

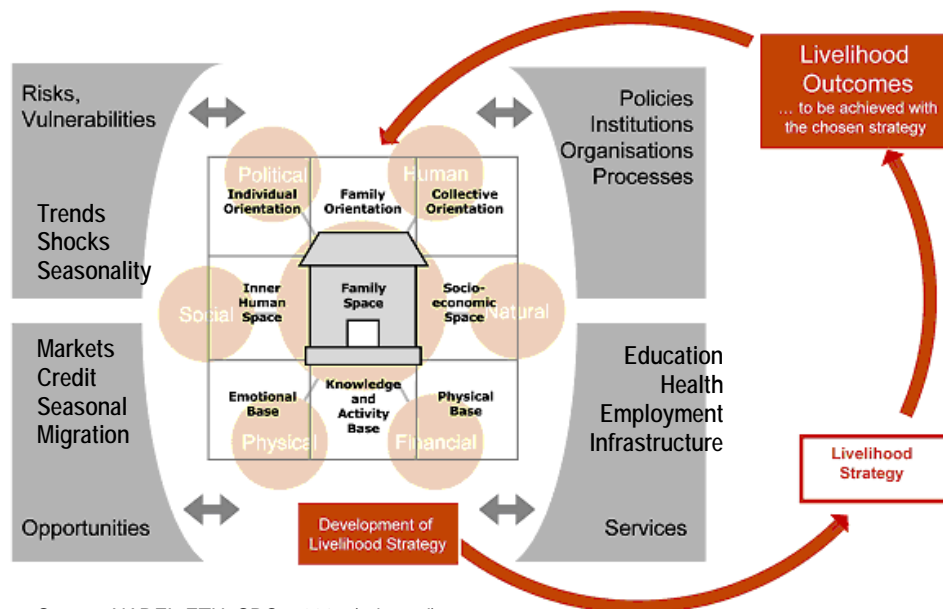
National Civil Society Conference

What it takes to Eradicate Poverty

December 4 – 6, 2007

THE CHANGING FACES OF RURAL LIVELIHOODS IN INDIA

Theme Paper



Source: NADEL-ETH, SDC – 2007 (adapted).

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India is witnessing a series of changes since early nineties. Recently, the Sensex crossed 20,000 points and simultaneously India ranked in 94th out of 118 countries in the Global Hunger Index — behind Ethiopia. Unprecedented numbers of farmer suicides, big corporate houses entering into retail business, land allocation for Special Economic Zones, boom in information technology and IT enabled services, zero growth rates in employment, are among many such events that needs introspection.

In recent years the Indian government has made huge investments in development of infrastructure like roads, telecommunication, etc. It has also passed legislation to benefit rural citizens. For example, under universal service obligation, each village should have a village public telephone installed and maintained by the service providers. Also, the “Right To Information Act” passed recently was to make the government system accountable to the citizens. However, civil society organizations are often unaware of such legislation and they fail to leverage the benefits. Corporate houses, private business houses and largely urban citizens are making effective use of the provisions. Thus, the benefits are inequitably distributed between the rural and urban areas. This rural-urban divide in accessing infrastructure services coupled with inability of civil society organizations to utilize the existing provisions has contributed to the slow growth of livelihood opportunities in rural areas.

Initial poverty eradication efforts in India concentrated on supply of agricultural technologies, inputs and services that were often ‘production’ orientated. However, they were not targeted towards the poor or were largely inappropriate to the needs of the poor and the benefits were mostly captured by the wealthy. Later, the approach changed towards ‘capacity-building’ in sector organisations to equip people and organisations with the skills and resources to do a better job but, overall little has changed since the new skills are not used. All these approaches tended to be sectoral and supply-driven and the results were not very encouraging. The concept of livelihoods and livelihoods analysis emerged in the mid nineties - closely associated with poverty reduction strategies.

