

## **Research highlights**

### **Inter-Linked Markets in Tribal Areas and its Implication on their Livelihoods\***

#### **1. Introduction:**

The interaction of tribal economy, which once was in the stage of primitive communism having pre-market forms of transactions based on generalised reciprocity and redistribution, with the more market savvy non-tribal economy has resulted into both the social exclusion and adverse inclusion of the tribal community.

The tribal communities of Jharkhand have experienced a similar fate. This study has made an attempt to examine the nature and structure of factor (land, labour and credit) and product (agricultural and forest products) markets in tribal areas of Jharkhand. It has also examined the form and extent of inter-linkages of these markets and how they have affected the livelihood conditions of the tribals of Jharkhand. It has also tried to examine the types and sources of exploitation of the tribals and the factors contributing to their social exclusion and discrimination and the impact such exclusion and discrimination have on the livelihoods of the tribals. It has also tried to study the working of PESA and FRA and their impact on the livelihood of the tribals in the study area.

**2. Objectives:** The central focus of the study is to understand the nature, and structure of factors (land, labour, credit) and product (agricultural and forest products) markets, the form and extent of their inter-linkage and their impact on the livelihoods of the tribal population. Specific objectives of the study are as follows.

- To understand the nature and structure of factor and product market
- To understand the nature, form and extent of inter-linkage among these markets
- To find out the presence of different types of exploitation found in different markets operating in tribal areas
- To trace and identify different channels/sources of exploitation operating through the factors (land, labour and credit) and product markets

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- To analyse the impact of discrimination on the factor and product market, and their impact on the livelihood of individuals and households of different groups
- To analyse different forms of land alienation (individual-owned land, common property resources and state resources) found in the study area/state
- To understand the pattern of change, if any, that has taken place in employment/occupation structure and payment of wages of both the male and female workers
- To assess the tribal access to human capital formation services (education and health) and the extent of discrimination in the process
- To understand and analyse the factors contributing for lack of access to education and health care to adivasi households
- To understand the impact of state initiatives to bring changes in the functioning of the markets and to break the cycle of discrimination in rural markets
- To examine the working of PESA and Forest Rights Act and their impact on the livelihood of the tribals in the study area

**3. Methodology:** The study is based on the field survey carried out in 16 villages of Jharkhand selected from four of its districts, namely Palamu, W. Singhbhum, Sahibganj and Lohardaga. A multi-stage purposive sampling method has been used. From each district four tribal inhabited villages have been selected in such a way that they are from four different administrative blocks and at least one of the villages is inhabited by Particularly Vulnerable Tribal Group (PTG). In each village three types of exercise have been carried out - a household listing covering all the households of the village from whom limited number of information related with the households' socio-economic conditions have been collected; a household schedule seeking detailed information regarding market inter-linkage from the households selected in the sample and qualitative investigation which included a village note, prepared through interview of key informants and Focus Group Discussions (FGD), seeking qualitative information about the socio economic life prevailing in the village. The households have been selected randomly from the household list giving proportionate representation to different socio economic strata of the society. But since the tribal

dominated villages have been selected purposely for this study, most of the sample households are tribals.

**4. Study Area:** The study is based on field survey carried out in 16 villages of Jharkhand selected from four of its districts, namely Palamu, W. Singhbhum, Sahibganj and Lohardaga. These four districts have been selected purposely from four geographically dispersed and socially, economically and historically diverse regions of Jharkhand. Palamu, which is located at the North West of the state, has a very small percentage of tribal population and has been historically notorious for rack-renting Begari and bonded labour system. Sahibganj is located in the North East of the state and is a part of Santhal Pargana Division. The whole of this region was once known for Mahajani extortion. West Singhbhum is located at the southern end of the state. It has a sizable tribal population and was once governed by Manki Munda system, a tribal form of self governance. But the area was not free from the appropriation of the landlords. Lohardaga, which is located at the centre of the state, is a tribal dominated district, with a high forest cover. There are also evidences of prevalence of landlord system in the area.

**5. Findings:** About half of the sample is in the working age group (15 to 59 years), with almost a balanced sex ratio. The work participation rate (WPR) is also very high. But because of low productive asset base, poor human capital and adverse market situations, they suffer from insufficiency of livelihood.

Landlessness is very low among the sample households, but most of them have small size landholdings. Only about 22 percent of the sampled households are landless, but at the same time only about 20 percent have land more than 2.5 acres and only about 7 percent have more than 5 acres of land. The access to common property resources (CPR) is also almost negligible, and the most common form of CPR is forest, which is used mainly for collection of firewood and NTFP products like Kendu leaves. Livestock is not a major livelihood support for the tribals of this area. About one fourth of the households do not own any livestock. Those who own livestock have very few in numbers, which are of very low value and yield very low return.

The human capital base of the sample is also very low. About 25 percent of the persons covered in the sample are illiterate and only about 20 percent have completed

secondary or higher level of education. The incidence of disease is also very high and access to health facility is very poor.

Since most of the persons covered in the sample have insufficient size of land holdings (small size land holding, mono cropping, low productivity of agriculture, absence), own very few livestock and other productive assets, and have low educational status and skill base, they mostly work as casual labour in the non- agricultural sector. A large number of them migrate within and outside the state in those months when such works are usually not available to them locally.

Because of livelihood insufficiency many of these households have resorted to borrowing from non-institutional sources to meet their consumption and production needs. Such borrowings have mostly resulted into interlinked market contracts.

This study found out that the lenders prefer this type of lending contract because through it they safeguard their money (as such type of lending are self liquidating – the principal and interest are deducted from the payments made for the products or labour of the borrowers) and create a monopolistic and monopsonistic market situation for maximising their gains. The borrowers accept such contract (interlinked market condition) because they do not have any collateral to offer. This type of contract, however, has resulted in the exploitation of the poor tribals.

The government, with programmes like the NFSA, MGNREGA, SHG formation etc., has taken steps to combat with the livelihood insecurity faced by the tribals of this region. Non government efforts like in formation of SHG or in development of micro enterprises have also caused some relief to the poor tribals. But still a lot of efforts need to be taken to improve their livelihood condition.

**6: Conclusion:** The tribals of this area, because of their low asset and skill base, suffer from livelihood insufficiency. Most of them work as casual labour and some of them, in absence of sufficient work opportunities, resort to seasonal migration to places within or outside the state.

In order to meet the productive and consumption needs, they borrow from non-institutional sources – usually from their employers, landlords, traders or labour contractors. Their lenders offer them loan on an interlinked market contracts where the terms and conditions of loan contract are tagged with terms and conditions of the contracts of labour and product markets. It, though, ensures credit to these poor tribals even in absence of collaterals, but leads to their exploitation through creation of

monopolistic and monopsonistic situations. Such inter linkages have resulted into debt and poverty traps for them and resulted into perpetuation of their poverty.

The government programmes for alleviating their poverty and enhancing their welfare has caused some improvement in their condition, but a lot has to be done to improve their livelihood conditions.