Agro Economist - An International Journal
Citation: AE: **9**(04): 279-285, December 2022
DOI: 10.30954/2394-8159.04.2022.7
Peer Reviewed Journal

AAEBM
ASSOCIATION OF AGRICULTURAL ECONOMICS & AGRI-BUSINESS MANAGEMENT

Constraints to Livelihood Diversification among Rural Households in Himachal Pradesh

Gagan Mehta[1*], Manoj K Vaidya[1] and Pravidhi Sharma[2]

[1]*Department of Social Sciences, Dr. Yashwant Singh Parmar University of Horticulture and Forestry Nauni, Solan, Himachal Pradesh, India*
[2]*Department of Environmental Sciences, Dr. Yashwant Singh Parmar University of Horticulture and Forestry Nauni, Solan, Himachal Pradesh, India*

*Corresponding author: gagan.mehta14@gmail.com

Received: 11-09-2022 **Revised:** 30-11-2022 **Accepted:** 06-12-2022

ABSTRACT

Understanding the constraints of the livelihood diversification strategy is critical for identifying the challenges of rural development and intervening to improve the livelihood and food security of rural communities. Thus, the current study attempted to identify some of the major constraints to diversification by recording household responses to each constraint and deriving a standard Response Priority Index (RPI) to rank them based on their prevalence. The findings revealed that the major constraints to diversification were lack of marketing facilities, a better farming sector, a lack of road and transportation facilities, and lack of awareness and training. Concerned stakeholders/government institutes should pay close attention to this issue and incorporate those factors and constraints.

Keywords: Constraints, RPI, government, policy, rural development

Over the last decade, sustainable livelihoods have become increasingly recognised as an important component of long-term development. However, in India, the land-based livelihoods of small and marginal farmers are becoming more and more unsustainable because their land can no longer support the family's needs for food and for cattle fodder (Hiremath, 2007). Livelihood is a broad concept that encompasses many different aspects of human life. The primary element of livelihood is income, and in addition to this, it also includes the social institutions, gender dynamics, and property rights necessary to support and maintain a particular standard of living (Ellis, 1998). Agriculture still provides the majority of rural residents in developing nations with their primary source of income. However, the agricultural sector cannot be relied on as the primary source of income and poverty reduction for rural households (Gecho *et al*. 2014; Bekele and Rajan, 2017). As a result, rural residents engage in a variety of strategies, such as agricultural intensification and livelihood diversification, to meet their needs for a living and achieve food self-sufficiency. On the other hand, a significant portion of rural households alter their economic activities by diversifying or intensifying their agricultural production. Additionally, they expand their economic endeavours beyond agriculture. According to Binswanger *et al*. (2010), the relative

How to cite this article: Mehta, G., Vaidya, M.K. and Sharma, P. (2022). Constraints to Livelihood Diversification among Rural Households in Himachal Pradesh. *Agro Economist - An International Journal*, **09**(04): 279-285.

Source of Support: None; **Conflict of Interest:** None

decline in the importance of agriculture, as well as the expansion of rural non-farm activities and livelihood diversification, are likely characteristics of the economic development process.

Livelihood diversification is a key strategy used by people all over the world to improve their well-being. It could be a way for people in poorer countries to try to make a better living by diversifying their activities. Rural people use an infinite number of livelihood diversification strategies, which highlights the fact that they operate in a variety of environments that are complex and risky (Chambers *et al*. 1989). As a result, they are unable to develop effective strategies to diversify their livelihood because of the overwhelming odds. It is frequently stated that the rural sector is rigid and lacks dynamism and adaptability to restructuring strategies because there is some socioeconomic inertia in rural areas that inhibits the process of better capability in terms of adoption of higher education and health care facilities. For the majority of rural areas in developing countries, diversification is seen as a means of securing a living. The term "diversification" is not simple and direct, but it refers to a process that all developing nations go through in the process of development. Diversification may be attributed to poor people's "survival strategy" to overcome the risk involved in their income earning capacity or to rich farmers' accumulation strategy to accumulate more wealth and income (Kumar, 2002). Livelihood Diversification is an important strategy for assisting rural people to escape poverty. It is a process through which rural families build a diverse portfolio of activities and social support capabilities in order to improve their standard of living (Ellis, 1998). However, this portfolio of activities varies over time for each individual or household, and the relative mix of activities is tempered by context-specific constraints and opportunities (market development or proximity, prices, infrastructure, natural resource base etc.). The opportunities for rural people to diversify their income depend on a variety of factors. For example, Seppala (1996) contends from his analysis of data gathered in rural Tanzania that households' various management approaches—differences in timing of activities, location of activities, or a capacity to estimate risks—are responsible for the success or failure of undertaking diversification strategies.

