smaller scale in Narsinghpur District. In fact, villagers are highly reluctant to leave their own village despite profitable options outside the village. This implies that there are no compulsions for them to migrate since they are better off than their counterparts in Betul. Therefore, as regards migration, the main difference in the two districts is that in Narsinghpur District people migrate because of the demand for their skills (i.e. they sell their expertise) whereas in Betul District people migrate out of compulsion and the shortage of livelihood options.

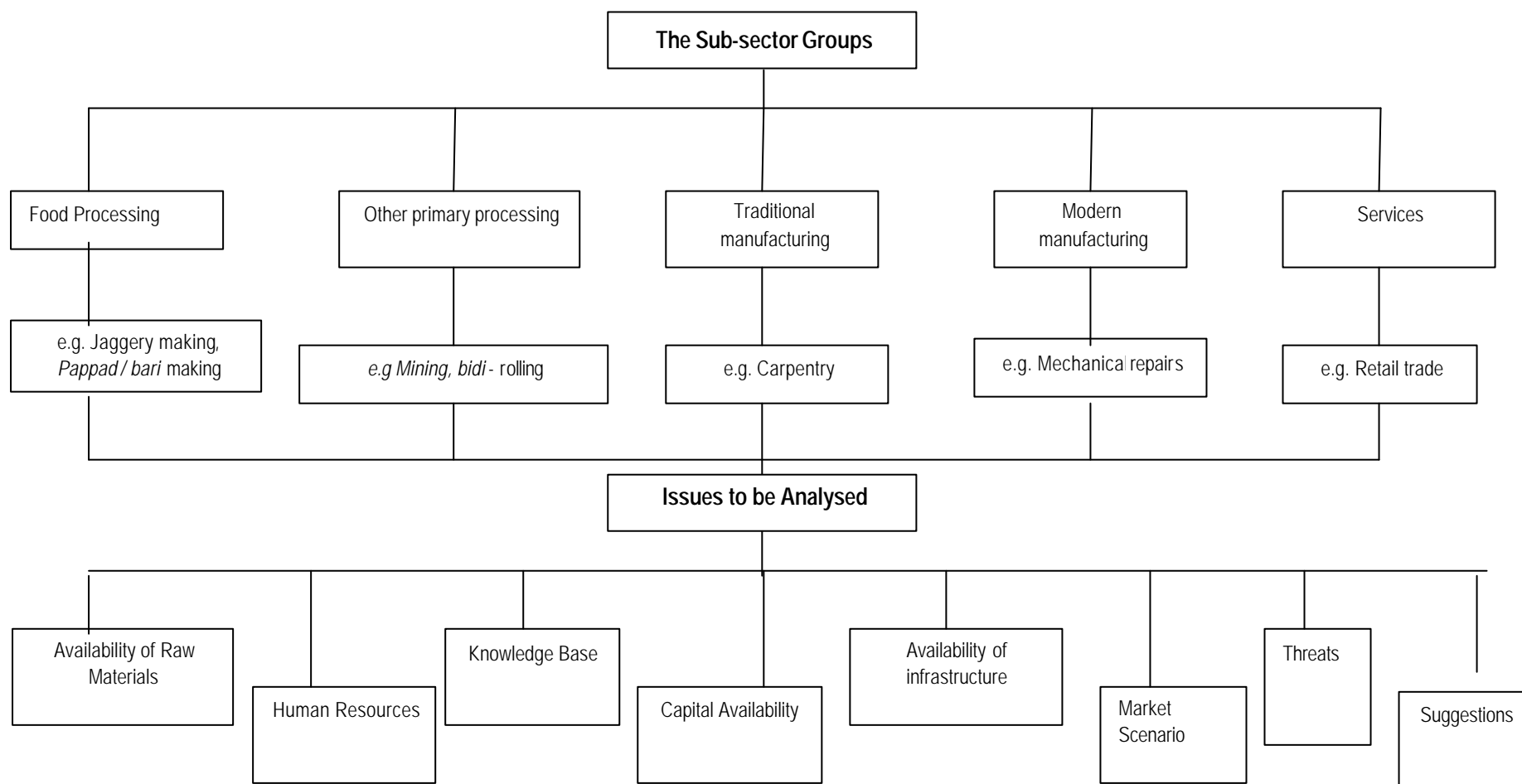
However, migration also provides the labourers with the opportunity to pick up new skills and specialise in it. During the course of their stay outside, they are given the chance to explore new avenues, which may enable them to extend their stay in towns. Since at

times the remuneration is high, it gives them chance to start new enterprises at the village level. In the rural parts of the Districts, the trend of local weekly *haats* (i.e. market places) has been on the rise. These *haats* are giving them the opportunity to start new small scale business with low initial investment. Slowly such *haats* are transforming into permanent market places, thereby increasing the scope of wage labourers to find additional employment.

IV SUB SECTOR ANALYSIS

Analyzing the various sub-sectors which comprise the Non-Farm sector is essential in order to gain a holistic understanding of the existing situation, scope and opportunities, based on which policy recommendations can be made. The sub-sectors taken in this chapter follow the classification established by Fisher *et al.* (1997), which provides a homogenous frame of reference. Out of the total number of sub-sectors encountered, five have been selected and analysed, namely jaggery making, pappad / bari making, carpentry, mechanical repair, and small-scale retailing (i.e. grocery shops). The key issues and criteria determining the success of an enterprise have been assessed as depicted in Figure 4.1. The analysis is essentially based on the visions and opinions expressed by the villagers during the PRA exercises.

Figure 4.1 Framework for RNFE Sub-sector Analysis



4.1 FOOD PROCESSING - JAGGERY MAKING

4.1.1 Human Resource

Processing of sugar cane into jaggery (i.e. traditional, unrefined, brown sugar) is a common business in most of the villages surveyed during the course of the PRA.

Jaggery making is highly labour intensive and requires different skills for the various stages involved in jaggery production. Per processing unit, at least fifteen people are required for jaggery making. On average, one person is operating the crusher, one is in charge of the cleansing/distilling process, one is responsible of the furnace, five to six for cleaning of the sugarcane, one person for transporting the sugarcane from the fields to the production unit and five to six persons for the cutting of sugarcane.

However, there is a clear division of labour with respect to gender. Women were never found to be engaged in the distillation or crushing processes. They were mainly involved in cutting and cleaning of sugarcane. In some areas the wage labourers came from within the village whereas in others, due to labour shortage, workers were brought in from nearby villages. In some villages the demand for workers is much higher than the number of skilled labourers available within the community. This view was confirmed by women in jaggery producing villages such as Bundesar. The going wage rates average around Rs35 per day in most of the processing units. In some cases, farmers also hire processing equipment such as crushers at Rs200 for each quintal of jaggery extracted.

4.1.2 Availability of Raw Materials

In particular, Narshimpur District has good natural conditions for the production of sugar cane, i.e. black soil and a relatively high water table. On the other hand, according to secondary sources, the soil of Betul is primarily red apart from a patch of ten to twelve villages, which have black soil. The patch with black soil has high agricultural potential and the average per capita income of farmers was much higher for these villages as compared to the rest. Sugarcane grows much better in black soil rather than red soil, generating higher agricultural income in villages endowed with good quality land.

Sugarcane needs to be irrigated four times per year (i.e. mainly canal irrigation). The preparation of fields for growing sugarcane takes fifteen to twenty days and preparation for planting takes eight days per hectare. Both these activities are highly labour intensive. The production of sugarcane used to be less in the past years when no fertilizer was used. However nowadays, with the use of fertilizer, the production has considerably increased. The time span between planting and harvesting is about one year.

The process of jaggery making is considered to be 'tiresome'. Previously, the juice from the sugarcane was extracted by using buffaloes. However, in the present times, mechanization has

led to the replacement of oxen driven crushing by electrical crushers. This has increased the dependency on electricity. At the same time, electricity is presently only available for six hours per day, resulting in a low daily production of only five quintals per unit (i.e. 2.5 quintals per three hours). This is leading to under utilization of the available raw material (i.e. sugarcane). According to farmers who are into jaggery processing, shortage of electricity is their main constraint. However, as compared to other crops, jaggery production still remains the most viable option and therefore the area under sugarcane is increasing every year.

4.1.3 Knowledge Base

Jaggery making is a skill in which many of the villagers have been traditionally involved, i.e. all knowledge required is indigenously present. Owners of the extractions units (i.e. the better off farmers) are well versed with jaggery price trends, market development, and government policies.

4.1.4 Capital Availability

As already indicated, the richer farmers (as seen in majority of the villages) own most of the production units, thus contributing to the economic polarization amongst the villagers (e.g. there are only two processing units in Manegaon). According to farmers, producing sugarcane and processing it into jaggery is a profitable business, i.e. a net income per farmer of Rs 1 – 1.25 lakh is common. In Narshimpur, some farmers have even bought some small sugar mills and have started manufacturing of sugar. Hence, the availability of capital does not appear to be a problem for larger farmers.

The profitability of jaggery processing is reflected in the demand for labour and wage rates. In fact, some of the skilled labourers are known to be ‘pampered’ by the farmers in the form of provision of transport and lunch, apart from the due wage rates.

Profits are higher if jaggery is sold during the rainy season when prices are higher. However, farmers often prefer to sell jaggery immediately after production and avoid storage. Storage of jaggery requires a closed airtight room, prevention from exposure to cold and moist air, and packing into polythene bags. It is felt that such conditions are difficult to meet, and at times, in spite of precautions in storage, the jaggery gets spoilt. In such conditions, when the farmers are unable to efficiently store the product and spoilage has started jaggery is sold off for the manufacture of liquor.

4.1.5 Availability of Infrastructure

The transportation of jaggery to the markets, which tend to be nearby, requires roads. However, although the condition of roads is far from good in Betul and Narshimpur Districts this is not a particular constraint since jaggery is a non-perishable product.

4.1.6 Market Scenario

The jaggery is generally sold in *krishi upaj mandis* (i.e. Government run markets). However, some villages reported selling in private *mandis* where, according to producers, the prices they obtain are 30 percent below the prices paid in *krishi upaj mandis*. They attribute the loss to exploitative practices of middlemen. On the other hand, it appears that processors in Betul have to sell their jaggery in private *mandis* because the provision of selling jaggery in the *krishi upaj mandis* does not exist.

Previously, the market rates of *jaggery* were much higher, however, on the other hand, there was less supply of *jaggery* in the market. Although the rates do fluctuate, depending upon external factors, jaggery manufacturing is by far more profitable than selling the raw material to the sugar mills (as indicated by farmers).

4.1.7 Constraints and Threats

According to farmers, selling of sugarcane to the sugar mills is not a very profitable option. They claim that they loose as much as 50 percent in terms of the comparative profits involved in jaggery. But since sugar mills do require the basic raw material of sugarcane, there is competition for the same raw material between the two products i.e., jaggery and sugar. With improved technology, the crushers being used in sugar mills have better capacities and greater efficiency. Therefore, the amount of sugarcane that can be crushed has increased considerably in the last few years. The obvious choice for farmers is to opt for jaggery making as the profits accrue directly to them.

At the same time, sugar mills have started using practices where they can ensure (at times through dubious means) the supply of sugarcane. This was seen in one of the villages of Narshimpur District where the sugarcane crop was repeatedly infested by pests. Employees of sugar mills came to the aid of the farmers and prevented further loss through spraying the right kind of pesticides. In exchange of this favour, farmers had to accept a bargain which compelled them to sell half of their sugarcane production to the sugar mill owners. According to the farmers, this was the price they had to face in exchange of the protection of the crops from infestation. It was also clear that it was a deliberate action on behalf of the sugar mill employees to hold back the information about the required insecticides. Therefore, by deliberately preventing the access to information, a bargain was struck with the farmers, which was unprofitable to them.

CASE STUDY – Jaggery Processing

Jaggery making is the traditional occupation/business of Mr Balmukund Patel in Thalewada. He has two brothers, Ajit and Hariom. Their family is a joint family, which owns around 100 acres of land. They grow sugar cane, which is a one-year crop, on 30 acres of land. Mr Patel feels that jaggery making is a profitable business, and more lucrative than selling the crop to the sugar mills. All the family members, excluding the females, are engaged in jaggery making. They sell the jaggery in the nearby market.