Understanding the livelihood systems of the poor is crucial to effective poverty reduction. Livelihoods of the poor can never be understood in any one-track logic - be it economic, social, technical, cultural or political. The livelihood systems are made up of very diverse elements which - taken together - constitute the physical, economic, social and cultural universe wherein the families live (Hogger, 2006). Thus, the livelihood system is more than just a set of physico-economic preconditions for continued existence. It also encompasses psychosocial dimensions of experience of living. The livelihoods approach puts households of the poor as its central focus. It takes holistic consideration of things that the poor might be vulnerable to, assets and resources that help them thrive and survive, policies and institutions that impact their livelihoods, how the poor respond to threats and opportunities and what sort of outcomes the poor aspire to.

Agriculture and allied activities support livelihoods of nearly 70 percent of India’s rural population. In recent years, land based livelihoods of small and marginal farmers are increasingly becoming unsustainable, since their land has not been able to support the family’s food requirements and fodder for their cattle. As a result, rural households are forced to look at alternative means for supplementing their livelihoods.

Changing Trends in Agriculture

Majority of the India farmers derive their livelihood from agriculture. During the Tenth Five Year Plan, gross domestic product (GDP) originating from agriculture and allied activities was 2.3 percent compared to 8.0 percent in the industrial sector and 9.5 percent services sector. During this plan period, the growth in the agriculture and allied activities averaged 2.3 percent which is lower than that of 3.2 percent during the 1990s and 4.4 percent during the 1980s. Also, there is a shift from staples to cash crops which is the major reason for food insecurity. From 1960-61 to 1998-99 the area under grain crops has gone down from 45 million hectares to 29.5 million hectares, area under cotton has increased from 7.6 to 9.3 million hectares and area under sugarcane has increased from 2.4 to 4.1 million hectares. Since 1990-91, due to the new economic policies, the area under food grains and coarse grains have declined by -2 and -18 percent respectively while area under non-food cash crops such as cotton and sugar-cane have increased by 25 and 10 percent respectively.

However, production of milk has increased from 84.4 m tonnes (2001-02) to 97.1 m tonnes (2005-06). Production of eggs has increased from 38729 millions (2001-02) to 46231 millions (2005) (Ghatak, 2007). Notwithstanding increased availability of milk, fruits, vegetables, fish and other produce, the agricultural sector is facing the new challenges of diminishing land resources, factor productivity decline, threatened loss of bio-diversity, natural resource degradation, widening economic inequality, etc that have serious implications on the livelihoods of the poor. Indian agriculture has also come under significant adjustment pressure from market liberalisation and globalisation.

The changing consumer preferences have added to the complexities of adjustment. The food consumption pattern in India is diversifying towards high value commodities. The decline in per capita consumption of cereals, in particular coarse cereals, has worsened the nutritional status of the rural poor. In the case of the poor, total consumption of high value cereals like rice has declined by 10 percent due to rise in prices of cereals in real terms during the 1990s and dietary diversification towards non-foodgrains. Similarly, average daily intake of protein by the Indian population decreased from 60.2 grams to 57 grams in the rural area between 1993-94 and 2004-05 (Praduman Kumar, et. al. 2007).

Recent studies indicate that household level food security for the poor households is changing for the worst.

Household Level Food Security - Its Importance

As P Sainath (2007), puts it: *“Seldom has policy been so forcefully implemented as in the 1990s. For ten years, governments have assaulted the livelihoods and food security of the poor. That security does not lie in mountains of grain but in millions of jobs and workdays for people”*. Food security at the national, state or district level does not automatically ensure food security at the household level. Today, commercial crops are being recommended by Agriculture Departments to improve the economic status of farmers without explicit consideration of their household level food security. What most small and marginal farmers often need is food crops such as short duration cereals, millets and fodder crops to meet their family's food and fodder needs.

“The rebirth of jowar would have helped farmer, soil and food security. Suicides are far higher among cash crop farmers than among food crop growers here. It would also have seen the revival of livestock — jowar is where the fodder comes from”.

