CHAPTER 7

SUMMARY OF FINDINGS AND POLICY IMPLICATIONS

Livelihood strategies and livelihood diversification is of late an arena of mass discussion and in depth analysis for understanding and devising appropriate approach for developing a rural economy. The influence of factors like market access on basic socio-economic amenities leading to livelihood diversification is perceived to have an effect on adoption of livelihood strategies or portfolios. The insights on these observations have far reaching policy implication in any economy, especially in an economy where decentralised planning is a practice.

The Arunachal economy is in a transition phase from a predominantly agrarian economy towards an economy with an influential role of the tertiary sector. This shift along with intrusion of market forces has created an economic environment where understanding of the nature of impact of market forces on livelihood diversification is an important necessity so as to adopt suitable development strategies for rural economies in states like Arunachal Pradesh. In this very context, the present study has attempted to understand the relationship of market forces in terms of access to market and market participation with the income and expenditure pattern of the rural households. It is found that the income and expenditure of the rural households in the study villages are positively influenced by the market forces. This relationship is more pronounced in case of income than expenditure suggesting a positive influence of market penetration on income earned by the tribal households as has been observed for the present study.
7.1 SUMMARY FINDINGS

Approximately 90 per cent of the workforce across the six villages is found to be employed. 52.5 per cent of the workforce is into the service sector followed by agriculture with 24 per cent and business including contract and petty trade with 19 per cent. Thus, occupation distribution pattern, as is observed suggests the presence of a strong tertiary sector. It is also observed that villages situated near to the market centre are occupationally more diverse than villages situated far off especially in case of non-traditional livelihood activities. The results indicate a strong influence of the market forces on livelihood diversification which has a diminishing effect as the distance from the market centre increases.

The regression analysis of the index of market access for the present study with factors like physical assets viz. landholding, social assets like average education year, and spatial influence in terms of distance indicate that asset ownership like landholding and average education year has a significant positive influence on market access and increase in distance has a negative influence. It is observed that households with high market participation possess larger landholdings. In case of access to education, it is found that higher the level of education, greater is the market participation, i.e. the educated households of the villages are integrating better with the market forces. However, though insignificant as is observed in the study, market participation decreases with increase in distance.
Therefore, on observing the variables that are presumed to deter market participation of the households, it is found that in case of average education year, market deprivation increases with decline in average education year, i.e. higher the level of education, higher is the market access and participation and less is the deprivation from market access. Inversely, market participation has positively influenced access to education - a socio-economic indicator thereby aiding the households in integrating with the market economy. Thus, it can be inferred that increase in market participation and access helps the households in moving up economically. Landholding has been found to have a positive and significant influence on market access thus aiding in market participation. Therefore, households with asset entitlement in terms of small landholdings are more likely to be deprived from market access.

The empirical results indicate that livelihood diversification is influenced by average education year, distance from market, landholding and penetration of market forces. One, access to education calculated in terms of the average education year of the households is rather making the households concentrate more on the livelihood options present in the tertiary sector, mostly salaried jobs and business, contract and petty trade thereby limiting diversification. It is observed that higher the level of education, greater is the concentration of the households in livelihood options in the tertiary sector rather than diversifying into the other two sectors. Two, it is also observed that distance has a bearing on diversification as the households near to the market centre are found to be more diverse in terms of livelihood options than the households far off. Three, a positive though insignificant influence of landholding is observed on livelihood diversification. This may be because the influence of factors like market participation, education and distance are more prominent on livelihood diversification than
landholding. Four, on analysing livelihood diversification in relation to index of market access, it is observed that villages situated near to the market centre are found to be more diverse than those far off. The study observations infer that market forces have an influence on diversification of livelihood options, especially on non-traditional livelihood activities. Market forces thus seem to aid in livelihood diversification and income of the rural households rather than delineating livelihood options.

Further analysis reveals that penetration of market forces has aided the households in raising their standard of living. In addition, standard of living of the households is also influenced positively by access to education and asset ownership in terms of landholding. Thus, the standard of living of the tribal households across the study villages is found to be dependent on integration with the market economy along with access to education and possession of land asset.

From an attempt to understand the role of traditional institutions in economic decision making, it is found that with the intrusion of market forces, the role of the traditional institutions like the Kebang today has been restricted and vital decisions like use of land, leasing out etc are influenced by market forces with no or little influence of the Kebang. Also, the penetration of market forces is found to have led to a shift in the land tenure system from community land ownership to individual ownership with a larger share of land possessed by the households with a higher per capita income.

It is thus observed that the penetration of market forces has not marginalised the tribal households in terms of asset ownership entitlement rather it is observed to have helped
the tribal households in diversifying and improving their asset ownership, and thus helping the rural households in integrating with the larger economy.

7.2 CONCLUSION AND POLICY IMPLICATIONS

The households across the study villages who are able to access the market are also able to diversify in terms of livelihood options thus integrating better with the larger economy. But there is also a significant section of the households who have not been able to significantly integrate with the market economy. Marginalisation of these households is not so much because of lack of market access but because of other factors like delayed institutional reforms in case of land distribution, lack of spread of education among the rural households and lack of connectivity and therefore accessibility to the market.

1. In case of land distribution, the old order of land system in the study area is giving way to a new order in which households with better market access are found to have a higher share of land distribution than those households with poor market access. These households with poor market access if not further marginalised are left behind. As observed, this is not so much because of market penetration but because of lack of it. The study observations reveal the increasing propensity of concentration of landholding within the economically influential section. Further, it is aided by the gradual de-strengthening of the traditional institutions like the Kebang with regard to land distribution among the tribal households. There is, therefore, an urgent requirement of a land reform policy which can ensure fair distribution of land among the tribal households.
This becomes more important in view of the gradually diminishing role of the traditional institutions in matters relating to land distribution.

2. As the study results suggest that spread of education has aided the tribal households in market access, asset ownership and raising the standard of living, facilitating spread of education in the far off villages can help in achieving better economic upliftment and market integration of the rural households. Facilitating spread of education, as the empirical results of the study indicate have great bearings on not only improving the living standard of the households but also enabling the households to integrate with the modern market economy which can be a vital component of the strategy designed as a part of policy for socio-economic upliftment of the households. Further, policy makers also should emphasize on development of the secondary sector so that a balance among the three sectors in the economy can be ascertained from long term point of view. Since it is observed that higher education among the households is leading to concentration of the workforce in the tertiary sector, a concerted effort in terms of vocational education and promotion of entrepreneurship can aid in promotion of the secondary sector in the economy.

3. The results of the study also illustrate the collinearity of decreasing distance from the market centre with standard of living as well as improvement of income and livelihood options, i.e. households which have better access to improved road communication infrastructure are more likely to have a better market participation and higher standard of living and income than their counterpart with poor road accessibility to market as indicated by the study
results. This observation points towards the importance of incorporating creating of and facilitating road communication infrastructure as a policy component thus shaping and aiding the tribal households in their effort to improve their standard of living, increasing their options of livelihood, enhancing income and integrating better with the larger modern economic environment as a whole.

In general, there is a need for the policy makers to look into the issues of institutional land reforms with fair distribution of landholdings, spread of education and communication infrastructure like road, and adequate and accessible transport facilities so as to achieve a holistic and homogeneous development cutting across spatial boundaries.