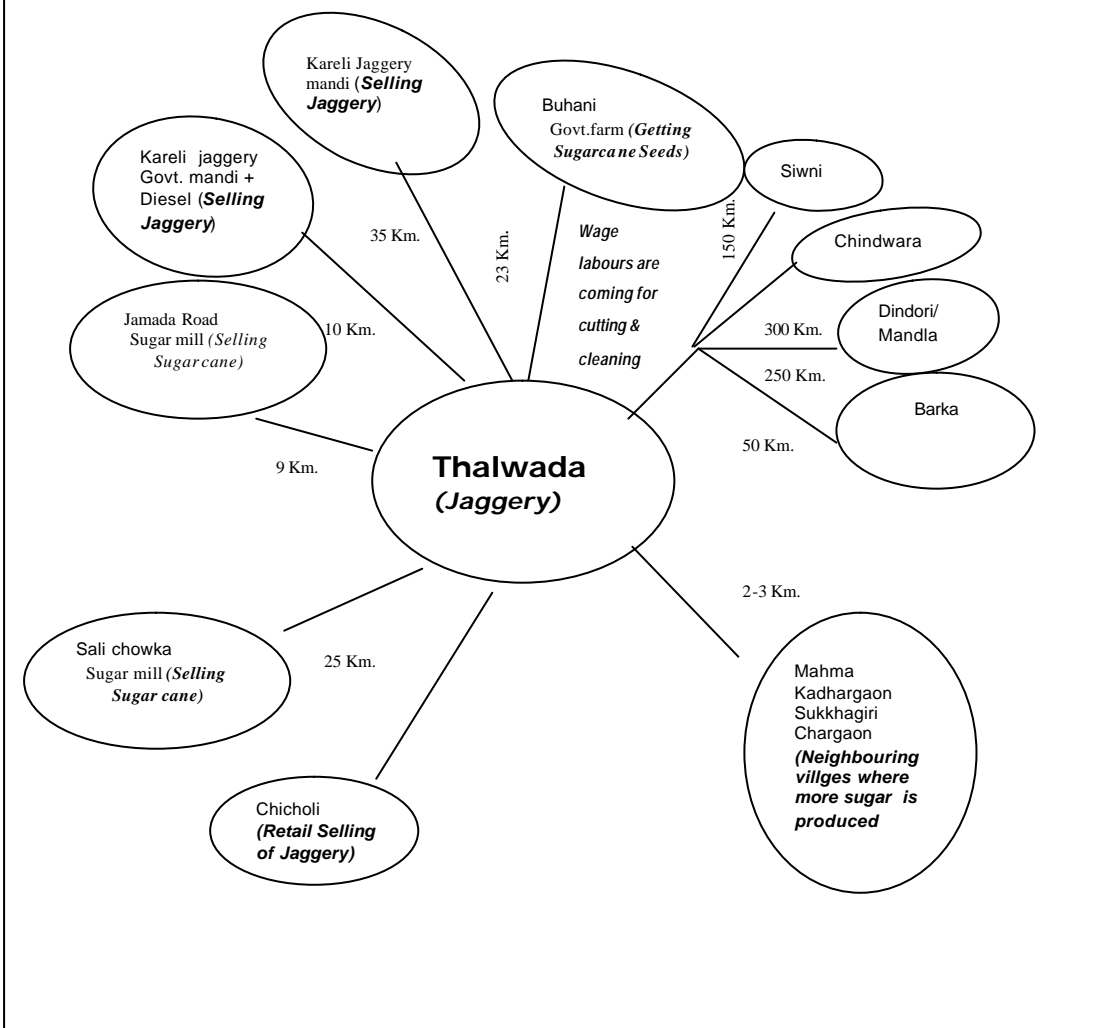
They engage the labour from within the village as well as outside the village for cutting and cleaning of sugar cane. However, they hire labour from other districts for processing of jaggery because the local labourers lack the relevant expertise. In addition, they feel that nowadays it is difficult to find sufficient labourers. At present, he has engaged ten males and ten females in the processing unit. There exist different sugar cane cultivars, and they are still looking for the hybrid breed, which is available in the neighbouring districts. On numerous occasions he has approached the Agriculture Extension Officer in this regard, but the AEO is not forthcoming at all. (This shows that better-off farmers are not necessarily privileged by extension services).

According to Mr Patel, water and electricity represent constraints. Nowadays, electricity is expensive and not always available. As a result, he runs his crusher with diesel, which he obtains from far away places. The crop pest *phundi* is the major threat for the sugarcane at present. From thirty acres of sugarcane, he is able to sell around one hundred quintal of jaggery. He has his own tractor. His diesel expenditure from the stage of breeding/cropping to processing is around rupees 2000 per acre. He spends around rupees 3000 per acre for labour. For pesticides he spends around 200 rupees per acre.

Per day he was able to produce four *kadhai* (container) of jaggery i.e., around six quintals. He prefers to sell all the jaggery immediately after processing, since he finds it difficult to preserve it due to lack of space and a climate which is not conducive for preservation.

Although they are a joint family, his elder brother is not interested in the business and does not provide his inputs, despite still claiming his share.

The profit margin of jaggery has been declining over the years. Water, electricity, fertilizer, pesticides are the major problem today. Mr Patel's father is interested to sell the product in the village itself to the middlemen, whereas Mr Patel is interested in selling it in the market. This often leads to differences of opinion. He feels, his two brothers are not pulling their weight as far as cultivation and marketing activities are concerned. Presented below is the **service opportunity map** of Mr Balmukund Patel jaggery manufacturing and selling business.



4.2 Pappad And Bari Making

4.2.1 Human Resources

Pappad (pappadum) and *bari* making was a skill universally found amongst the village women and was more conspicuous amongst the women of the higher castes. This skill is found across the state and is highly gender specific in nature. Contrary to men, young girls and women (i.e. especially the old aged women) are very much involved in *pappad* and *bari* making. It appears as if it is more practiced in the households of the richer farmers where women do not work in the fields and therefore have more time to spare at home. They also have surplus grain to siphon off for *pappad* making. On the other hand, the lower class families were not indulging much in *pappad* making because whatever grains were available were being used for fulfilling the dietary requirement of the family members.

The chances of up scaling *pappad* making into a business are there although human resource management may be a problem as this is a highly skill based and labour intensive enterprise. Caste underplays a major role here and inspite of the availability of skills within the lower caste women; the upper caste women would never exploit their potential. As one of the Rajput women from Bundala confessed they would never allow a Harijan woman to touch their food articles. On the other hand, the Harijan women do not have enough spare grains or for that matter the space to dry the *pappad* and *bari*. Therefore despite the potential of a mutually beneficial relationship between the upper caste women who have the raw material and the lower caste women who can provide the required human power, (in villages such as Bundala) there are little chances of up scaling due to caste dynamics.

Nevertheless, it is felt that there is no shortage of skills and workforce that can be employed in this sub-sector. With some slight intervention and organizational efforts, up scaling of production is very much possible.

4.2.2 Availability of Raw Materials

The raw materials required for *pappad* and *bari* making are basically the agricultural crops produced in the village. Therefore, the raw materials are locally available and the investment cost is more in terms of labour and time rather than purchase of raw materials. Even if the production has to be scaled up substantially, the raw materials can be made available through the means of cooperatives.

4.2.3 Knowledge Base

As already mentioned, *pappad* and *bari* making is a traditional skill and is found amongst most of the upper caste and OBC women. In fact, the women-folk in the village know to make different types of *pappad* and *bari* apart from the conventional ones, for e.g., *pappad* of rice, wheat, *chana dal* etc. Tribal women tend not to be involved in *pappad* and *bari* making.

4.2.4 Capital Availability

Pappad and *bari* making requires very little initial investment. The raw materials are available from the agricultural produce and the skills exist amongst the women-folk. Since it is not a technology driven enterprise, no additional equipment is required, except perhaps for packaging.

4.2.5 Availability of Infrastructure

The manufacturing process requires grinding of flour which nowadays is done by flourmills. Space is essential to dry the *pappad* and *bari*, which in case of the bigger farmers is not a constraint. Lastly, roads are required for selling *pappad* or *bari* in larger quantities. However, since it is a non-perishable item with a long shelf life, transport time is not a major factor.

4.2.6 Market Scenario

There is a strong demand for *pappad* and *bari* at the state, national as well as international levels. However, in the villages surveyed not a single case of up-scaled production was encountered. Instead failure cases due to non-understanding of the market were encountered.

In the case of processed food products like *pappad* and *bari*, it needs to be reiterated that the market potential lies at the macro and meso scale and not at the local level. If the market linkages with the nearest urban centers are not well organized then the chances of success will be reduced. This is mainly because the demand for *pappad* and *bari* is not there in the villages where every household makes enough *pappad* to meet the requirements of the family through the year. Therefore it would be imperative to link these enterprises at the village level with cooperatives/wholesale shops that already have the benefit of an established brand name in the market.

CASE STUDY

Mr Omkar Srivastava, took a loan on his wife's name for starting a *pappad* making business. The Gram Sevika had informed him about a scheme of the ICDS under which women could avail loans for income generation. When a loan of Rs10,000 was taken from the Cooperative bank, the Karakbel Gram Sevika asked for a commission of Rs2000 but Omkarji was willing to pay only Rs100.

He hired 13-14 women for wage rates of Rs 20 per kg of *pappad* produced. However, his trade did not work as women came only for the first two days after which they stopped since the distance they had to travel from their villages was too far.

Moreover, he took the *pappads* that were made to other villages and shops but they did not sell since there was no demand. As a result, the trade failed. He was supposed to repay his loan through eight instalments, which were interest free. As yet, he has paid Rs8000 but still has Rs3000-4000 outstanding. This is because he could not pay instalments on time, as a result of which he started to be charged interest.

4.2.7 Threats

The differences existing due to caste system and the resultant practices of untouchability occurring from it, appear to be the biggest threat to larger-scale *pappad* / *bari* manufacturing at village level. This acts as the main barrier to organize the women under one banner.

4.2.8 Suggestions

The case of *pappad* and *bari* processing is a clear example of wasted potential against good demand prospects and reasonable supply of raw materials. This area of processing could result in additional income for many poor households. Organizing the whole effort through SHG groups, which are frequently found in many of the villages due to the extensive coverage of the MAVN (WB sponsored) project, might be a feasible option. Lessons drawn from the experience of Lijjat *pappad* could be superimposed here to up-scale the activities. This sub-sector has high potential provided the right kind of promotional inputs ranging from raw material cultivation through processing technologies to designing and marketing of products are given. Basic things like storage facilities, introduction of forward market linkages etc. need to be taken care of.

Also, environmental damages or occupational health hazards are less of an issue in the case of *pappad* / *bari* making as is the case in other sub-sectors (e.g. *bidi* making).

It needs to be mentioned that there have been instances in villages like Thalewada, where some women had come from outside and claimed to offer their help by forming groups and training them on skills like *pappad* making, *agarbatti* making etc. Around 8-10 women had given rupees 500 each to those women and till today there is no news of those women. Although the experience was unfortunate, on the one hand it also indicates that there is willingness amongst the women to learn new skills and enter into new enterprise, and on the other hand, it also serves as a warning of dubious practices and exploitation of the poor in the name of civil society.

4.3 Traditional Manufacturing -Carpentry

4.3.1 Human Resources

Carpentry has been a traditional occupation since ages and therefore almost every village has at least one carpenter who specializes in the art of making wooden articles. In tribal areas, which are generally located in or on the periphery of forests, basic skills of carpentry are present amongst the whole population.

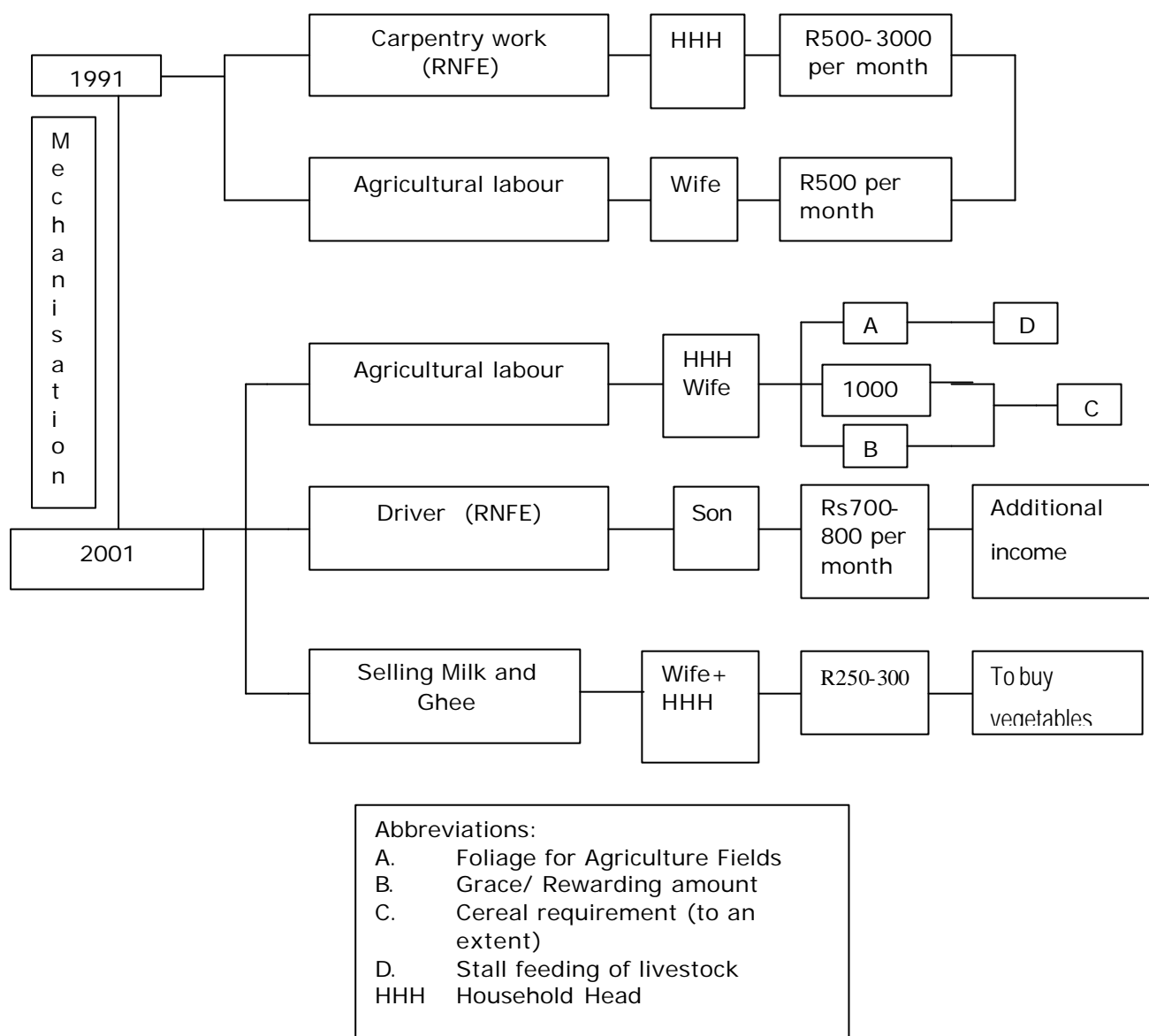
4.3.2 Availability of Raw Materials

Carpentry had been a flourishing occupation before the onset of mechanization. The carpenters made all the agricultural equipments, which earned them a handsome income. The basic raw material i.e., wood was readily available since the density of forests was comparatively higher and also the forest regulations were much more lenient when compared to the present day times. But nowadays, procuring wood is becoming increasingly difficult due to stringent regulations from the Forest Department. The carpenters have been labeled as thieves indulging in illegal extraction of wood from the forests, to the extent that they have faced harassment for even the wood purchased by them. The availability of wood is likely to keep decreasing with each passing year.