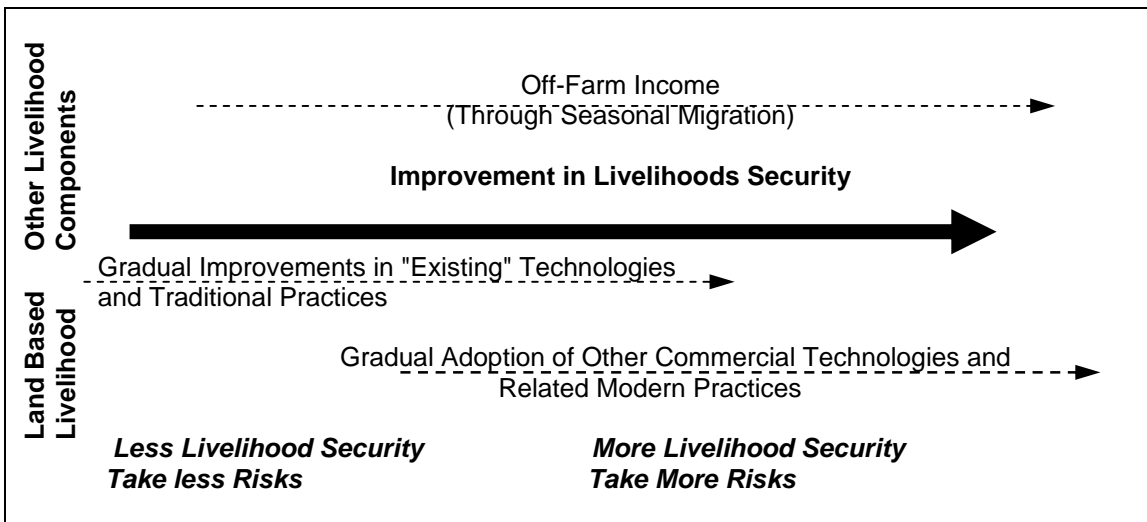
- P. Sainath, 2006

For scientists, modernising agricultural production through technological alternatives seems to emerge as a natural path to food security. Development and dissemination of green revolution technologies are classic examples of the approach for attaining national food sufficiency when hunger and starvation were widespread. Farmers in resource rich regions of India successfully adopted these technologies that account for about 35 percent of the cultivated area. But, in the rainfed areas (65 percent), technology adoption varied considerably. In semi-arid areas, the record is even miserable despite improved technologies being available.

Our observations in the semi-arid areas indicate that some small and marginal farmers sought modern agricultural technologies on their own, without any assistance from the extension network; and there is a majority who, despite all extension efforts, refuse to change from their traditional way of farming (Hiremath, et. al. 2004). Figure 1 depicts the importance of both land based livelihood components and other components. Households that face difficulties in ensuring their own food supply, first try to reach this threshold by intensifying production of subsistence crops (maize and pigeon pea). Households that have crossed food security threshold then invest more in commercial crops like tomatoes and brinjal, etc. Evidently, it suggests that neither the technologies seem inappropriate nor it appears to be a failure of the extension network. The security of the family's livelihood system as a whole plays the determining role in technology adoption or non-adoption.

It is important to realise that livelihood security has to be understood from the farmers' perspective. **Food security is a subjective concept defined as an individual farmer's own perception as to whether s/he has been able to support the family's food and fodder requirements adequately round the year using all resources under his control** (Hiremath, et. al. 2004). Food security is only one (although extremely important) element of livelihood security. But since farmers never make their decisions in a one-track logic, it seems possible that the one-track security based on food alone would have to be enlarged to the more holistic notion of security of livelihood, or speaking even more simply - life-security. Livelihood security encompasses food security, social security and psychic security. Each one of them has some basic minimum threshold level to achieve and maintain and also must be pursued in a balanced way.