As a result, from household to household and region to region, different constraints apply. A sound strategy must be developed to encourage broad-based livelihood diversification in rural areas in order to streamline the process. In order to ensure people's livelihoods, it is essential to identify the exact inhibiting factors so that the appropriate interventions can be made to foster a favourable environment. With this assumption in mind, an effort was made in this paper to identify the constraints that rural households face when trying to diversify their sources of income and therefore require immediate attention from planners and policymakers to secure farmers' livelihood in selected districts of Himachal Pradesh.

MATERIALS AND METHODS

The present study was conducted in the state of Himachal Pradesh located in the Northern region of India, surrounded by Jammu & Kashmir, Ladakh, Punjab, Haryana, Uttrakhand and China on the six sides. Geographically, it extends 30°22"40" to 33°12"20" N latitudes and 75°45'55" to 79°04"20" E longitudes. Administratively, Himachal Pradesh is divided into 12 districts, as the state income is not evenly distributed among different districts; therefore some of the districts are more economically developed than others, though some of the variation could also be attributed to their geographical differences. Selection of the study area was based upon the contribution of districts to the Gross State Domestic Product (GSDP) or state income. These districts were then classified into three Strata viz. Strata-I i.e. highly developed districts (greater than 10 percent contribution), Strata-II moderate developed districts (5 to 10 percent contribution) and Strata-III least developed districts (less than 5 percent contribution) as per District Domestic Product of Himachal Pradesh (Economics and Statistics, 2016). At the first stage one district was selected randomly from each of the above classified strata. Thus, comprises of district Solan from Strata-I, Chamba from Strata-II and Kinnaur district from Strata-III. At the second stage two blocks were selected randomly from each selected districts. At the third stage three panchayats were selected randomly from each selected blocks. At the fourth stage two villages were selected randomly from the each selected panchayats. At the last stage ten households were selected from the each selected villages for the collection of primary data. Thus, 120 respondents from each district were selected which constitute a sample of 360 respondents for the present study.

ANALYTICAL TOOLS

Responses-Priority Index (RPI)

When quantifying the barriers to livelihood diversification, it was unclear whether to place more weight on the highest number of responses to a constraint in the first priority or on the number of responses to a particular priority because both lead to different conclusions. Thus to resolve this, a Responses-Priority Index (RPI) was constructed as a product of Proportion of Responses (PR) and Priority Estimate (PE), where PR for the i^{th} constraint gave the ratio of number of responses for a particular constraint to the total responses as (Rao, 2011) and is estimated as:

$$RPI = \frac{\sum_{j=1}^{k} f_{ij} X_{[(k+1)-j]}}{\sum_{i=1}^{1}\sum_{j=1}^{k} f_{ij}} \quad 0 \le \text{RPI} \le 5$$

Where,

RPI_i = Response Priority Index for i^{th} constraint

f_{ij} = Number of responses for the j^{th} priority of the i^{th} constraint

$\sum_{j=1}^{k} f_{ij}$ = Total number or responses for the i^{th} constraint

k = Number of priorities i.e. 5

$X_{[(k+1)-j]}$ = Scores for the j^{th} priority (5, 4, 3, 2 and 1)

$\sum_{i=1}^{1}\sum_{j=1}^{k} f_{ij}$ = Total number of responses to all the constraints

$\sum_{i=1}^{n} RPI_i$ = Summation of RPI for all constraints

Thus, larger the Responses Priority Index, higher was the significance of constraints affecting livelihood diversification.

RESULTS AND DISCUSSION

Constraints analysis in Solan district

As evident from the Table 1, shyness in doing socially underestimated work with an index value of 0.425 was one of the major constraint restricting people in diversifying their livelihood in Solan district. Secondly, well developed farming sector was found one of the major constraint to livelihood diversification as around 77 per cent income of the households comes from agriculture sector, especially from cultivation high value cash crops like tomato, capsicum, pea etc. thereby decreasing their willingness to go out towards non- farm sector. Also, fear of taking risk due to poor asset base with and index value of 0.366 emerged as the significant constraint to livelihood diversification as it hinders the rural households to take up any self-employment activity like own business etc. Lack of awareness and training regarding new innovations in agriculture sector and various extension services provided by government institutions, was also one of the constraint in this district with 4^{th} rank and index value of 0.356. This highlights the necessity of choosing and placing grassroots workers with a missionary zeal, offering technical support, education, and incentives to encourage farmers to engage in diversification activities.