4.3.3 Knowledge Base

Skills of carpentry are ubiquitously found in almost all the villages throughout the State. However, due to the impacts of mechanization, the younger generation is not opting for it and therefore the skills might perish. In fact, none of the families are now depending on only carpentry for their livelihood; i.e. they have undergone a transformation livelihoods and income sources. This trend is exemplified by the transformation, which has taken place in the livelihood patterns of one of the carpenter families in Bundala (Fig.4.2). Prior to mechanization, the income of the household was mainly from the work of the carpenter who was involved in making of wooden agricultural equipments. However, with the modern equipments replacing the traditional equipments, the household had to change their sources of income generation. The women of the house, in this process were forced to become a full time wage labourer to sustain the household. The son on the other hand has not opted for carpentry but has started earning his livelihood as a driver. Figure 4.2 depicts the process of transformation and the various sources of income generation, which are presently underway. The figure also depicts the manner in which the expenditure of the household is being met.

Figure 4.2 Transformations of Livelihood Patterns due to Mechanisation



4.3.4 Capital Availability

Carpentry is a skill-dominated occupation and the capital needed is more in terms of skills rather than the initial monetary investments. At the most, it was noted that loans amounting to rupees 10-15 thousand had been taken to buy wood in order to upscale the business. However, this loan had been taken around 10 years back and no cases of loans for the

purposes of carpentry were reported since the past 3-4 years mainly because there has been drastic reduction in the demand for the work of carpenters.

4.3.5 Availability of Infrastructure

There are few initial infrastructure requirements for carpentry as a result of which this factor was not reported as a constraint anywhere.

4.3.6 Market Scenario

As already mentioned, the market for carpenters has drastically reduced due to the capture of market by mechanized agriculture equipments. The prevailing market is more for building furniture, which has its own constraints since it is highly seasonal and temporary in nature. Moreover, with the ongoing wave of conservation of biodiversity, wood as a raw material for any kind of production is being widely discouraged. As a consequence, the price of wood is also rising, thereby making it more and more unaffordable for the common public. This has reduced the customer base for wooden articles.

4.3.7 Threats

The present scenario for the future of carpenters seems to be very bleak and this skill is under the threat of being wiped out.

4.3.8 Suggestions

At the national level it has been found that under the category of traditional manufacturing, making of wood products is generating a substantial amount of Rural Non-farm Employment (Fisher *et al.* 1997). However, it needs to be reiterated that many of these traditional products are facing strong competition from modern substitutes. Although, on the whole the sub sectors under this category have high potential niche markets and have high export probability, the scenario is not very bright and rather uncertain in the case of pottery and wooden items. The emerging trends also indicate that few of the sub sectors like pottery and carpentry might be able to sustain the large number of workers they currently engage. Therefore, finding alternate employment opportunities for manufacturers, who are no longer finding remunerative work in their traditional crafts needs to be looked into (i.e. in particular, manufacturers of wood and pottery articles). On the whole, the sub-sectors belonging into the category of traditional manufacturing often also face major constraints in terms of raw material supplies. Although caste based skills exists in these sub-sectors, they lack the technologies, expertise, exposure and information to supply non-local markets.

In general, the numerous promotional activities and agencies for these sub-sectors have focused on preserving existing employment, rather than upgrading the sub-sectors so that they

become competitive and independent. They have often failed to take account of demand trends in particular (Fisher et al, 1997).

4.4 Modern Manufacturing – Mechanical Repair

4.4.1 Human Resource

There is no shortage of human resources in the field of motor repairing because many villagers possess the basic skills required. At the same time, it needs to be noted that this type of activity is limited to men only and has gender notions to it, which forbid women to undertake this task.

4.4.2 Availability of Inputs

The business of motor repair was found in 2-3 villages only. The basic equipments and tools required for this business are easily available from any of the shops in the markets situated in the nearby towns. However, the general trend seen was that the blacksmiths within the village generally undertake this business. They usually start at a low scale and improvise/build upon their skills as the challenges of work come. Accordingly, with the nature of upcoming demands, they purchase new equipments.

Therefore, it is a gradual process of building skills and up scaling once business. Many a times, some equipment is self-made, as the blacksmiths already possess the skills of making iron equipments.

4.4.3 Knowledge Base

Probably every farmer possesses the skill of motor repair to an extent. They easily handle small-scale repairs and the usual tendency is to first attempt repairs by themselves and then if they cannot handle the problem, then they take it to the blacksmiths. As regards blacksmiths, at least one is present in each village. Very few cases exist of people having taken special training for motor repair.

4.4.4 Capital Availability

Since, in most cases the up scaling of business is a gradual process, the initial investment costs are low and are periodically spaced, thereby not becoming a burden. The highest investment is when a shop has to be bought to up-scale and formalize this business.

4.4.5 Market Scenario

According to the shopkeepers (of motor repair) interviewed during data collection, on an average they are able to earn rupees 1500-2000 a month. However, prospects of increasing the profits are less because probably every village has their own motor repair shop. Therefore, the customer base is limited to one village only. In fact some of them were speculating the option of closing down their shops.

4.4.6 Threats

Low customer base is the biggest threat, which might therefore dissuade people from taking this as an enterprise. Therefore, such trades will benefit a minimal number of people only and the impact will be negligent at the macro level.

4.4.7 Suggestions

On the whole, growing demand mainly drives this sub sector of modern manufacturing. The employment data clearly reveals the influence of growing demand. Construction, repairs and metal products are among the high share sub-sectors in terms of rural employment (Mahajan 1997).

The availability of raw materials for many of these sub-sectors has improved with liberalization. Machinery and spare parts are also readily available. The regulatory environment is generally lighter than in other sub-sectors. There has also been support from the bankers as well as the public sector in terms of undertaking successful promotional activities. The active associations of the entrepreneurs with the private sector also many a times benefit this sub-sector. Categories such as repairs, of this sub-sector serve as an important entry point for new entrepreneurs to launch themselves in the RNFES. Traditional castes and communities do not play a very significant role in these sub-sectors, and new entrants can learn through informal apprenticeship in existing units. However, to increase the scope of this sub-sector, up gradation of technologies by imposing quality control measures on the machinery produce, imparting up to date training and easy availability of sources of energy is necessary. Improvement of labour conditions encompassing healthy working conditions banning of child labour and wanted labour and lastly abiding by the rules of environmental regulation are imperative for the improvement of this sub sector.

4.5 Services– Retail Trade (Grocery Shop)

4.5.1 Human Resources

It is generally the dominant castes of the village that engage themselves in such trades. Such individuals generally have a comparatively higher investment base and the support from the affluent families within their caste. In some places there was a clear gender division of

responsibilities wherein the man of the house would also indulge in the traditional caste based occupation and the women would handle the main responsibility of the shop.

4.5.2 Availability of Raw Materials

Grocery shops were present in many of the sample villages and were opined as a viable option by many of the villagers. However, on an average each village had only one shop. The raw materials for the shop were obtained from the wholesale shop situated in the nearest town. The contents kept in the shop had been generally assorted after a close scrutiny of the availability of articles in the vicinity of the village in question.

4.5.3 Knowledge Base

It was a universal observation that the people involved in retail trade were educated at least up till high school or above. This proves to be an asset in obtaining loans since it is one of the prerequisites and also it aids in liasoning with the bank officials and other required contacts. Because of the benefit of their dominant caste they had the advantage of influential contacts and higher access to information. These two factors therefore, were instrumental in increasing their access to credit, which is a prerequisite for opening any business. Exposure to the outside world facilitates their competency to analyze the market structure and nature of demand within their vicinity.

4.5.4 Capital Availability

The advantage of belonging to higher caste and dominant class of the society benefits them by easy access to credit. Also their inherited family income adds to the financial security, which therefore allows the scope to take risks and entertain new enterprises.

4.5.5 Availability of Infrastructure

The grocery shops are generally open up in one of the rooms of the house itself. No such incidents were encountered where the shops were on panchayat/community owned land. Payment of taxes for the shops also not a practice.

4.5.6 Market Scenario

The market for grocery shops can be graded as medium, on a comparative scale. Although demands are there but preference to buy from wholesale shops is higher. The reason stated by the community for this was that the required quantity for one particular household was not available with the shopkeeper. The richer farmers who buy their monthly ration in bulk and therefore prefer to buy their ration from the wholesale shop opined this. On the other hand the people from the lower economic class complained that the prices in the village grocery shops were slightly higher than the city shops. They understood the compulsion of the

shopkeeper to raise the prices in order to gain benefits, but for them it was an expensive ordeal. Therefore, the preference to buy from the grocery shop was only during emergency cases, when they fell short of some commodity. The mode of payment is also a problem for the retail traders in the village. Due to strong interpersonal relationships, more often than not, the people have the tendency to keep their payment pending and this in heavy cost to the shopkeeper. In fact in some incidences, the customers were willing to pay in kind rather than cash payment. Such practices considerably reduced the revolvment of funds for investments, which in turn reduces the probabilities of scaling up. The traders are also facing competition at the hands of the mobile shops and local weekly *haats*, which are increasing in number.

4.5.7 Threats

High unemployment has diverted a substantial number of people into retail trade at various market outlets. The youths specially have started or are entering into business since there are no jobs available. These youths are all educated and face employment crisis and therefore are forced to start new enterprises, since they cannot work as wage labourers after attaining education. With many such youths into such business the competition gets very tight. The study team came across individuals who had been labeled as defaulters since they could not repay the loan taken for starting new business. In fact, incidences of selling products at prices lower than the cost price, just to attract customers and dispose off their products, are quite common now a days.

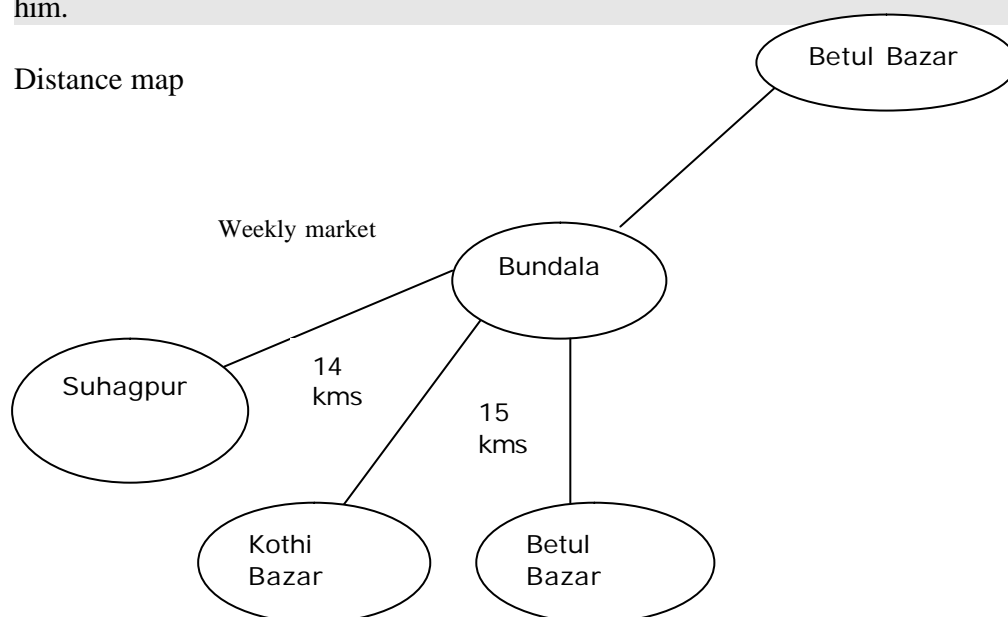
4.5.8 Suggestions

The service sub-sectors are growing rapidly and have high prospects with the expanding economy and higher incomes. These sub-sectors have considerable potential for employment generation, both for educated workers as well as less educated workers. The contribution of the public sector in providing many of these services is high. On the other hand, private enterprises have been neglected in terms of promotional agencies.

CASE STUDY

Ramesh Sahoo is aged 30 year and owns a grocery shop in the village Bundala, which he opened five years ago. He is educated up to class 10th. He got the inspiration from family members (i.e. wife's side). He applied for loans to start the shop but his applications were not successful. Finally, he sold all the utensils and jewellery which he got from his wife's family and started the business. Though, his traditional occupation is selling oil nowadays he sells oil at the weekly market and his wife is taking care of the shop in his absence. He is really interested in expanding his business but accessing credit is the major problem for him.