Figure 1: Livelihoods in the Study Area



Adapted from U. Geiser based on text – from Basic Document 5, Discussion Forum North-South, November 1999

There are evidences to suggest that many of the household decisions (e.g. sending children to school, participation in community organisations, etc.) are directly related to whether the households are below or above the food security threshold.

In the absence of food security off-farm income from migration becomes a stabilising component in the over all livelihood security. Many development agencies seek to reduce distress migration by providing opportunities to farmers to increase their income from land based activities through commercialisation of agriculture. Often the approaches taken are sectoral and fragmented.

Migration and Livelihoods

Every year millions of poor families migrate in search of work. They are forced to migrate due to a livelihoods collapse in the villages. These distress migrants often lock their homes, take a few meager belongings and move across long distances. The children accompanying their parents are forced to drop out of school. The numbers of such children under the age of 14 years is estimated to be around 9 million.

Being away from their village, they do not belong to the places where they go and increasingly lose acceptance in their own villages. They are disconnected from their community, culture and traditions, unable to take part in festivals, fairs, religious and social functions, which are an integral part of their lives thus losing their sense of identity. The vulnerability of people who cross state boundaries is even greater as they find themselves increasingly at the mercy of their contractors. The family members or children left behind in villages do not know where the family has gone, or how to contact them. Dealing with emergencies, particularly back home is difficult, especially for those who go long distance.

Distress migrants find themselves with hardly any skills, assets or education. Earnings from migration are survival level and not enough to build assets. On the contrary, medical or other personal emergencies and the unsteady nature of work often push them further into debt. Those who own a few animals have to arrange that they are cared for or just end up selling them off at low prices – thus depleting their assets.

The work sites largely have no basic facilities like water, marketplace, schools, health centres, etc. Migrants are at the mercy of their employers for all their needs. Contractors retain control of labourers not only financially but also physically, forcing them to work even when they are sick or injured. If there resident communities nearby, migrants are usually shunned by local people, and regarded as bad elements or thieves.

Given the difficulties encountered by illiterate and under-informed migrants in accessing provisions that have been made for them by the State, there appears to be a need for support from elsewhere. A number of civil society organisations have taken up the cause of building the capacity of migrants to demand their rights from contractors and government officials.

A particularly striking example of a successful migrant support programme is the one initiated by the Grameen Vikas Trust (GVT). It has worked closely with the panchayats of source villages and has developed an informal system of identity cards for migrants. With these cards, migrants have something to show the authorities at railway stations and bus stands, common points in their journey when they are open to harassment. GVT has liaised with NGOs in the neighbouring state of Rajasthan to set up migrant resource centres that provide them with information on job availability, wage rates and rights.

By all accounts such migrant support programmes have achieved more success than official programmes in ensuring fair pay and better working conditions. The widespread system of subcontracting that operates in non-farm sector employment especially in construction projects fudges responsibility and accountability so that it becomes very difficult for government officials to implement protective legislation.

Given the problems associated with agriculture and distress migration, occupational diversification is a means to make livelihoods sustainable as agriculture alone cannot sustain the growing population in villages, it is imperative that the RNFS (RNFS) is strengthened. The RNFS plays a crucial role in providing livelihood security to the poor.

Trends in Rural Non-Farm Sectors

The rural non-farm economy is the backbone of numerous towns scattered throughout India as well as the primary source of income and employment for many of India's poor. The sector therefore plays a key role in determining future prospects for employment growth and poverty alleviation in the country. The RNFS is closely linked to agriculture. A large share of rural manufacturing involves agro-processing and the production and supply of farm inputs. Agricultural performance therefore tends to influence growth in the non-farm economy. A growing agriculture demands production inputs in addition to supplying raw materials to transport, processing and marketing firms. Moreover, agriculture provides the livelihood of more than 70 per cent of the rural labour force and as such, increases in farm income tend to stimulate demand for consumer goods.