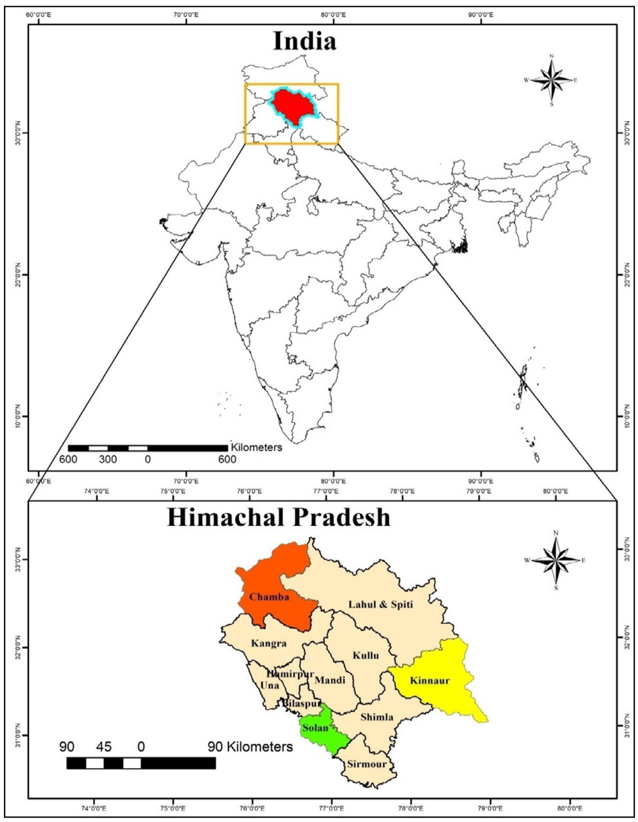

Fig. 1: Location map of study area

Table 1: Constraints to livelihood diversification in Solan district

Sl. No.	Constraints	Numbers in respective priorities					Total recorded responses	RPI	Rank
		5	4	3	2	1			
1	Lack of marketing facilities for the product	9	15	15	39	42	120	0.281	VII
2	Lack of awareness and training	25	25	15	17	38	120	0.356	IV
3	Lack of credit facilities	21	15	26	22	36	120	0.336	V
4	Shyness in doing socially underestimate work	31	38	18	14	19	120	0.425	I
5	Fear of taking risk due to poor asset base	21	26	19	31	23	120	0.366	III
6	Lack of scope	11	12	21	36	40	120	0.290	VI
7	Better farming sector	35	31	16	13	25	120	0.415	II
8	Road and transport problem	5	9	11	43	52	120	0.242	VIII

Table 2: Constraints to livelihood diversification in Chamba district

Sl. No.	Constraints	Numbers in respective priorities					Total recorded responses	RPI	Rank
		5	4	3	2	1			
1	Lack of marketing facilities for the product	58	36	8	16	2	120	0.513	II
2	Lack of awareness and training	31	25	31	16	17	120	0.414	IV
3	Lack of credit facilities	34	21	17	17	31	120	0.385	V
4	Shyness in doing socially underestimate work	11	7	36	18	48	120	0.286	VIII
5	Fear of taking risk due to poor asset base	18	22	11	33	36	120	0.326	VI
6	Lack of scope	36	25	31	16	12	120	0.434	III
7	Better farming sector	13	16	18	31	42	120	0.299	VII
8	Road and transport problem	55	43	15	4	3	120	0.524	I

However, as a result of rapid urbanization and development in this region the constraints viz. lack of credit facilities, lack of scope, lack of marketing and transportation facilities were not the vital constraints to diversification since they obtained lower ranks and an index value of 0.336, 0.290, 0.281 and 0.242 respectively. These results are in line with findings of Kabeer (1990), Barrett *et al*. (2000), Saha and Bahal (2012), Khatun and Roy (2012).

Constraints analysis in Chamba district

The perusal of data presented in Table 2 indicates that in Chamba, road and transportation accessibility followed by lack of proper marketing facilities were the major constraints faced by the respondents with an index value of 0.524 and 0.513 respectively. These were one of the major barriers to diversification of people in the livestock sector as majority of people despite of having good livestock units in terms of buffaloes, goats and sheep, reported inability to diversify and generate income by selling dairy products in the nearby markets due to the infrastructural constraints proposed as a consequence of rugged terrain and mountainous topography of the region. Lack of scope in terms of job opportunities in the non-farm sector such as tourism, industries etc. was also one of the constraint perceived by farmers and was ranked 3rd in the priority list of respondents with an index value of 0.434. This was followed by lack of awareness and training with an index score of 0.414 indicating urgent need of the government to conduct awareness programmes for people so that they could avail maximum benefits from the schemes and holistic development and the economic upliftment of farmers could be possible. Whereas, fear of taking risk due to poor asset base, better farming sector and shyness in doing socially underestimated work were reported as least contributing constraints among all to livelihood diversification with an index score of 0.326, 0.299 and 0.286 respectively. Mittra and Akanda (2019) also reported similar types of finding in their study of constraints to livelihood diversification in Bangladesh.