Distance map



V CASTE AND GENDER IN RURAL ECONOMY

5.1 Caste System And Its Influence On RNFE

Caste plays an important role in the rural economy of India. It is a major factor that creates strata in the rural society, by defining the status of a person in the social system, in the society and the kind of work that people will perform in their lifetime. It decides a person's status according to birth, which continues throughout the life of an individual and relates the person with others in the society. Table 5.1 shows the different castes plus their occupations, encountered during the course of the survey.

5.1.1 The Social Structure of Castes

There are high castes and the low castes. Actually speaking there are four major categories of the caste viz., Brahmins, Kshatriyas, Vaishyas and Sudras. Each one is divided into many sub-castes. Each caste has a definite role or the functions they would be performing. For example Brahmins, or the highest caste, are supposed to be involved in the so-called higher order functions like teaching, worshiping etc. Similarly, the Kshatriyas are supposed to be warriors or the ruling castes. The Vaishyas are traditionally involved with agriculture and trading, and Sudras are supposed to be serving all the above three castes by providing their services in the form of pottery making, hair cutting, ploughing etc. The upper three castes are treated as "twice born" (*diwja*) as they are all allowed wearing a sacred thread. Sudras are not allowed to bear this. Most of the lower castes have historically become either Scheduled Castes or OBCs (Other Backward Classes).

Caste is a very complex structure, which signifies a socio-economic-cultural relationship between persons or households living in a village society. Though the caste system is prevalent throughout India, it is highly localized in nature. Brahmins, though the highest caste, are not the dominant caste all the time and in all the regions. It depends on the land holding, state patronage and power that a particular caste enjoys, that it becomes a dominant caste in a particular region. It has also been observed that apart from the caste dynamics there is the inter play of dynamics between caste and tribe. In a state like Madhya Pradesh where both tribes and caste people reside together, the caste community, irrespective of it being higher or lower behaves like a dominant caste over the tribes. Within the tribes also, some are dominant over the others.

5.1.2 Observations from the Study Area

In the study villages, the Rajputs are the major landholding caste. The Gonds, which have less land holding, are the Scheduled Tribe found prominently in every village. The concept of "we" and "they" does not exist here. In the majority of cases there is no separate cluster for the Scheduled Caste and Scheduled Tribe people. It is even possible

to find Scheduled Caste and Scheduled Tribe people to take water from the Rajput or Brahmin cluster, or to participate in their social functions.

The *jajmani* system still exists in all the villages. It has been observed that the service castes (e.g. carpenters, blacksmiths, barbers and washer men) are paid at the end of the year and also in kind. The payment of the cow herder is also made in kind at the end of the year. In the majority of the villages, it is found that the Scheduled Tribes are engaged in cowherding.

Kuccha (cooked) foods are also being served to the service castes. In some villages it has been observed that there are separate clusters for the scheduled tribes. This may have been influenced by housing schemes as a result of which they moved out of the main cluster (e.g. Adarsh Dhanora).

Table 5.1: Caste Groups & Occupation

Caste Group	Occupation
I General	
Brahmin	Worshiping in Temple
Rajput	Agriculture
Kayastha	Agriculture
II Other Backward Class(OBC)	
Badhai	Carpenter
Nai	Barber
Lohar	Blacksmith
Kumhar	Potter
Yadav	Potter
Teli	Potter
III Scheduled Caste	
Jamadar	
Kachi/Kushwah	Vegetable Grower
Lodhi	
Kumbi	
Kanjhar	
Mehar	
Dhobi/Rajak/Beratha	Washer man
Namdev	
Chamar	Cobbler
Jharia	
Dhimar	Fisher man
Mehra	
Basorh	Bamboo, Basket Making

5.1.3 Role of Caste in Economy

As already indicated above, caste plays an important role in the economic life of the villages. Generally speaking, the upper caste enjoys major land holding, better social status, better access to education and information, and thus has the opportunity to accumulate wealth and grow prosperous. Lower caste people do not have access to much land, education, information and sources of other livelihood and thus depend upon upper castes for their day-to-day living. This situation is a direct repercussion of the dominant caste hierarchy prevalent till the recent past. In a farm based economy, the land is owned by the upper caste but the ploughing, harvesting, processing and all such activities are done by the lower caste in the form of wage labour. The upper castes generally do not like to 'touch' the plough. Even if lower caste farmers produce something from the land or the forest, the marketing and trading is done by the upper caste. As such it is visible that upper caste people had traditionally tried to control the resources and those activities, which have been fruitful in economic terms, while the lower castes have been left with those occupations and activities, which are not very remunerative in the economic sense. As a consequence, all the so-called menial and manual jobs like shoe making, hair cutting, carpentry, plough making and ploughing have been left for the lower caste to do while so-called higher order jobs like teaching, governing, trading, marketing have been reserved for the upper castes.

In recent times, although it has been observed that the caste barriers are breaking down, it is also a fact of life that the caste system still holds true in the rural areas. It still governs the economy in the rural areas. Our observations in the villages under study has shown that bamboo work, shoe making, tailoring, carpentry, NTFP collection from the forest are such activities which are done by particular lower castes and the tribes residing in the villages. It is difficult find member of the higher castes (i.e. in particular the Brahmins and Kshatriyas), who have taken up the above-mentioned activities. At the same time it is visible that though the upper caste members are not taking up these activities, as they consider them dirty or menial, the lower castes are easily taking up the jobs earlier assigned for higher castes. So the opportunity for the lower caste is widening because they can take up the jobs, which were the functional areas of higher castes. On the other hand the upper castes are loosing on the ground because they are still not going for the jobs, which were done specifically by lower castes earlier. One important change from the point of view of higher castes has been that some of them have started 'touching the plough'. This implies that new technology (i.e. mechanisation) has solved their cultural dilemma because though they were not touching the wooden plough they don't have any hesitation in using or handling the iron plough attached to a tractor. The new jobs which have emerged due to technical advancement and were not the part of the caste based occupation, such as driving tractors, motor vehicles, trucks, working as motor mechanics, running flour mills etc. are being taken up by the upper castes also. As a result, to some extent the technological changes have already been breaking the caste barriers, merging the rules of upper and lower castes on a particular point. Nevertheless, the traditional

occupations of the lower castes are not being taken up by the higher castes in a bigger way.

It is important to note here that even within the lower castes, the traditional occupations of the untouchable castes, like Harijans and Basors who are traditionally involved in shoe-making and bamboo basket making, respectively, are not being taken up by any other lower castes because there are hierarchies everywhere. Like castes hierarchy, there are hierarchies of occupation and nobody, generally, wants to take up that particular job which is considered inferior from his/her own caste point of view.

5.2 Gender Issues With Respect To RNFE

5.2.1 Social Structure

Women are by and large occupying a subdued position across all the castes, in particular in terms of decision-making and choice over their own lifestyles. This impacts on issues such as health and medical treatment, marriage (i.e. the dowry system is particularly prevalent among the affluent castes/classes), or harassment, which was also reported.

5.2.2 Division of Labour

In both districts the higher/affluent castes (e.g. Rajput/ Brahmin) women are never encouraged to work in the field. They keep themselves busy with household chores. On the other hand, in the case of Scheduled Castes and Scheduled Tribes, women contribute a substantial share of income to their households.

In the case of the marginalized (i.e. landless and those with small landholdings), younger girls have to play an active part in the household (e.g. baby sitting, household chores), in particular when parents are absent due to work. As a consequence, their education often suffers because they cannot attend school to the same extent as boys not encouraged for education. In the case of higher classes, the girls are traditionally not allowed to go to other villages for education and the decentralized governance system, does not appear to have much impact on this, as yet.

As regards the various Income Generating Activities, it was found that certain activities are strictly carried out by women (e.g. broom making by Scheduled Caste women). In the case of jaggery making there is a clear division of labour with respect to gender. For example, women were never found to be engaged in the distillation or crushing process, whereas they play a major role in cutting and cleaning of sugarcane. *Pappad* and *bari* making was a skill universally found amongst the village women, however it was more conspicuous amongst the women of the higher castes. This skill is found across the state and is highly gender specific in nature. Young girls, women (i.e. particularly the older ones) are very much involved in *pappad* and *bari* making. Caste plays a major role here and despite the availability of skills within the lower caste women; the upper caste

women would never exploit their potential. As one of the Rajput women from Bundala confessed, they would never allow a Harijan woman to touch their food articles. On the other hand, the Harijan women do not have enough spare grains or for that matter the space to dry the *pappad* and *bari*. In this context, it needs to be mentioned that there have been instances in villages like Thalewada, where some women had come from outside and claimed to offer their help by forming groups and training them on skills like *pappad* making, *agarbatti* making etc. Around 8-10 women had given rupees 500 each to those women, but unfortunately until today there is no news of those women.

As for the business of mechanical repairing, it needs to be noted that this type of enterprise is limited to men only and has notions to it, which forbid women to undertake this task. As for retailing, in some places there was a clear gender division of responsibilities wherein the man of the house would undertake the traditional caste based occupation, and the women would handle the main responsibility of the shop.

The impact of mechanization on women has been more adverse on women as compared to men. The proportion of employment generated through mechanisation is much less in comparison to the one prevalent in the pre-mechanised era. Agricultural activities required the participation of both men and women, apart from the work of carpenters who made the implements. This pattern has undergone a transformation since women have been completely sidelined as drivers' job a male domain. This is apart from the drastic reduction in the number of people employed.

5.2.3 Decision Making Processes and Empowerment

In the case of decision-making process, generally the women are not allowed to present their view.

Both men and women participate in the electoral process. There is a certain number of sarpanch positions which is reserved for women, however, in the majority of cases the women Sarpanchas are not forthcoming – and the Sarpanchpati (i.e. husband of a female sarpanch) is the main player in the village administration.

As for the decision to stand for election, the dalit women Sarpanchas do not take the decision on their own to fight the election. In most of the cases the decision was made because of the obligations of reserved seats. As for female involvement in other local government institutions, the participation of women is very low in the *gram sabha* and other committee meetings. The Rajputs and Brahmins do not allow their women to attend *gram sabha* meetings.

All the women self-help group members, in particular in the case of functional groups, are interested to start new businesses. Especially in Betul District, the women self-help groups are interested to process some selected forest products and sell them in the market.

VI LOCAL SELF GOVERNANCE IN MADHYA PRADESH

The policies of the Madhya Pradesh State Government on Panchayati Raj have been quite dynamic. The Madhya Pradesh Panchayat Act of 1962 came into being based on the recommendations of the Balwantrai Mehta committee. This Act was modified many times for reasons such as introducing more tiers, securing reservation for the Scheduled Castes and Scheduled Tribes, reduction of the voting age, direct election of the representatives, excluding political parties and giving more power and authorities to local people (Status Report 2000)¹. The 73rd constitutional amendment became a turning point in the history of Panchayati Raj system in the country. The political leadership in the State of Madhya Pradesh has been proactive in amending and introducing fresh bills and notifications in line with the constitutional amendment and devolving more power to the people and deprived groups.

6.1 Experience of Panchayat Raj in Madhya Pradesh

In the newly developed set up, the power and authority shifted from the bureaucracy to the people. However, the socio-political environment was not so conducive in favour of the rural deprived sections. The literacy rate of the population concerned was low. People and panchayat representatives were not aware about their power, roles and responsibilities in the new system. Devolution of funds, functions and powers to the local bodies was also slow. *Gram sabha* meetings often lacked quorum. Again, collaboration of these institutions was low with Government. In reality, the bureaucracy maintained the *status quo* in retaining the power and authority. This affected the desired effectiveness of the panchayat bodies. Next to the bureaucracy, the sarpanch was quite powerful. This minimized the role of the Panch and the general *gram sabha* members.

Generally, a panchayat consists of two or three villages. In such a case, the village of the Sarpanch became the bigger recipient of funds and the other villages were deprived of most of the benefits. Even the *gram sabhas* were not so active and most of the times, only the Government-designed agenda became the agenda for the *gram sabha* meeting. This alienated people's involvement. Panchayat representatives only looked at the implementation aspects neglecting the other functions and responsibilities entrusted to them. Panchayats remained fully dependent on the funds available in the form of grants from the Government. Mobilization of local resources was quite low. Even after five years of operation, the *gram sabha* functionally remained quite weak. The status of women and weaker sections of the society did not improve as expected. The policy gaps on many operational issues prompted the State Government to come up with a pro-people policy, called the Madhya Pradesh Panchayat Raj (*Sanshodan*) Adhiniyam, 2001. The earlier act was renamed as the Madhya Pradesh Panchayat Raj Evam Gram Swaraj Adhiniyam 1993. This in short, is called the Gram Swaraj Act. This act provides ample space for the villagers to plan and decide directly instead of relying on the elected

¹ Status Report of Panchayati Raj Institution in Madhya Pradesh 2000, Samarthan-Centre for Development Support, Bhopal

representatives. The *gram sabha*, in this arrangement, is the main decision making body and has therefore been recognised as a constitutional entity.