Interestingly, development of the RNFS in the 1980s resulted in a remarkable reduction in poverty. However, this is an area which has received casual treatment from the policy makers, economists, politicians, social activists, entrepreneurs and more importantly, the communities themselves. Despite this neglect, it is said that 90 percent of the additional employment during the reform period was due to the non-farm sector. According to the National Sample Survey, the percentage of employment in the RNFS in total rural employment increased from 18.4 per cent in 1983, to 21.6 per cent in 1993-94 and 23.8 per cent in 1999-2000.

The additional employment created in the RNFS during the reform period was 8.54 millions. Out of these, 36 percent of the additional employment in RNFE during the reform period was due to construction, 27 percent was due to manufacturing and repair services and 25.5 percent was due to transport, storage and communication. The contribution of retail trade was 13 percent while that of hotels and restaurants was only 4 percent. In the case of community and personal services, there was a decline in employment while the employment of social services (education and health) increased. The shares show that around 63 percent of the additional employment was due to construction and transport, storage and communications. It is not clear whether the creation of additional employment in these activities led to improvements in the well being of the poor.

Although the RNFS has tremendous potential of removing unemployment in villages, the government has not been serious to address the basic problems plaguing this sector. Major bottlenecks in the holistic development of the RNFS are poor quality of employment and incomes, shortage of skilled manpower, unavailability of credit facilities, absence of marketing networks, poor transportation facilities, low public investment in villages, lack of basic amenities in rural areas, poor law and order scenario, erratic power supply, etc. Besides, not much has been done to develop technologies relevant for the sector. Entrepreneurs are by and large reluctant to invest in the rural non-farm sector. Not many NGOs and political groups are engaged in empowering the rural communities to be proactive and develop RNFS enterprises on their own.

Globalisation and Vulnerability

Rural livelihoods are affected by the process of Globalisation.

Special Economic Zones (SEZ) are created across India to promotion exports. Commerce and Industries Minister Kamal Nath claims that exports will ultimately grow five times, GDP will increase by 2 percent , and 30 lakh jobs will be generated by SEZs across India. The government also claims that SEZs will attract global manufacturing through Foreign Direct

Investment (FDI), enable the transfer of modern technology and create incentives for infrastructure.

To date, the central government has approved 237 SEZs in 19 states (occupying 86,107 hectares) out of which 63 of these SEZs have already been notified. Around 23 SEZs are operational, 18 in the IT sector. Total amount of land to be acquired across India is estimated to be around 150,000 hectares. This land – predominantly agricultural and typically multi-cropped - is capable of producing close to 1 m tonnes of foodgrain. If SEZs are seen to be successful in the future and more cultivated land is acquired, they will endanger the country's food security.

Reliance Industries has sought permission to build India's biggest Special Economic Zone near Mumbai comprising more than 14,000 hectares of land. Similarly, Some 400 SEZ projects, offering incentives to big businesses had been approved (formally and in-principle) amounting to 1,25,000 hectares. Some estimates show that close to 114,000 farming households and an additional 82,000 farm worker families that are dependent on these farms for their livelihoods will be displaced. The total loss of income to farming and farm worker families is at least Rs 212 crore a year not include other income lost due to the demise of local rural economies. Such developments by the MNCs and Corporate Sector are playing with the emotional, economical and cultural interests of farmers, fisherfolk, salt-pan workers and agriculturalists in the area. Their entire livelihood is dependent on the farmland. It is an amazing feature of this exclusive area of India where people have farmlands and they also do inland fishing. India's Special Economic Zones have drawn sharp criticism from a wide range of environmental and human rights groups, as well as farmers, villagers, fishing and agricultural workers who face losing their land, homes and livelihoods. Critics point to a lack of transparency and unwillingness to hold open public consultations on the SEZ issue.

