

# **RURAL LIVELIHOOD DIVERSIFICATION IN WEST BENGAL**

**Bidhan Chandra Roy  
Dilruba Khatun  
Arnab Roy**



**Study sponsored by Ministry of Agriculture and Farmers Welfare  
Government of India, New Delhi**

**Agro-Economic Research Centre  
(For the States of West Bengal, Sikkim and Andaman & Nicobar Islands)  
Visva-Bharati, Santiniketan  
West Bengal**

**August-2018**

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## Preface

The present study entitled '*Rural Livelihood Diversification in West Bengal*' was initiated by Agro-Economic Research Centre, Visva-Bharati during work plan 2017-2018 at the instance of Directorate of Economics and Statistics, Ministry of Agriculture & Farmers Welfare, Government of India, New Delhi with full financial and administrative support.

The motivation for the study came from the interaction with Mr. P. C. Bodh regarding the importance of continuous/repeated village survey studies. Since the first and second authors of this study had already conducted a similar study a decade ago, it was suggested to use that as a base line and repeat the survey in the same villages to map the changes in rural livelihood diversification in West Bengal.

Livelihoods of rural people do not depend on a single source of employment. Also it includes various aspects of life apart from income or occupation. Livelihood strategies are characterized by the allocation of assets (natural, physical, financial, public, social and human), income-earning activities (on farm, off farm), and outcomes (food, income, employment, consumption, security). Together these determine the well-being attained by an individual or households.

The present study is a longitudinal study and was conducted in the state of West Bengal during the period 2007-18. In order to examine the changing dimensions of rural livelihood, a repeated field survey was undertaken in an interval of 10 years. The first survey was conducted for the agricultural year 2007-08, and the second survey was undertaken with the same households for the agricultural year 2017-18. It is an attempt to explore the changes in livelihood sources, its determinants and impact on sustainable rural livelihood in West Bengal.

The findings of the study shows that the rural livelihood in West Bengal is fast diversifying though job creation has mainly been shifted towards casual and marginal works. But the silver lining is that livelihood diversification represents a promising opportunity to enhance household income in rural areas. In general, the capacity of agriculture sector in providing employment to the rural masses reached saturation, but there are still scope within agriculture to increase the farm income through development of irrigation facilities and promoting diversification towards high value crops and agri-business activities. So far, the growth in non-farm employment opportunities remained inadequate to absorb the surplus labour left agriculture sector due to push factors. Therefore, creation of off-farm and non-farm employment opportunities for rural households holds the key for a sustainable livelihood. It is a challenging task but employment opportunities need to be created, otherwise the goal of doubling farmers' income will remain as a slogan only.

The project proposal was developed and presented by Prof. Bidhan Chandra Roy in consultation with Dr. (Mrs.) Dilruba Khatun, Asutosh College, University of Calcutta. The task of completion of this study was assigned to Dr. (Mrs.) Dilruba Khatun with Prof. Bidhan Chandra Roy as overall coordinator and Mr. Debanshu Majumder as Team Leader. The study team also consist Mr. Ashok Sinha and Dr. Debajit Roy of this Centre. Analysis and drafting of the report was done by Prof. B. C. Roy, Dr. (Mrs.) Dilruba Khatun, and Mr. Arnab Roy. Secretarial assistance was provided by Munshi Abdul Khaleque, Nriyananda Maji and Dibyendu Mondal. Mr. D. Das, Mr. P. Mitra, Mr. A.R. Patra, Mr. B. Singh and Mr. S. Hansda helped in the office maintenance.

We acknowledge the generosity of Prof. Sabuj Koli Sen, Vice Chancellor (Off.), Visva-Bharati, and Mr. S. Mukherjee, Economic and Statistical Adviser, Ministry of Agriculture & Farmers Welfare, Government of India, New Delhi for their guidance and necessary support in completion of the study.

We are particularly indebted to Shri P. C. Bodh, Adviser (AER Division) and Mr. Rakesh Kumar, Director (AER Division), Ministry of Agriculture & Farmers Welfare, Government of India, New Delhi; and Prof. Amit Kumar Hazra, Former Directors, AERC, Visva-Bharati for their valuable suggestions and help rendered during the execution of the study.