6.2 Provisions of *Gram Swaraj* for Strengthening *Gram Sabhas*

Before the Gram Swaraj Act came into force, the Panchayats had three committees, which were (i) Education Committee (ii) Health Committee and (iii) Infrastructure Committee. This has been changed. Now the Gram Swaraj Act has more space for the people. Each revenue village would have a separate *gram sabha*. The *gram sabha* would constitute eight standing committees from among the *gram sabha* members. These are:

- (i) Gram Vikas Samiti (Village Development Committee)
- (ii) Sarvajanik Sampada Samiti (Public Resources Committee)
- (iii) Krishi Samiti (Agriculture Committee)
- (iv) Swasthya Samiti (Health Committee)
- (v) Gram Raksha Samiti (Village Security Committee)
- (vi) Adhosarovachna Samiti (Infrastructure Committee)
- (vii) Shiksha Samiti (Education Committee)
- (viii) Samajik Nyay Samiti (Social Justice Committee)

These committees can have the membership of 12 persons at the most in each committee. The elected representatives like panch belonging to that *gram sabha* can also become the member in these committees. Each committee would be consisting of the primary stakeholders in the village. The committees would be formed in the *gram sabha* only. Operationally, the committees and the members of committees have been assigned more roles than the elected representatives. The elected representatives can influence any decision not independently, but as a member of a committee. And, the final decision is with the *gram sabha*. It is expected that the decisions in a *gram sabha* would be through consensus. However, if disagreements arise, there is a provision to decide the matter through secret votes, which is mainly to give space to the marginalized groups in the villages. This can provide scope to agree or disagree for the weaker sections. Some other features of the Act are as follows:

- Apart from the above-mentioned standing committees, the *gram sabha* can constitute Adhoc committees to implement some time-bound work. Such committees would constitute of stakeholders related to the work.
- Every committee would be responsible and accountable to the *gram sabha* and work under its control and supervision.
- *Gram sabha* can remove any member of the committee at any time for the reasons it feels important.
- The plan prepared for the overall development of the village by the *gram vikas samiti* would be submitted to the *gram sabha* for its approval.
- Every *gram sabha* would prepare annual budget estimates of its receipts and expenditure for the next financial year.

- Every *gram sabha* would have a fund named *gram kosh*. It will have following four parts:
 - (i) *Anna Kosh* (Grain Fund)
 - (ii) *Shram Kosh* (Labour Fund)
 - (iii) *Vastu Kosh* (Material Fund)
 - (iv) *Nagad Kosh* (Cash Fund)

The fund will be collected through donations, incomes, cess on land revenue, grazing fees and other such taxes. Details of the functioning of the *Gram Kosh* have been given below: -

- The *Gram Vikas Samiti* would operate the *Gram Kosh* and all amounts from the *Gram Kosh* would be drawn under joint signature of the Treasurer and Secretary of the *Gram Vikas Samiti* with the approval of the *gram sabha*. The information regarding all receipts into and withdrawals from the *Gram Kosh* would be placed before the *gram sabha* in its next meeting.
- The *gram sabha* would maintain proper books of accounts and prepare annual statement of accounts. The accounts of the *gram sabha* would be audited from time to time in such manner and by such authority as may be prescribed and the Audit Report submitted would be placed before the next meeting of the *gram sabha*.
- The *gram sabha* would have the power to withhold salary, sanction leave, inspect and supervise the work of a Government employee whose area of jurisdiction lies within the limits of *gram sabha* area.

6.3 Quality of Governance – Survey Results

This section attempts to capture the field realities of the Panchayat Raj Institutions in the eight study villages. The section has been sub-divided into categories dealing with the issues of participation, transparency and decision-making. The second part of this chapter highlights the problems/difficulties being faced by the panchayats due to multiplicity of institutions. The role of SHG's as a tool to enhance the livelihood status and therefore the economic development of the village has also been mentioned in this chapter. The chapter concludes with offering the suggestions and exploring the probable roles that the panchayats can play to promote RNFE.

6.3.1 Ground Realities of the Panchayat Raj Institutions

There are women Sarpanches in the majority of study villages of Narshimpur. All in all, it was found that they are not very forthcoming and sensitive towards the village development issues. The administrative matters and the village problems are often handled by her husband (Sarpanch Pati). However, in the case of Betul, the Sarpanchas are comparatively more effective. The majority of them are coming under the 'reserved' category. In all the villages of both the districts it has been observed that the affluent castes or the bigger landowners try to suppress the Sarpanchas in one way or another. Table 6.1 gives an overview of the Sarpanchas of the study villages.

District	Characteristics of Sarpanch				
	Village	Sex	Caste	Category	Activity Status
	Mawai- A	Female	Kotwar	Scheduled Caste	She is not forthcoming and the whole administrative and village problems are often deal by the husband (Sarpanch pati)
Narshingpur	Manegaon	Male	Jharia	Scheduled Caste	He is not affective at all and always suppressed by the affluent caste people
	Bandesur	Female	Barrtha	Scheduled Caste	The Sarpanch is not sensitive towards the village development issues
	Thalwada	Female	Kotwar	Scheduled Caste	She is not well versed to the Panchayat administration and the Panchayat matters often deal with her husband
Betul	Deogaon	Male	Kalar	OBC	The Sarpanch is very active and well versed to the Panchayat administration
	Bundala	Male	Teli	OBC	He is very active and sensitive towards the development and other issues
	Adarsh Dhanora	Male	Gond	ST	He is dominated by the local governal caste and land owners even the Gram Sachib
	Palaspani	Male	Gond	ST	Not forthcoming and sensitive towards the village development issues

6.3.2 Participation

In all the eight villages visited during the study period, the *gram sabha* is not being regularly held. The women participation in the *gram sabha* is very low, although in some villages the women and the marginalized sections do participate to some degree. In the *gram sabha*, the major focus is given to the Government Agenda rather than the local agenda. If a local agenda is initiated, the Sarpanch and the other presiding members of the *gram sabha* and committees do not necessarily encourage it. The majority of people are aware of the electoral process and both men and women participate in it. However, often the majority of the *gram sabha* members do not have any idea about who are their local representatives. As far as Sarpanches are concerned, the majority of people say that they (Sarpanch) are not effective and they are not forthcoming to the development issues of the village. The perception of development in many cases is mainly correlated to the development of infrastructure.

The reasons for low participation varied from village to village. Some of the villages like Bundala were facing the problem of fulfilling the formality of 20 percent quorum. According to the Sarpanch of this panchayat, the *gram sabha* had been getting adjourned continuously since the past 6-7 months. The main reason cited by him was the fact that according to the new Gram Swaraj Act, the quorum has been increased to 20 percent out of which 33 percent should be women. The Sarpanch expressed his concern about the increased percentage of quorum from within one village as against the 10 percent quorum from one Panchayat. The people were not ready to come to the *gram sabha* as it implies the loss of one day's labour for each month. Another constraint is in the required women quorum (i.e. 33 percent) which is difficult to achieve unless they see themselves as beneficiaries of schemes which will be discussed.

The timing of the *gram sabha* is also not suitable to the people, in particular for wage labourers. In addition, participation is also affected by the nature of leadership. For example, if the Sarpanch is too dominant and does not allow others to voice their opinion, the *gram sabha* members find it worthless to participate. Caste characteristics also govern the extent of participation. As per the Harijan women as well as the Rajput women from Badesur, they do not go to the *gram sabha*. As for Rajput women, they will never leave their house or at the most visit their immediate neighbourhood, but never attend a public meeting. For example, the master's wife is a Panch and she hardly goes to *gram sabhas*. The Harijan and other lower caste women said that the question of attending *gram sabha* does not arise, as they have to go for their daily labour. Only those women go who are beneficiaries of some schemes. There was no knowledge/information about Gram Swarajya and its provisions amongst anyone.

The usual thinking about the role of panchayats is that it is a body for obtaining *yojanas* (schemes). The panchayats are yet to be perceived as an institution catering to people's interest and working in the welfare of the people. The power centers rest within the Rajput community and the Panchayats are considered as *jagirs* of the Rajputs. The information gap is so high within the women of the Harijan community that they were under the impression that the *chabutra* (elevated platform around tree) had been

constructed by the Rajput Maharaj. It was during the course of the discussion that it was revealed to the women (by some of the men sitting there) that the money was of the panchayat. The men, during the discussion also opined that although money for development is coming to villages nearby but nothing will ever come to this village, as the rich farmers do not want that the status of their laborers should ever improve.

6.3.3 Decision Making

All major decisions with regards to the development of the village are supposed to be taken by the *gram sabhas* during the meetings. However, the practical reality is far from the prescribed rules. Since the *gram sabha* is not being regularly held, the question of transparency in decision-making process does not arise. Some of the people from the opposition were of the view that the *gram sabha* is held only on paper and at the most people are asked to sign on paper, thereby fulfilling the requirement of the quorum. The decision of common interest or concerning development issues is by and large taken by the village elites or the dominant caste. For example in Manegaon, the Sarpanch is the servant of the Landlord of the village and although there is no official denial of the existence of the Panchayat Raj Institutions the rule of the landlords is enforceable in such villages.

In some cases, the Sarpanch is powerful enough to influence the decision making process and that is why the panchayati raj was, at times, referred to as “Sarpanch Raj “. Though the *Gram Swaraj* has tried to devolve the decision making process and given the power to the adult voters for taking the final decision, in most of the cases it is not taken in the open *gram sabha* meetings. In case of women Sarpanch the decision is taken either by her husband/family members or by the landlord who controls the economy of her family. In the case of dalit/tribal Sarpanch, the control is either in the hand of the landlord directly or someone powerful who has grabbed the position of Up-Sarpanch or the Secretary.

The Dalits/Adivasis have practically no say in decision-making processes. Because of the strong interpersonal relationships and high economic dependence on the higher castes, the marginalized are never given a chance to bear influence on the decisions being taken in *gram sabha* (if held). Incidents of de-motivating techniques used to inculcate fear amongst the marginalized were also reported. In Bundala, in case any individual from the marginalized sections dared to voice his resent in *gram sabha*, then drunkards hired by the powerful in the village would beat him in the night.

Even if the *gram sabha* is held it is generally not for taking the decision through open discussion rather already taken decisions are endorsed in the meeting. Often the concerned raised by dalits or women are not heard so they generally withdraw from the decision making process.

6.3.4 Transparency

Panchayats are supposed to be transparent in all their activities. No information should be out of the reach of the *gram sabha* members. Starting from the date of the *gram sabha* meeting and its agenda up to the expenditure made on any programme activity, all relevant information should be put before the *gram sabha* members either in the community setting or during the *gram sabha* meetings. It is a duty of the panchayat to inform the date and the agenda of the *gram sabha* meeting through various prescribed media to its members. In reality, it is claimed by sarpanches that they always provide this information to *gram sabha* members much ahead of the actual meeting. However, according to villagers it is done in such a manner that they do not obtain the information on time. The agenda of the meeting is hardly communicated to the villagers.

The major issue of transparency comes in the case of handling of funds and the expenditure made on programme activities. Though the panchayat or the committee is supposed to display the records of expenditure before the *gram sabha*, often it is not done in a proper way. Most of the villagers in the villages under study are not aware of the size of panchayat income and expenditure. They did not even know who all were involved in particular programme activity and how much wage was provided to how many people. Though the income expenditure pattern is also displayed on the walls of the panchayat building many villagers feel it difficult to draw any conclusions out of that. The records are not made readily available for the common villagers to refer to the expenditure on any particular activity.

6.3.5 Multiplicity of Institutions and its Impact on PRIs

Different committees have been started and it has created some confusion in the mind of the villagers. It may be because of the fact that it is a new development in which *gram sabha* members had to select members of different functional committees, which are formed around functions such as health, education, village protection etc. Apart from some permanent committees, *gram sabha* can make various ad-hoc committees according to the need of the village. In a small village situations had arisen that persons from almost all the households formed part of one committee or another.

Various other committees, which are more or less independent of gram panchayat, have also been started in the villages. These committees have been formed either by the line departments of the Government or by non-government organizations (NGOs) functioning in those villages. Some examples of Government run committees are Water Shed Committees and Education Committee. NGOs have formed similar kind of committees. These committees, which work independently and at times take up the roles of Panchayat Committees are creating confusion in the *gram sabha* (e.g. members are not always aware of which committee they actually belong to) and at times are undermining the role of the panchayat.

In another study carried out by Samarthan²(2001), it was found that the community-initiated institutions have substantially empowered the concerned community to enable them ensuring control over their lives and resources, taking decisions, obtaining social justice and responding to local political changes. NGO-promoted institutions also empowered the members of corresponding groups up to a limited extent. Among Government promoted (project/scheme based) institutions, not a single institution was traced having significantly empowered the people at large. Community-initiated institutions, in particular fisher folk *samitis*, brought change in the communities through gender sensitization, narrowing gender gap and ensuring functional participation of women. PRIs and Government-promoted institutions have not shown any record of attempting to bring about gender sensitivity or gender equity in its make-up or governance. Of community-initiated institutions only fisher folk *samitis* were found having brought up changes in the livelihood/economics of the participating families. As far as Government-promoted institutions are concerned, only some institutions succeeded in providing livelihood support to the members/people in the form of employment.

The study concludes that the popular belief that community-initiated institutions can no more work in the present era of globalization and open market economy, may prove to be fatal in the long run not only for the village system but also for the broad development policy framework. Therefore, instead of routinely neglecting such functional or defunct institutions, the development and resource management planning and policies should enhance, revitalize or empower such institutions.

6.4 Self Help Groups (SHG) in the Panchayats

Self-help groups is the concept in which people, particularly the women 'below the poverty line' (BPL) can come together to start savings and then provide credits to those who are needy among them. In this process, they may generate the habit of saving and eventually come out of the clutches of moneylenders. They can even think of going for a collective business, which can generate income for the group. Based on the saving of the groups, Government schemes and the banks have the provision to provide subsidies plus substantial amounts of low interest loans to such groups. The objective is that with this money these groups can start long-term enterprise for sustainable livelihood. Nowadays most of the poverty alleviation programmes are linked to self-help groups.