Correspondingly, the entry of corporate retail into India is nothing but a hijack of India's vibrant, well organized retail service economy. Corporate retail will not create two million jobs; but it will destroy 38 million livelihoods of people involved in running small shops and street markets. The growth being projected as a new contribution to the economy hides the destruction of the contribution of the 40 million people involved in small retail to the Indian economy.

Corporate retail is being described as organized retail. And small scale decentralized and highly networked indigenous retail is being falsely referred to as unorganized. However Indian trade is highly organized and has existed for centuries on the basis of low cost and high efficiency. India needs the self organized skills of our traders, shopkeeper, hawkers and vendors both to provide employment to millions and affordable friendly community service for basic needs to society.

India is a land of retail democracy. Hundreds of thousands of weekly haats and bazaars are located across the length and breadth of our country by people's own self-organizational capacities. India's streets are bazaars – lively, vibrant, safe and the source of livelihood for millions. India has the highest shop density in the world, with 11 outlets per 1000 people not including the village haats.

Our retail democracy is characterized by high levels of livelihoods in retail with nearly 40 million employed accounting for 8 percent of the employment and 4 percent of the entire population. It is predominantly self organized with low capital input and highly decentralised. In a country with large population and high levels of poverty, this model of retail democracy is the most appropriate in terms of ecological sustainability and economic viability. By 2011, more than 6600 mega stores are planned with investment of Rs. 40,000 crore. Reliance plans to invest \$5 billion over next four years to open thousands of retail stores. Walmart's partner Bharti also plans to invest up to \$2.5 billion in new stores in the next eight years. The entry of the giant corporate retail in India's food market will have direct impact on India's 650 million farmers and 40 million people employed in tiny retail.

Coping Strategy of the Poor

A review of coping mechanisms reveals that a very small group of medium farmers is able to cope with adverse climatic conditions merely through the sale of available stocks. On the other end of the spectrum, landless labourers can only resort to seasonal migration due to lack of any productive assets or availability of alternative employment options in the village. Small/marginal farmers use a variety of adaptation options such as sale of cattle, shifts to other subsistence crops, wage labour, as well as seasonal migration. This range of options, however, constitutes only temporary coping measures. During adverse periods, farmers have implemented a range of livelihood and coping strategies to reduce their vulnerability ranging from appeasing the Lord Indra (the god of rain) to some social support system reduction of food consumption and change in the pattern of food consumption changing their occupation to households either sold or mortgaged their lands and household assets.

Options that enhance longer-term adaptive capacity (such as institutional credit, crop insurance, and use of drought-resistant varieties) are not used by farmers due to procedural complexities and stringent eligibility criteria, compounded by lack of awareness.

Social Protection

Poverty alleviation has been one of the guiding principles of the planning process in India. The role of economic growth in providing more employment avenues to the population has been clearly recognised. The growth-oriented approach has been reinforced by focusing on specific sectors which provide greater opportunities to the people to participate in the growth process. The various dimensions of poverty relating to health, education and other basic services have been progressively internalised in the planning process. Central and state governments have considerably enhanced allocations for the provision of education, health, sanitation and other facilities which promote capacity-building and well-being of the poor. Investments in agriculture, area development programmes and afforestation provide avenues for employment and income. Special programmes have been taken up for the welfare of scheduled castes (SCs) and scheduled tribes (STs), the disabled and other vulnerable groups. Antipoverty programmes that seek to transfer assets and skills to people for self-employment, coupled with public works programmes that enable people to cope with transient poverty, are the third strand of the larger anti-poverty strategy. The targeted public distribution system (TPDS) protects the poor from the adverse effects of a rise in prices and ensures food and nutrition security at affordable prices.