A word of appreciation is due to Prof. Ram Pravesh Singh, Hony. Director, AERC, Bhagalpur for his candid suggestions and comments on the draft of this report. Last but not the least; thanks are due to innumerable respondents in the villages who ungrudgingly took the pain of answering to our questions for hours at end. We thank each one of them for their invaluable support.

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## Abbreviations

APL	Above Poverty Level
AGEY	Aajeevika Grameen Express Yojana
BFBY	Bangla Fasal Bima Yojana
BGAY	Bangla Gramin Abas Yojana
BPL	Below Poverty Level
DAC&FW	Department of Agriculture, Cooperation and Farmers Welfare
DDP	Desert Development Programme
DDU-GJY	Deendayal Upadhyaya Gram Jyoti Yojana
DDU-GKY	Deendayal Upadhyaya Grameen Kaushalya Yojana
DFID	Department for International Development
DoA	Department of Agriculture
DPAP	Drought Prone Area Programme
DWCRA	Development of Women and Children in Rural Areas
ECL	Eastern Coalfields Ltd.
FAO	Food and Agriculture Organization
FGD	Focused Group Discussion
GCA	Gross Cropped Area
GDP	Gross Domestic Product
GoWB	Government of West Bengal
HI	Herfindahl Index
HYV	High Yielding Varieties
IAY	Indira Awas Yojana
ICDS	Integrated Child Development Scheme
ICRISAT	International Crops Research Institute for the Semi-Arid Tropics
IGNDPS	Indira Gandhi National Disability Pension Scheme
IGNOAPS	Indira Gandhi National Old Age Pension Scheme
IGNWPS	Indira Gandhi National Widow Pension Scheme
IFS	Integrated Farming System
IRDP	Integrated Rural Development Programme
IWDP	Integrated Watershed Development Programme
IWMP	Integrated Watershed Management Programme
LDI	Livelihood Diversification Index
MGNAREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MIS	Monthly Income Scheme
MOA&FW	Ministry of Agriculture and Farmers Welfare
MPCE	Monthly Per Capita Consumption Expenditure
MSP	Minimum Support Price

NABARD	National Bank for Agriculture and Rural Development
NCAER	National Council for Applied Economic Research
NFBS	National Family Benefit Scheme
NGO	Non-Government Organization
NREGS	National Rural Employment Guarantee Scheme
NRLM	National Rural Livelihood Mission
NSAP	National Social Assistance Programme
NSSO	National Sample Survey Organization
OLS	Ordinary Least Squares
PHC	Public Health Centre
PMAY-G	Pradhan Mantri Awwas Yojana-Gramin
PMFBY	Pradhan Mantri Fasal Bima Yojana
PMGSY	Pradhan Mantri Gram Sadak Yojana
PMKSY	Pradhan Mantri Krishi Sinchai Yojana
PRA	Participatory Rural Appraisal
RAD	Rainfed Area Development
RRA	Rapid Rural Appraisal
RSETI	Rural Self Employment Training Institutes
SC	Scheduled Caste
SDP	State Domestic Product
SGRY	Sampoorna Grameen Rozgar Yojana
SGSY	Swarnjayanti Gram Swarozgar Yojana
SHG	Self Help Group
SI	Simpson Index
SPMRM	Shyama Prasad Mukherjee RURBAN Mission
ST	Scheduled Tribe
SVEP	Start Up Village Entrepreneurship Programme
SVSKP	Swamy Vivekanada Swanirvar Karmasansthan Prakalpa
WBHDR	West Bengal Human Development Report
UNEP	United Nations Environment Programme

## **EXECUTIVE SUMMARY**

### **Background**

Livelihood diversification is an important strategy by which rural people may work to exit from poverty. It is a process by which rural families construct a diverse portfolio of activities and social support capabilities in their struggle for survival and in order to improve their standards of living. In West Bengal context, where average farm size is too small and unemployment continue to be preponderant among rural households, the notion of sustainable rural development ought to be viewed in the context of need for enhancement of employment generation, productivity, and profitability of rural enterprises and above all, for improvement in the economic conditions of the rural households. The present study is a longitudinal study and is an attempt to explore the changes in livelihood sources, its determinants and impact on sustainable rural livelihood in West Bengal.