At present, in the villages it is possible to come across a number of self-help groups formed either under some government schemes or by non-government organisations. In particular, the Government Departments linked with Rural Development, and Women and Child Development are involved in the formation of SHGs. This is similar with NGOs working at the village level. This multiplicity of organisations involved in the formation of SHGs and the number of SHGs present in the village themselves creates a considerable amount of confusion. As a proper mechanism for group formation is not being followed, in most of the cases the members, particularly the women, are not

² Anatomy of Village Institutions and their Interrelationships in Bundelkhand Region of Madhya Pradesh

themselves aware why they have formed the group, what the purpose is and how they are going to use the savings generated.

The groups that have been formed essentially function with just the purpose of collection of funds. A concept of enhancing the status of women through economic independence and thereby inculcating the realization of their stake in the development of their village is not visible in any of the groups. This has been a universal observation of most of the evaluation studies undertaken for the performance of SHGs. The loans are basically being used for consumptive purposes rather than entrepreneurship. Although recovery of loans is very regular and is not posing a problem, the utilisation of funds for starting any kind of small-scale enterprises has not been undertaken.

The potential of utilisation SHGs as a vehicle to promote RNFE and their active involvement in security for starting any small-scale business. All such initiatives require intensive handholding and extensive capacity building over a prolonged period.

The people at large are given rights or space only in the PRIs and community-initiated institutions. The role of the development agencies whether government or NGOs is primarily to facilitate a democratization process in such organizations. Thus, a complementarity has to be ensured between the coexisting institutions coupled with the drawing of a fine divide between the roles of the externally promoted institutions and PRIs. If the panchayats manage to monitor, supervise, evaluate and facilitate the coexisting institutions, then they can improve their own functioning and enhance the efficiency among coexisting institutions. NGOs and voluntary agencies should take a position of strengthening the existing organic institutions rather than creating new ones in order to accelerate the social change process in positive direction. The role of the development related functionaries of the Government is primarily to strengthen capacities of the local leadership and such organizations in the areas of planning, financial management, negotiation skills, conflict management, access to information and attitudinal issues to become transparent and accountable.

In broad development context, it would only be to the benefit of our village society when we reorganize or redefine the principles and practices of dealing with local communities. Institutions have to be identified which provide a conducive environment in which really dis-empowered, dispossessed and deprived people can take uncoerced decisions for their own future, and where those who are likely to be affected can have equal say. Only those institutions can work which have emerged or are likely to emerge from within the community's inherent demands, values and innovativeness. Externally promoted institutions need to be carefully designed so that the local culture, ethos and ways of people's organization is respected and utilized.

Local Governance (LG) aspects (Narsinghpur)				
Panchayat	Mawai A. Joth is the main panchayat and the villages Shayamnagar and Mawai-A are coming under Joth panchayat. The whole panchayat has 11 wards and among them 4 are reserved for women. Mawai-A has 5 wards.	Manegaon panchayat has other villages – paraswade and Bischhawa. The total number of wards is 11 out of which Manegaon village has 8 wards.	The village Bandesar is coming under the Batesara Gram panchayat. Batesara is the main panchayat. The village Bandesar has 3 wards.	<ul style="list-style-type: none"> Dehalwada is the main panchayat and the studied village Thalwada is coming under the Dehalwada panchayat.
Sarpanch	The Sarpanch is a young (SC) female. The whole administrative matters and the village problems are often deal with her husband (Sarpanch Pali). The Sarpanch is educated up to class 8 th .	The Sarpanch is a middle-aged man and he is not affective at all and always suppressed by the affluent caste people.	The Sarpanch of the village is a middle-aged woman and belongs to the Batesara village. The Sarpanch is not forth coming and not sensitive towards the village development issues.	The Sarpanch is residing in Dehalwada village and she is a middle-aged schedule caste women. The Sarpanch is not font a coming and well versed to the panchayat administration. The whole administration of the village and the panchayat matters are often deal with the <i>Sarpanch pati</i> (husband of the Sarpanch)
Problems with gram sabha and committee meetings	The Gram Sabha is very regular and the committee meetings are not regularly held. The participatory of women in the Gram Sabha and the committee meeting as well are not encouraging. More emphasis is made on the government agenda rather the local agenda in the Gram Sabha.	The Gram Sabhas are not regularly held. Women's participation in the same is very less.	The Gram Sabhas and other committee meetings related to the Gram Sabhas are not regularly held. The participation of the women in gram sabha and the community meetings are not encouraging.	<p>The Gram Sabha of the village is not regularly held so as the committee (village) meetings. Most of the people especially the minorities and dalits are not aware about Gram Sabha. The participation of both male and female in the Gram Sabha is very low. Most of the time the quorum of Gram Sabha has not fulfilled.</p> <p>The male and female both participate in the electoral process but they have no idea about their local representatives.</p>
Role of SHG	Male SHG Group is there in the village. But presently it is not working. The group was formed around 4 years back. There			The female SHG group has failed in the past. The Anganwadi worker of the village took initiatives to form the group. It was run in the full-fledged manner but

	<p>were around 20 members in the group and initially (first instalment i.e. 100 each) they depositing the money. After that they all lost their interest. As the president of the SHG group said they want to revive the group. The female SHG group also has failed in the past (outside facilitation disappeared with group savings).</p>			<p>due to some default it is stopped functioning.</p>
<p>Role of women in LG</p>	<p>There is a tendu leave committee in the village, which is not very active.</p>			<p>The roles of women/participation in the LG/Gram Sabhas are very less. The higher caste people due to orthodox in nature they never encourage their females to participate in the Gram Sabha. Sometimes the marginalized women participate in it.</p>

Table 1 Local self governance of Betul Panchayat				
Panchayat	Deogaon is the main panchayat and the village Chouki is coming under the Deogaon Panchayat. The Panchayat has 12 wards.	The village Bundala is coming under Jaithapur Gram Panchayat. The Panchayat has 3 villages – Jaithapur, Bundala and Ratanpur. .. Women are not participatory in the Gram Sabha. The major cause is that they do not want to loose one day's wage. The higher caste on the affluent class is not encouraging their women to participate in the same.	Population split into General Caste/ affluent caste who have major land holdings and the scheduled caste and scheduled tribe have little or no agricultural land.	
Sarpanch	The Sarpanch is a middle agend and he belongs to Chouki village. He is very active.	The Srpanch is a young fellow and belongs to OBC (Teli). He is very effective and sensitive towards the development of the village and other related issues	The Sarpanch of the village is a young scheduled tribe (Gond/male) who appears to be dominated by the local General Caste and landowners even the <i>Gram Saehib</i> .	
Problems with gram sabha and committee meetings	The Gram Sabhas and other committee meetings related to Gram Sabha are not regularly held.	The Gram Sabhas are regularly initiated but the problem of quorm is there. Different committees related to Gram Sabha have been formed and the villages have fair idea about these	The Gram Sabhas and other committee meetings related to the Gram Sabhas are not regularly held. The participation of the women in gram sabha and the community meetings are not encouraging.	The Gram Sabha and other committee meetings are not regularly held.
Role of SHG	Women SHG group was formed in the village 6 months ago and it was initiated by a Non-government organisation-Richa and is running well.		Women SHG was created 4 months ago with the help of a local voluntary organisation. The total membership of the group is 15. Each members saves rupees 10/- per month. At present the total savings of the group is 700/- rupees. It appears	There is a SHG group names "Pragati". It is 11 months old group. The group is initiated by a local NGO.
Role of women in LG	The village women are not exposed to the system of Panchayati Raj. The village is	Women are not participatory in the Gram Sabha. The major cause is that they do not want to loose one day's		The participation of women in the gram sabha is not

	dominated by Muslims, who do not allow their women to participate in the Gram Sabha and other activities.	wage. The higher caste or the affluent class is not encouraging their women to participate in the same.		encouraging. .
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Local Governance (LG) aspects (Narsinghpur)				
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Sarpanch	The Sarpanch is a young (SC) female. The whole administrative matters and the village problems are often deal with her husband (Sarpanch Pali). The Sarpanch is educated up to class 8 th .	The Sarpanch is a middle-aged man and he is not affective at all and always suppressed by the affluent caste people.	The Sarpanch of the village is a middle-aged woman and belongs to the Batesara village. The Sarpanch is not forth coming and not sensitive towards the village development issues.	The Sarpanch is residing in Dehalwada village and she is a middle-aged schedule caste women. The Sarpanch is not font a coming and well versed to the panchayat administration. The whole administration of the village and the panchayat matters are often deal with the <i>Sarpanch pati</i> (husband of the Sarpanch)
Problems with gram sabha and committee meetings	The Gram Sabha is very regular and the committee meetings are not regularly held. The participatory of women in the Gram Sabha and the committee meeting as well are not encouraging. More emphasis is made on the government agenda rather the local agenda in the Gram Sabha.	The Gram Sabhas are not regularly held. Women's participation in the same is very less.	The Gram Sabhas and other committee meetings related to the Gram Sabhas are not regularly held. The participation of the women in gram sabha and the community meetings are not encouraging.	<p>The Gram Sabha of the village is not regularly held so as the committee (village) meetings. Most of the people especially the minorities and dalits are not aware about Gram Sabha. The participation of both male and female in the Gram Sabha is very low. Most of the time the quorum of Gram Sabha has not fulfilled.</p> <p>The male and female both participate in the electoral process but they have no idea about their local representatives.</p>
Role of SHG	Male SHG Group is there in the village. But presently it is not working. The group was formed around 4 years back. There			The female SHG group has failed in the past. The Anganwadi worker of the village took initiatives to form the group. It was run in the full-fledged manner but

	were around 20 members in the group and initially (first instalment i.e. 100 each) they depositing the money. After that they all lost their interest. As the president of the SHG group said they want to revive the group. The female SHG group also has failed in the past (outside facilitation disappeared with group savings).			due to some default it is stopped functioning.
Role of women in LG	There is a tendu leave committee in the village, which is not very active.			The roles of women/participation in the LG/Gram Sabhas are very less. The higher caste people due to orthodox in nature they never encourage their females to participate in the Gram Sabha. Sometimes the marginalized women participate in it.

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Sarpanch	The Sarpanch is a middle agend and he belongs to Chouki village. He is very active.	The Srpanch is a young fellow and belongs to OBC (Teli). He is very effective and sensitive towards the development of the village and other related issues	The Sarpanch of the village is a young scheduled tribe (Gond/male) who appears to be dominated by the local General Caste and landowners even the <i>Gram Saehib</i> .	
Problems with gram sabha and committee meetings	The Gram Sabhas and other committee meetings related to Gram Sabha are not regularly held.	The Gram Sabhas are regularly initiated but the problem of quorm is there. Different committees related to Gram Sabha have been formed and the villages have fair idea about these	The Gram Sabhas and other committee meetings related to the Gram Sabhas are not regularly held. The participation of the women in gram sabha and the community meetings are not encouraging.	The Gram Sabha and other committee meetings are not regularly held.
Role of SHG	Women SHG group was formed in the village 6 months ago and it was initiated by a Non-government organisation-Richa and is running well.		Women SHG was created 4 months ago with the help of a local voluntary organisation. The total membership of the group is 15. Each members saves rupees 10/- per month. At present the total savings of the group is 700/- rupees. It appears	There is a SHG group names "Pragati". It is 11 months old group. The group is initiated by a local NGO.
Role of women in LG	The village women are not exposed to the system of Panchayati Raj. The village is	Women are not participatory in the Gram Sabha. The major cause is that they do not want to loose one day's		The participation of women in the gram sabha is not

	dominated by Muslims, who do not allow their women to participate in the Gram Sabha and other activities.	wage. The higher caste or the affluent class is not encouraging their women to participate in the same.		encouraging. .
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VII CONSTRAINTS AND OPPORTUNITIES

7.1 Introduction

This section is a compilation of the existing constraints in the villages that restrain the growth of the Non-Farm Sector in the rural areas. The views presented below are essentially the perceptions of the villagers. The prevailing opportunities as voiced by the people as a solution to the specific constraints have been crystallised and presented for each of the constraints. Other relevant opportunities existing at the macro level in the state have been included under the section of opportunities¹. The implications and the resultant issues, which need to be influenced at the policy level, have also been elaborated in the sections under the opportunities.

7.2 The Constraints: A Comparative Picture of Importance

To begin with, the following table presents the ranking of constraints as opined by the villagers. It needs to be noted here that the constraints as presented here have been grouped under broad categories to render a holistic view to the whole scenario. Considering the importance of this section, it was apt to attempt towards a more generic picture for the benefit of policy influencing. The table is an aggregate picture of the exercise undertaken by the study team wherein the community from each village was asked to rank the various constraints, specific to their own village.

Table 7.1 Comparative Ranking of Constraints to RNFE

S.No.	Issue	Ranking	
		Men	Women
1	Access to Credit	1	2
2	Access to Markets	3	3
3	Skills to Initiate and Manage RNFE	4	4
4	Supply of Raw Material	5	5
5	Weak Infrastructure Facilities	4	6
6	Competition with Substitute Products	6	7
7	Social Stratification	2	1

Each of the constraints mentioned in Table 7.1 have been dealt with in detail accompanied with the existing opportunities, in the following paragraphs. Table 7.2

¹ Note that under the section of opportunities, a broad picture, more as policy level suggestions has been presented

presents a summarised picture of the main constraints and the subsequent opportunities to overcome them.