Poverty rates in India have declined over the last decade, but the incidence of poverty remains high at 28 percent. India's surge in growth and rapid expansion in public spending in the past decade has created new possibilities for its social protection system. Basic subsistence needs and services remain the priority in some areas but with the need to re-examine delivery mechanisms for traditional safety nets in the changing economy. Other areas face second generation challenges of expanding social protection instruments to deal with economic modernization, and the new risks and vulnerability it brings. Some of the programmes the government has implemented/implementing are Pradhan Mantri Gram Sadak Yojana, Swarnjayanti Gram Swarozgar Yojana, Sampoorna Grameen Rozgar Yojana (SGRY), Indira Awaas Yojana, National Rural Employment Guarantee Act-2005, National Social Assistance Programme, National Food for Work Programme, among others.

The Government spending remains focused on social protection programs to alleviate chronic poverty. Spending on food programs remains high, and is mostly focused on rural areas. A safety net for the urban poor is very limited. In 2004 the Government spent around 4.3 percent of GDP on core social protection programs, 2.2 percent was spent on safety nets and the remainder on formal sector pensions. However, these social protection programs have not reduced poverty as India had hoped they would. Many of the programs have been subject to frequent adjustments, through re-branding rather than significant change. In addition, these programmes lack cross-program coherence. Poor implementation and limited flexibility in responding to the variations in

the priority needs of poor households are serious governance have made limited impact on poverty reduction.

However, the importance of social protection is growing as it is reflected in the Government's Common Minimum Program. Increased resources and political priority given to social protection stem from social concerns that India's high growth has not been sufficiently inclusive.

Information Systems for Sustainable Rural Livelihood Security

Development projects need relevant and good quality information. By definition, development interventions are oriented to changing people's lives. They attempt to target those who are marginalized and vulnerable to disruptions. Until recently top-down methods were dominant in which most essential decisions about what issues will be addressed and how the information will be used were made by "specialists" (as opposed to community members). Projects are designed based on information that they have about the people in question, their needs, conditions, and concerns. When organizations base their actions on insufficient or faulty information, the result is a misplaced intervention that has little correspondence to the needs the poor. Such projects may actually have a negative effect on poor as they undermine traditional practices or cause local communities to invest their scarce resources in unviable activities. Vulnerable populations may actually become more destitute as a result of such poorly informed interventions.

There are many successful information and communication technology (ICT) initiatives in India oriented towards rural development. Now this has received due attention of policy makers, implementers for success of e-government projects through National e-governance plan (NeGP). The objective of NeGP is to provide a portfolio of services to the citizens through common services centers (CSC) integrated with e-government backbone to not only set up a good e-governance system but also to establish a support structure for sustainable livelihood opportunities. In order to support the rural households, the Government of India is planning to set up 100,000 common service centres (CSC) for 600,000 latest by September 2008. The financial outlay is around Rs. 23,000 Crores. These centres are expected to provide 80 common services with active support from district, state and central administration as well as business sector. The CSCs are meant for optimising transaction cost and time. It is also envisaged that these CSCs will support on-line transactions for government services. This is primarily aimed to reduce the distance that a villager normally travels to transact. A villager usually would prefer a better transaction cycle to happen in the village itself to support their livelihood prospects.

These CSCs are conceptualized on supply-driven model and are expected to provide pre-determined services. Experience of such supply driven projects have more failures than successes. This is primarily due to poor sustainability attributed to gap in supply and demand of the services needed by the rural citizens. Therefore there is a need to develop models to capture local demand on participatory mode with a suitable interface with supply-driven government systems.

Summary

The rapid changes at the macro level that India witnessed since the early nineties has contributed to the instability of the livelihood systems of the poorer section of both rural and urban households. While the benefits of globalisation process have largely accrued to the urban sector growth the rural sector has been left behind. Slowdown in agricultural growth and productivity, changing cropping patterns, increase in distress migration, changing consumption patterns, government policies favouring industrial houses, among others have seriously undermined the food and livelihood security of the poorer households.

An integrated, multidimensional and holistic approach to poverty eradication efforts is crucial to preserve and enhance the livelihoods of the poor.

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