### **Objectives**

The specific objectives of the study are:

1. To study the nature and extent of livelihood diversification among rural households in the study area;
2. To identify the contexts and determinants of livelihood diversification in the study area;
3. To identify the constraints in sustainable livelihood diversification in the study area;
4. To examine the impact of livelihood diversification on household livelihood security in the study area; and
5. To suggest strategies for sustainable livelihood diversification in the study area.

The study is a longitudinal study and was conducted in the state of West Bengal during the period 2007-18. In order to examine the changing dimensions of rural livelihood, a repeated field survey was undertaken in an interval of 10 years. The first survey was conducted for the agricultural year 2007-08, and the second survey was undertaken with the same households for the agricultural year 2017-18. Following a multistage sampling technique, a total of 200 sample households were selected in probability proportionate to different livelihood groups from the study area. Two districts were selected purposively, one representing a more diversified (Burdwan) and the other less diversified agriculture (Purulia) based on diversification indices. Then, one sub-division from each district, one block from each sub-division, and two villages from each block were selected randomly.

### **Major Findings**

- Rural livelihood in West Bengal is fast diversifying though highly varies across the regions and also across different livelihood groups. Livelihood diversification is greater in agriculturally developed regions than in backward regions, but during last 10 years, the gap has been narrowed down.

- Agriculture and allied activities are the main livelihood option for rural households in West Bengal. However, during last 10 years, substantial changes occurred in the pattern of livelihood. Dependence on agriculture as a primary source of income has reduced substantially and people are now increasingly relying on non-farm income sources for their livelihood. But the job creation, has been shifted towards wage earning and self-employment with petty business.
- For the poor, livelihood diversification is mainly a survival strategy to cope with the adverse livelihood shocks and to manage the risky environments. However, for others, livelihood diversification is a deliberate attempt to reap the benefits of diversification.
- Household experience (age), education, social status, training, asset positions, credit availability, rural infrastructure, agro-climatic condition and the overall level of economic development of a region are the main driving force towards livelihood diversification in our study area. The scope for livelihood diversification also gets boosted when there are better infrastructure and urban market in the proximity.
- Lack of opportunities to find out an alternative livelihood in non-farm sector is the most important constraints faced by the rural households in West Bengal. The other major constraints faced by the sample households are landlessness or weak asset base; limited access to institutional credit; and poor irrigation and marketing infrastructure. The severity of the constraints is more for the resource poor labourers groups and least for the resource rich salaried class.
- Over time, the contexts of livelihood diversification have also changed considerably, and the pull factors have gradually been replaced by the push factors due to limited expansion of job opportunities in organized non-farm sector and falling profitability of agricultural enterprises.
- Households of the study region perceive that cultivation is a non-profitable business, and therefore for survival, they have to diversify their livelihood through petty business, off-farm activities, and non-farm works.
- Whatever may be the motives, the impact of livelihood diversification is positive on household income, employment and consumption. Household with diversified portfolio of livelihoods have higher level of income, employment and consumption than their counterparts across all the livelihood groups, in both the study regions and during both the period.

### **Policy recommendations**

For sustainable livelihood diversification in West Bengal the following policy interventions are suggested:

- Creation of off-farm and non-farm employment opportunities for rural households holds the key for a sustainable livelihood. Quality of rural livelihood can only improve if surplus labour force in agriculture is absorbed in more productive organised sectors like manufacturing or agro-processing.

- Efforts should be made to making remunerative non-farm opportunities accessible to the rural households particularly in backward regions. Education and skill development can be an effective means of increasing the livelihood diversification strategies as it relaxes the entry barriers to different remunerative non-farm activities, particularly salaried jobs.
- Drought proofing should be accorded high priority over drought relief. Relief should be confined to only those household who are extremely poor. Efforts to be taken to dig new ponds and/or renovate the existing ponds under MGNREGS work.
- Sheer capability (education, asset base, etc) to diversify income sources signifies an improvement in the livelihood security in terms of employment, consumption, and overall well-being of the household. Therefore, policies that reduce various constraints to diversification and widen new opportunities like education, market, infrastructure, credit, social safety nets, etc are in general desirable.
- Development of rural infrastructure is the key: Government should invest more on rural road, market and irrigation infrastructure.
- The role of human capital is universally acknowledged. Thus strengthen the rural education system in rural areas particularly in backward areas like Purulia to promote sustainable rural livelihood diversification.



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