Table 7.2 Existing constraints and Opportunities for RNFE in Madhya Pradesh

S.No	Constraints	Opportunities
1.	Inadequate credit facilities, especially for small entrepreneurs involved in RNFE	Strengthening community based credit facilities and setting up flexible institutions to provide credits to small/poor entrepreneurs
2.	Access to information on market prices and marketing opportunities	NGO/ creating information Kiosk with the help of civil society groups / active extension government workers/Programme
3.	Weak skills, inadequate managerial capacities to initiate potential RNF enterprise	Capacity building initiatives involving professional training institutions within the Govt/NGOs and corporate sector
4.	Inadequate raw material supply in traditional RNFE activities (wood/bamboo...)	Strengthen local self-governance bodies to generate and control natural resources/minor forest produce
5.	Weak infrastructure facilities to enable RNFE activities	Allocation of resources to local self governance institutions and incentives to promote productive infrastructure at village/Panchayats/blocks/districts
6.	Small size of operation and limited product diversity makes RNFE uncompetitive	Build clusters of activities taking block as a unit of planning for attaining economies of scale
7.	Caste and class hierarchy create barrier for the marginalized to take advantage of RNFE sector	Strong social and pro poor policies and social mobilisation efforts with the support of civil society organisations

7.2.1. Access to Credit

Constraint: Inadequate credit facilities especially for small entrepreneurs involved in RNFE

Access to credit is one of the main constraints to the promotion of RNFE. The problem is multifaceted in nature and has both socio-cultural and socio-economic sides to it. Due to lack of credit, the size of operation is small and therefore has limited product diversity. This, when compared to the existing diversity of commodities in the open markets of today and the relatively higher buying capacity of the people, renders the enterprise uncompetitive. The major issues, which have been identified during the survey as the impediments to access to credit have been elaborated as follows: -

a. *Defaulter status and absence of collateral security among the marginalized*

Many of the villagers are not considered credit-worthy since they are in the category of defaulters. Most of the people under this category had taken loans for agricultural and non-farm enterprises but could not repay due to various reasons like failure of crops, loss in business etc. There have been cases where the principal has been returned but the interest has not been repaid. The people have therefore been labelled as defaulters and since they already have the burden of repayment for the loan taken in the past, they themselves got discouraged to take out more loans. Moreover, having the status of defaulters, they are not considered creditworthy in the criteria of the banks. This limits their ability to access credit from the banking system.

b. *Lack of information about various sources of credit*

The villagers, especially the marginalized sections, lack information on the various sources of credit and the means to attain them. The credit institutions and Government officers provide the information about schemes and credit facilities in such a technical language which is not comprehensible. This gives an advantage to the officials as well as to vested interest groups. At times, the vested interests / pressure groups also misguide the poor about the sources of credit. This is mainly done to keep intact the business interests of the local moneylenders who charge high interest rates and are under no regulations. It needs to be mentioned here that there are regulations to control the rate of interest charged by the moneylenders, although the *gram sabha* has the authority to rectify the rates specified by the moneylenders. However, there is a massive discrepancy between the rules on paper and what happens in practice. On the other hand, the cycle of daily wage labour in which the majority of the villagers are caught does not leave much time and scope of exposure about the various avenues of credit.

c. *Complicated procedures of the banks*

By and large, the level of education is not very high in the villages surveyed. The procedures to obtain loans, on the other hand, involves various complicated steps like filling of many types of forms, taking them to various officers for sanctioning etc. On the one hand this hassles the simple villagers and on the other hand they are subjected to harassment at each stage. It also involves losing precious days of wage labour because of repeated visits to the block/district head quarter.

d. *The need for 'speed money'*

Bribery at each stage was reported as a rampant practice, to the extent that a substantial amount of the sanctioned loan ends up in the pockets of the officers. As a result, the net amount available to the loan takers is much smaller than the sanctioned amount. The reduced amounts of money actually received by the poor entrepreneurs make business activities unviable and the loan uneconomical. This can compel potential entrepreneurs to opt for the local moneylenders, which may effectively turn out to be cheaper and more transparent.

e. Reduced profitability in agriculture leads to low deployment of capital in RNFE

With the pressure on land increasing due to the traditional inheritance pattern and increasing population size, the agricultural land available per individual is also decreasing. For example, for a farmer having 20 acres of land and four sons, the land will become divided with each son obtaining only 5 acres of land. This land gets further divided amongst the next generation, ultimately resulting in smaller and smaller amounts of land available per individual.

In addition to land fragmentation, farm profits are decreasing due to increasing input costs and declining market prices. As a result, rural communities find it difficult to generate surplus capital to be used as investment in the RNFE sector. On the other hand, authors such as Fisher *et al.* (1997) provide evidence in their studies that a strong agricultural base is required for the promotion of RNFE. This points to the need of promotional policies to strengthen both the agricultural and non-farm sectors.

Opportunities: Avenues to increase access to credit facilities

The opportunities prevailing to counter the constraint of availability of credit are multi-pronged in nature and need to be considered at various levels. At the community level, it is required to strengthen the self-help community based credit facilities like the self-help groups, village level co-operatives and other such unions. This would ensure the generation of funds from within the community and also assure management of funds by the community.

Within the available constraints, various opportunities need to be evolved. Some of them may be mapped out as follows:

a. Strengthening self-help credit groups

One of the successful examples build in wide scale within the State is of organising the poor in credit groups. Various NGOs and Government programmes have promoted such kind of groups. These groups have a strong potential to develop a sense of trust among members as well as mobilise internal savings for lending. As most of the RNFE require small size of credit, any mechanism of matching credit grants to the groups will enable them to efficiently take up productive activities under RNFE.

b. Inter-linkage with flexible development credit financial institutions

At the institutional level, funds of external agencies such as NGOs, Government schemes and other internationally sponsored development programmes could be utilised to fund the groups. This is also possible bearing in mind the fact that the amount required by the villagers is of small scale, therefore, institutional linkages of self help groups with IDBI, NABARD, *Rastriya Mahila Kosh* etc, need to be linked identifying block and district

level organisation which may play the role of a financial institution in a flexible and efficient manner. Long-term reforms will be required in order to develop formal banking system which are more flexible and poor friendly.

c. Building federations of self help groups

In order to develop indigenous mechanisms of lending for the poor groups as well as to compete in the market as a collective strength, federations of the groups involved in RNFE need to be developed. These federations should be given credit facilities so that they can lend to the groups. These federations should have representation of the credit institutions on the board to ensure accountability and credibility. A representative role of block and Zilla level panchayat representatives should also be ensured.

At the block level planning needs to be undertaken to attain economies of scale. This would necessarily require the building of clusters of activities to ensure greater choice and diversity in products, thereby ensuring the customer base. This would also obliterate the possibilities of product replication in the neighbouring villages, which is the main reason of the inability to scale up the business.

As for the issue of credit defaulters, the example of the ongoing World Bank sponsored DPIP project can be replicated. Here the defaulters have been exempted (as women have not been treated as defaulters, since the loan was taken by their husbands) of all the pending/standing loans and Common Interest Groups have been formed at the village level and are being funded anew.

7.2.2 Access to Markets

Constraint: Lack of access to markets in the sense of inadequate access to information, limited local demand, and insufficient marketing linkages.

a. Existence of 'predatory' intermediary traders

According to the survey, the biggest hurdle to access of information on the various tenets of the market are the middlemen², who are often perceived as predatory. It is in the interest of the all powerful and wealthy association of the middlemen to deliberately block market access as well as information about the prevailing conditions and opportunities in the market. Moreover, the villagers have become so dependent on the middlemen that the option of selling their products directly in the markets is often not a feasible one.

Over the time, villagers, in particular small-scale producers, have developed a deep rooted feeling that they do not possess the skill to market their products. As a result, they

² Middlemen are persons who are involved in purchasing goods from the community at the village level and selling them in the markets. It has been an age old system which has got informally institutionalised with its inherent problems of corruption and exploitation.

feel compelled to resort to the help of the middlemen. Moreover, at times, it is not an economically feasible option to go all the way to the markets since the produce is available in small quantity only. This has therefore given rise to a strong link between the middlemen and the wholesalers, leaving the villagers at the bottom of the chain where, according to them, they are obtaining unfair prices for their products.

b. Small local markets, and unemployment leading to excessive competition in the RNFE sector

Many villagers engaged in non-farm employment, pointed out that the local market was limited for their products. Reasons for this include lack of purchasing power amongst the majority of villagers, small size of the population, and the fact that other villagers are engaged in similar activities (e.g. processing of food articles for home consumption).

With the promulgation of education in the past few years, many educated youths have started to enter the service sector. These youths with their educated backgrounds tend to decline to work as wage labourers as their elder generation had done. As a consequence, many of them ventured into small-scale enterprises such as retailing of various utility commodities. The sudden upsurge of such youths entering the small enterprise sector, resulted in increased competition regarding the sale of their products. The situation is more pronounced at the block and sub-block level due to the relatively small size of the market. This has led to situations where the selling price has been lower than the cost price, and in other cases the young small-scale entrepreneurs have been unable to sell their products. This in turn resulted in losses and in a wave of disappointment.

At the same time, it ought to be mentioned here that some young entrepreneurs with degrees (e.g. Master of Arts) have been encountered in the villages, who reported that their education has helped them in identifying and starting new businesses (e.g. grain milling or modern masonry / small-scale construction).

c. Lack of organised collective marketing

There are no systems of cooperative marketing at the village level. Interventions by the panchayats to organise such collective markets are also not there. For example, in the case of marketing of milk and its products, each individual household head was reported to go all the way to the nearest market and sell his produce. When viewed in an integrated way, a substantial amount of time and energy of the villagers was being wasted due to the concept of individual marketing. There are no milk routes to ensure the timely delivery of products. This has, at times, given rise to the practice of selling products at a very low price due to fear of spoilage. In particular, raw and processed food commodities, which have a short shelf life, require organised marketing interventions.

d. Inefficient Government Mandis

Although the practice of selling produce in agricultural *Mandis* (*Krishi Upaj Mandi*) is widespread, their functioning was reported to be inefficient and unsatisfactory by the

farmers. Delay in payments is a common grievance reported from all the villages. This, in turn, results in the preference of selling products to the middlemen and keeping the system of middlemen alive despite all efforts to cut it back. This has repercussions on the whole economy of the village and the various income generating activities.

e. Existence of unofficial Mandis

In the district of Betul it was reported that the jaggery is sold in the Mandi of Betul bazaar. Such Mandis are not regulated by the Government allowing the middlemen to play a very conspicuous role in such localities. Transactions worth crores are undertaken here and the middlemen earn handsomely on the charges levied by them at two stages in the marketing chain, i.e., the jaggery producers on the one side and the wholesale dealers on the other side. Farmers claimed that they 'lose' as much as 30% of their profits (in comparison to what they could have obtained in Government markets) due to this.

f. Inability to store the products of RNFE sector

Most of the entrepreneurs reported the inability to store their RNFE products (i.e. especially processed agricultural products and minor forest produce) due to lack of storage space as well as paucity of working capital. This compels them to sell their produce immediately, despite their knowledge that prices will increase during the off season and selling of products during this time would yield higher profits. Their inability to hoard their products makes them incapable to withstand middlemen's pressure as well as procure optimal price.

Opportunities: Methods to enhance access to markets

There are various measures required to improve the marketability and profitability of the MNFP sector. Some of the suggestions are as follows:

a Efficient and accurate information flow about market prices

A correct and efficient flow of information can improve decision making of the entrepreneurs to choose an appropriate market for selling their products. Similarly, information would be a powerful instrument to deal with the middlemen in an effective manner. For example, information kiosks could be created with the help of Civil Society Groups, active Extension Government Workers and Project staff of the various programmes being deployed in the village. Such kiosks could cater for all kinds of information related to the market and other aspects of village life.

b. Creation of storage houses at the level of Panchayat/cluster of Panchayats

There is a need to develop storage space at local level either at Panchayat or cluster of Panchayat level. The resources under infrastructure development should be accessed from the Government as well as from the financial institutions in form of a self-loan. There should be a recovery strategy and pricing policy to receive payments from the

users. Village Panchayats or block panchayats can manage such operations. It is felt, that the management of the storage places should not take place at Gram Sabha level but by one of the committees (e.g. *Krishi samiti* or Agriculture Committee).

c. *Reforms of local mandis and co-operatives*

There is a need to make the market structure more transparent and accountable. The election of *mandi samiti* is fraught by elite farmers; therefore such structures do not favour small farmers and entrepreneurs. The state needs to look into building linkages of mandis/markets with local governance structures as well as developing mechanisms for fair pricing and reduced hassels for the sellers. Inefficient response of markets promotes the growth of middlemen.

Collective storage space with the intervention of panchayats could be organised and taxes levied for the same. The concept of cooperative marketing could be introduced to ensure fair returns. Building networks of similar products taking a cluster level approach could be organised to ensure the sale of products.

d. *Effective utilisation of the Middlemen*

Although criticised above in the context of flow of market information, it needs to be acknowledged that middlemen provide an important link within the marketing chain by ensuring that the product reaches the end user in the right place at the right time. The villages being situated in remote and often inaccessible areas, the role of the middleman in bridging the gap between producers and the consumers needs to be recognised and enhanced to the benefit of small-scale entrepreneurs.