Constraints analysis in Kinnaur district

As evident from the data presented in Table 3, better farming sector with an index value of 0.485 emerged as the most important constraint that hinders with the various options of livelihood diversification of the respondents towards non-farm sector in Kinnaur district. As around 88 per cent of the income of the respondents was found to be from agriculture sector and that too especially from the cultivation of one of the major cash of this region i.e. apple, thereby restricting the farmers from moving towards non-farm activities. Lack of better marketing facilities in terms of local markets and lack of scope due to poor infrastructural development were also found considerable constraints perceived by farmers with and index value of 0.442 and 0.419 respectively. This was followed by poor roads and transportation facilities (0.383) in distant and remote areas as a result of rugged topography, posing a serious obstacle for improvement in the livelihood strategy of respondents. However, lack of credit facilities, shyness in doing socially underestimated work and fear of taking risk due to poor asset base were recorded least on people's priority list of constraint to livelihood diversification with an index score of 0.350, 0.327 and 0.304 respectively. The results are analogous with the findings of Khatun and Roy (2012), Saha and Bahal (2012).

At overall level (Table 4), it can be clearly observed that Lack of marketing facilities was one of the major constraint to diversification in the study area, securing the first rank with an index value of 0.412. This was followed by Better farming sector and Lack of road and transportation values with and index value of 0.400 and 0.383 respectively. Similar study by Ewebiyi and Meliudu (2013) elsewhere had identified lack of infrastructural facilities and poor

Table 3: Constraints to livelihood diversification in Kinnaur district

Sl. No.	Constraints	Numbers in respective priorities					Total recorded responses	RPI	Rank
		5	4	3	2	1			
1	Lack of marketing facilities for the product	47	10	37	12	14	120	0.442	II
2	Lack of awareness and training	19	18	42	15	26	120	0.364	V
3	Lack of credit facilities	22	19	21	29	29	120	0.350	VI
4	Shyness in doing socially underestimate work	12	14	39	26	29	120	0.327	VII
5	Fear of taking risk due to poor asset base	11	12	34	24	39	120	0.304	VIII
6	Lack of scope	37	25	22	15	21	120	0.419	III
7	Better farming sector	46	42	15	6	11	120	0.485	I
8	Road and transport problem	30	23	19	21	27	120	0.383	IV

Table 4: Constraints to livelihood diversification in the study area

Sl. No.	Constraints	Numbers in respective priorities					Total recorded responses	RPI	Rank
		5	4	3	2	1			
1	Lack of marketing facilities for the product	114	61	60	67	58	360	0.412	I
2	Lack of awareness and training	75	68	88	48	81	360	0.378	V
3	Lack of credit facilities	77	55	64	68	96	360	0.357	VI
4	Shyness in doing socially underestimate work	54	59	93	58	96	360	0.346	VII
5	Fear of taking risk due to poor asset base	50	60	64	88	98	360	0.332	VIII
6	Lack of scope	84	62	74	67	73	360	0.381	IV
7	Better farming sector	94	89	49	50	78	360	0.400	II
8	Road and transport problem	90	75	45	68	82	360	0.383	III

transportation system as the constraints to livelihood diversification. Majority of respondents also reported lack of scope (0.381) in the non-farm sector in nearby areas as one of the significant constraint to livelihood diversification. The respondents lacked awareness and training (0.378) about many new activities which could be economically viable and practically feasible in the locality. In the absence of such knowledge, they approached occupations or businesses in which there is already stiff competition. Lack of credit facilities (0.357) was also restricting sampled households to invest extensively in their existing activities as well as to diversify into other sectors. However, Shyness in doing socially underestimated work and Fear of taking risk due to poor asset base were recorded least on people's priority list of constraint to livelihood diversification with an index score of 0.346 and 0.332 respectively.

CONCLUSION

The present study has shown that the most significant barriers to livelihood diversification faced by rural households in the study area were the lack of adequate marketing and transportation facilities, better farming sectors that generated ample income among households in some areas, and a lack of scope or opportunities to find an alternative livelihood. Despite the enormous potential for diversifying livelihoods into farm and non-farm activities in the study area, issues like a lack of knowledge and training, inadequate credit facilities that threaten financial stability, reluctance to perform socially undervalued tasks, and apprehension about taking risks because of a weak asset base were also preventing rural households from expanding their outlook on diversification of income sources. Therefore, in order to encourage investment in infrastructure like roads, small-scale industries, electricity, and irrigation facilities, etc., the state machinery should act as a facilitator. Furthermore, the private sector should be encouraged to develop income-generating activities in rural areas in order to diversify their livelihoods and, ultimately improve their living standards.

AKNOWLEDGEMENTS

The authors are grateful to the Department of Social Sciences for providing all the necessary facilities to carry out the present research work.

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