Attempting to reinforce Government run collection of products cannot be seen as a viable option and its feasibility is questionable. It has also been expressed by the villagers that the middlemen are preferred because of convenience and especially in the case of small-scale farmers the cost of transportation needs to be seen in relation to the profit. Therefore, it appears to be a valid option to formalise the already existing institution of middlemen. In this context, it is suggested to improve the prevailing system rather than setting up a costly new system requiring substantial amounts of institution and skill building. In particular, transparency needs to be enhanced as far as information is concerned and competition amongst traders needs to be increased. In some cases, self-help groups could play the role of middlemen and could act as agencies/bodies to provide credit.

7.2.3 Skills to Initiate and Manage RNFE

Constraint: *Weak/Inadequate managerial capacities and skills to initiate potential RNFE*

a. Inability to undertake structured analysis of markets

As already mentioned, cases of youths entering into new ventures of business like that of retailing (e.g. of clothes, vessels etc.) were encountered. However, the groundwork required before investing capital into a new enterprise was not undertaken and also there exists (amongst the villagers) a limited understanding as well as exposure (to the outside world), partly because of lack of access to information. The lack of ability to analyse market trends was quite clear, the result being unsuccessful businesses. It needs to be noted here that the markets at the village level are small, thereby restricting opportunities in the villages themselves. There may be more marketing opportunities in the cities and towns, but better linkages are required. Competitive factors were not well articulated and alternative options not sufficiently explored. As a result, cases of defaulters who had taken credit to start some kind of retail trade are very common.

In particular, as far as marketing capacity building is concerned, the following areas should be covered in training schemes: capacities to articulate market trends, the articulation of the demand and supply scenario, the probable future of a particular activity and the forward and backward market linkages.

b. Weak RNFE planning keeping village/cluster of villages as unit of promotion of RNFE

More often than not, new enterprises start off with profitable returns initially, based on customers generally located in a cluster of four to five neighbouring villages. However, as the business becomes lucrative in neighbouring villages, other small-scale business people are likely to start their own enterprises in these communities. This results in a reduction of customer base and increased competition, sometimes to a point where entrepreneurs find it difficult to recoup the investment and maintenance costs. It is felt that this is mainly due to lack of capacity and inadequate marketing strategies to retain the original customer base. The advantage of being the first entrepreneur in the area is not utilised wisely, as a consequence of which they see themselves 'out-competed' by new market entrants.

c. Low level of education inhibit employment possibilities in small sector

The level of education on the whole is low in the villages visited. This makes employment difficult in sectors requiring a certain educational level and skills (e.g. service sector). In some places, there have been deliberate attempts by the higher caste village elite to dissuade the poorer sections of the village population to obtain better education. Due to low levels of income as well as unfavourable conditions to send their

children to school, the girls suffer the most as they become the target of high expenditure (e.g. dowry) and are the first to be taken out from the school.

d. Pessimistic attitude toward starting new enterprises

This is very true in the case of wage labourers who in many cases have resigned to fate with pessimism deeply rooted in their minds. The 'webs' of poverty and submission through the ages have led them to believe that their conditions can never improve. Therefore, although opportunities do exist, they are extremely reluctant to entertain new enterprises considering the risk of failure. They also have the strong mindset that only such enterprises can be undertaken in which they possess the traditional skills. They are, therefore, hesitant to explore new options and undertake any new enterprises.

Opportunity: Measures to build Skills and Managerial Capacities to initiate RNFE

a. Capacity building of potential young entrepreneurs

There is a need for capacity building initiatives to build the analytical and technical skills of the villagers. This would necessarily involve an integrated and multi-pronged approach, which would aim at educating the villagers, especially the marginalized sections, on the various factors involved in starting an enterprise.

It would also include lessons right from the first step of accessing credit, to the choice of enterprise, the analysis of the market scenario, and forward and backward linkages. For such an intensive and integrated training module, it will be useful to involve the professional training institutions within the Government, NGOs and the corporate sector.

The recent trend of the Rural Development Cell amongst the corporate giants to adopt some villages and promote them can be encouraged and replicated at a larger scale. With the easy availability of capital and skills, these corporate companies are able to invest in skill building and promoting RNFE of these villages through intensive hand holding processes. An example worth citing here is that of Hindalco in Sonbhadra, Uttar Pradesh. It is suggested to analyse the success rate of different Rural Development Cells.

b. Systematic block level RNFE planning

There is a need to undertake block level resource mapping of available inputs, processing and output potential of various RNF activities. This would involve identifying and synchronising effective spatial planning nodes of production and marketing with the existing market/production places. This systematic approach will enable facilitating agencies to propose the most promising enterprises in the villages with the aim that a viable business scale may be attained for each activity.

7.2.4. Supply of Raw Material

Constraint: Inadequate Raw Material supply especially with respect to the traditional RNFE activities

a. Depleting Natural Resources

The traditional caste based occupations such as carpentry, bamboo making and pottery have evolved through the ages and rely on natural resources for their raw material. For example, the raw material for carpenters is wood, whereas the supply of bamboo is essential for the survival of the art of making bamboo products. Although Madhya Pradesh has a relatively dense forest cover, over the years this have been subjected to over exploitation by various vested interest groups. With the growing importance of biodiversity conservation at all levels and the international pressures to undertake stringent conservation measures, most of the forests have now been declared as protected by the Forest Department. Therefore the supply of wood has become heavily constricted.

Bamboo being another forest species is also facing the same problem. Ruthless exploitation by industrial companies, especially the paper mills, has depleted the population of the species in the past. Added to this fact is the constraint faced due to the physiological cycle of bamboo. The bamboo flowers once in twelve years and therefore its reproductive cycle is very slow, which represents a natural constraint to the population of the species. Once extracted, the species has to undergo the same cycle of twelve years again before a new offshoot comes.

b. Harassment faced by the people during collection of raw material

It was reported by many carpenters that making of wooden articles subjects an individual to harassment by the officials since it is now illegal to commercially exploit wood. Although bamboo has been declared under the category of MFP and the local people are legally entitled to collect bamboo, the reality is different in that the existing impositions are not according to the legal rights bestowed to the people. Since previously bamboo was under the control of the Forest Department, the people are still under the impression that they do not have the rights to collect bamboo for their use. On the other hand, the forest officials have also deprived them of this information and continue to impose the previous rules thereby subjecting the local people to harassment if they are caught while collecting bamboo. It is a known fact that the mass scale exploitation of forest species is being mainly undertaken by the Timber lobby and other industries such as Paper Mills, for whom these species are of commercial interest. Since there exists a corrupt nexus between such exploiters and the Forest Department officials, it is very convenient for both to hold the local people responsible for any kind of extraction.

Opportunities: Ensuring regular supply of Raw Material***a. Strengthen local governance institutions to take control of the natural resources***

The provisions endowed to the local people need to be known to them. As a consequence, the dissemination of information about the local population's legal rights is imperative. Strengthening the local self-governance bodies to enhance control over the natural resources including the MFP is essential to ensure the rights as well as the livelihoods of the people dependent on the Forests. Most of the villages located in the vicinity of the forests come under areas where PESA (Panchayat Extension to Schedule Areas) is enforceable. This act empowers the *gram sabha* to have control over the natural resources. Therefore, the effective implementation of this law is the key to address the grievances of the people and ensure their traditional livelihoods.

b. Promote alternative inputs and design improvements for efficient product selling

Considering a depleting natural resource base, in the context of raw material supply for RNFEs, there is a need to invest in the following:

- Develop private production sites of raw material;
- Identify substitutes which can produce better or similar quality of goods;
- Improve technology for efficient use of available scarce raw material;

7.2.5 Infrastructure***Constraint: Weak infrastructure facilities to enable RNFE***

It is assumed that the provision/existence of good roads, power, water and telecommunications would enhance the status of RNFE and act as promotional inputs. These preconditions have implications for greater access to market, information, reduced cost of production and transportation as well as efficient outreach of products in different markets.

a. Un-maintained roads reduce accessibility

By and large the condition of roads is not good in both the districts and is comparatively worse in Narshimpur. This is posing a hindrance to the people, especially involved in dairy. Shelf life being a constraint to dairy, it requires timely delivery of products to the customers. The men grudgingly accepted that because of the poor conditions of road, they had to spend substantial time on transportation. In some of the remote villages, with poor access, the potentials exist to earn livelihood from dairy but because of difficult accessibility, the van of the *dugdh sangh* (Milk Cooperative) never reaches there and hence marketing becomes a problem. Good accessibility is also crucial for exchange of information and facilitating exposure to outside world.

However, good accessibility of a village does not necessarily imply that the village will have a thriving RNFE. It is a combination of many factors, which govern the status of RNFE. Bad roads are also one of the reasons attributed to the proliferation of the practise of middlemen. Considering the time taken to cover such short distances, due to bad roads, it is preferred to sell the produce to the middlemen.

b. Power Supply

Supply of power is essential for irrigation purposes as well as, in case of RNFE, things like good processing, motor repair, etc. shortage of power supply was a universal complain from almost all the villages. This was therefore reducing the production of jaggery, operation of threshers, flour mills etc., although there was potential to do so. Again, in the case of poultry farming, which is a comparatively new enterprise, electricity is essential to regulate the temperature. This is reflected by villagers who stated that there was a willingness to start this new type of business but due to lack of power supply it was not possible to get started.

Opportunity: Improving Infrastructure Facilities to improve the status of RNFE

a. Encouraging Panchayats to invest in productive assets

The mandate for panchayats to invest on production oriented infrastructure development requires strengthening. Although panchayats are being given funds for the development of their respective villages, these funds are basically being invested to develop infrastructure for social welfare purposes rather than infrastructure such as storage rooms etc. that are production oriented. The reason is obvious as developing infrastructure for the social welfare results in public acclaim whereas production oriented infrastructure only yield results in the long run.

b. Diversion of development funds for creation of productive infrastructure base

There is a need to mobilise resources at the state district and block level to invest in improving road network. The policies of repayments need to be evolved where panchayats also contribute, especially where the RNFE will be greatly benefited.

7.2.6 Competition due to Open Market

Constraint: Competition with substitute products vis-à-vis quality issues due to use of traditional technology

Food processing, in particular MFP processing used to be a commonly found means of livelihood. For example, processing of *gulli* to make oil (in Betul) had been, till a few years back, a source of livelihood for many. The market demand was high and the choices were limited. However, the processed food products are now facing competition

due to the opening of the market and the entry of more refined products in the market like industrially manufactured cooking oil. These modern products are processed by the use of sophisticated machinery and therefore are of better quality. Hence products such as *gulli* oil face stiff competition from such sophisticated products.

The outreach of the manufacturers of the present day food industry is expanding very steadily to the rural markets. With their sophisticated packaging and high quality measures, the market of the traditional products is decreasing and has many a time resulted in the complete wipe out of such products from the market. For example, the *ghani* units of many households, which were being used for processing *gulli* oil in Adarsh Dhanora now lie idle.

Opportunities: Linkages with Corporate sector

To counteract the impacts of the open market, keeping intact the interests of the villagers, steps to improve the existing technologies need to be undertaken. The introduction of new technologies would require inputs of capital, the channels for which would have to be explored. Probabilities of linking the manufacturing companies directly with the community and using the community as the salesmen might be a viable option. This on one side would do away with the concept of middlemen and on the other side would generate means of livelihood for the community-based salesmen/women.

Secondly, the market of MFP has high value in the domestic and international health industry. The two levels need to be linked and equity measures worked out so that mutually beneficial opportunities can be achieved. The marketing and technology inputs can be of the MNC pharmaceutical company and the knowledge and skills would be of the local people. In addition to a conducive infrastructure, this involves improved planning capacity at block level, and better linkages with research institutions and the industrial manufacturing sector. NGOs can play a brokerage role in this context.

7.2.7 Social Stratification and RNFE

Constraint: Caste and class hierarchy create barrier for the marginalized to take advantage of RNFE sector

Caste and class hierarchy play a very important role in determining the socio-political-economic scenario of a typical Indian village. This factor is in its subtle but overarching manner largely responsible for the stagnation of the development of the marginalized sections. There are deliberate attempts on behalf of the upper caste and upper class to subjugate the marginalized and block all access to agents of economic growth like education, information, access to credit etc. This was voiced by the marginalized community themselves during the survey.

It was also prominently observed that the higher caste individuals had undertaken most of the successful enterprises and this was mainly because they had the advantage of

influential contacts for ensuring access to credit and in some cases had the benefit of schemes like PMRY due to being caste brothers of the Sarpanches. The details of the influence of caste can be seen in chapter 5.

Opportunities: Formulation and Implementation of pro-poor policies

Strong social and pro poor policies need to be formulated and implemented to address the issues of caste and class discrepancy. The present pro-poor government is undertaking steps like the implementation of various schemes through the mission mode and other schemes like the watershed development scheme etc. It is evident that there is a strong political will to promote the interest of the poor and marginalised. However, the loopholes lie in the effectiveness of implementation of these schemes. More stringent measures to monitor the implementation of these programs need to be undertaken. Apart from this, the implementation of these schemes / programs should not have a target driver approach but a process driven approach which would thereby ensure the sustainability of these programs. An amalgamated approach involving cross learning exercises between the government and non-government sector should be taken as an ideal approach.

Last but not least, given their role in the rural economy, it is important that the formulation and implementation of pro-poor policies are to the benefit of women. For example, the education of girls with a scheduled caste / tribe background requires more promotion. The current measures and monitoring systems in place may give the impression that a high percentage of these girls attend school, however, in reality, they are the first ones to loose out when families encounter economic hardship forcing them to migrate.



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