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## The role of small rural towns in Bolangir District, India: a village-level perspective (NRI report no. 2750)

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NRI Report No: 2750

Rural Non-Farm Economy and Livelihood Enhancement  
DFID-World Bank Collaborative Research Project

**The role of small rural towns  
in Bolangir District, India:  
A village-level perspective**

Tiago Wandschneider (NRI) and Pravas Mishra (ActionAid)

June 2003

*The views expressed in this document are solely those of the authors  
and not necessarily those of DFID or the World Bank.*



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**DFID** Department for  
International  
Development



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## 1 Background

This study forms part of a wider research project concerned with enhancing understanding of the non-farm rural economy in India and developing appropriate policy recommendations. The research is being undertaken by the Natural Resources Institute (UK) and local partners, with funding from the UK's Department for International Development (DFID) under a collaborative agreement with the World Bank. Special emphasis is given to understanding the factors that enable households and individuals to access non-farm employment and income opportunities, and to the links between local governance and the development of the non-farm economy. The research was conducted in Madhya Pradesh and Orissa states, chosen after consultation with DFID and the World Bank.

Rural towns can be instrumental in the development of their rural hinterland and contribute to sustaining or enhancing the livelihoods of village households. These towns can act as centres of production and distribution of inputs; play an important role as processing centres; serve as market outlets for surplus village production; link village households and enterprises to wider markets; deliver a wide range of social and economic services (e.g. education, health and finance); and generate seasonal and permanent employment opportunities. Town centres and their rural hinterland are intimately dependent on each other, with the prosperity of one potentially contributing to the development of the other. Conversely, the stagnation of rural economies limits the potential development of a dynamic and decentralized urban economy, and vice-versa.

Small towns often fail to perform the above-mentioned supportive roles, largely as a result of inadequate institutional frameworks and policy failures at the macro, meso and sector levels (Douglass, 1998, Hardoy and Satterthwaite, 1986; Satterthwaite, 2000). Policies and interventions that promote an integrated development of small town networks and their rural hinterlands, whereby symbiotic roles are enhanced and negative linkages mitigated, require good understanding of the scale and nature of actual and potential inter-dependencies between urban centers and their surrounding areas, and between different locations along the urban hierarchy (Douglass, 1998; Satterthwaite, 2000; Tacoli, 1998).

This study investigates patterns of interaction between villages and rural towns, with an emphasis on village households and the nature of their visits to larger settlements. A formal questionnaire survey comprising 100 households in four villages of Bolangir District (25 interviews in each location) was conducted to better understand current patterns of interaction. Two villages are located in Belpara Block while the other two form part of Titilagarh Block<sup>1</sup>. Action Aid implemented the survey and contributed to data analysis under the supervision of NRI staff. Another study focusing on block headquarter towns in four districts of Orissa and Madhya Pradesh (including Bolangir) was also carried out under this project, offering complementary insights on the role that small towns play in the livelihoods of rural households and local economic development.

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<sup>1</sup> For administrative purposes and the delivery of public services and execution of local development programmes, districts are divided into community development blocks. Bolangir has 14 blocks, each with a population of around 80,000 to 100,000 inhabitants.

This report addresses the following questions. First, what are the types of towns visited by village households in Bolangir District? Second, what are the different purposes of such visits and their relative importance? Third, how frequently are towns visited, generally and for specific purposes? Fourth, to what extent does gender and caste affect people's mobility? Finally, what are the main factors (other than gender and caste) constraining households' ability to access towns?

The report is structured as follows. Subsequent to this introduction, section 2 provides some background information on Bolangir and the study locations. Section 3 discusses general survey findings. Section 4 presents household perceptions of the importance of towns according to function. Sections 5 and 6 look specifically at patterns of interaction between villages and towns by gender and caste, respectively. Section 7 highlights the main constraints (other than caste and gender) that households face in accessing towns. Finally, section 8 presents key study conclusions and their policy implications, and discusses further research needs.

## **2 The study locations**

### ***Bolangir District***

Bolangir is one of the 29 districts of Orissa State. It is located about 300 km west of the state capital, Bhubaneswar, close to the recently formed Chhatisgarh State. Despite having some mineral reserves, the district is characterised by poor natural resource endowments and infrastructure. Poverty levels are very high, with over 60 percent of households estimated to fall below the poverty line (Government of Orissa, 2002). Literacy rates have increased significantly over the past decade, but at 55 percent they remain well below the national average of 65 percent (Census of India, 2001). In the case of women, the literacy rate is just under 40 percent, compared to 54 percent for India as a whole. Table 1 presents some basic socio-economic data for the district.

With less than 12 percent of its population residing in "urban" settlements<sup>2</sup> (Census of India, 2001), Bolangir remains overwhelmingly rural. Urbanisation rates are below both the state and Indian averages (15 and 28 percent, respectively)<sup>3</sup>, but considerably higher than in the five neighbouring districts (between 5 and 8 percent). The urban population increased by 19 percent between 1991 and 2001, well above the 7 percent recorded for rural areas (Census of India, 2001). However, in Orissa alone 19 districts registered higher urban population growth rates. Apart from Bolangir town, with 85,203 inhabitants, there are three other urban centres, all with a population under 30,000.

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<sup>2</sup> Urban areas in India are defined according to the following criteria:

- (a) all statutory towns, i.e. all places with a municipality, corporation, municipal board, cantonment board or notified area council, etc;
- (b) all other places which have a minimum population of 5,000, at least 75 percent of the male working population engaged in non-agricultural and allied activities, and a population density of at least 400 persons per square km (or 1,000 persons per square mile).

<sup>3</sup> Orissa occupies the fifth lowest position among the 35 Indian states with respect to urbanisation rates.

**Table 1 Basic Socio-economic data for Bolangir District**

|   |           |
|---|-----------|
| <i>Total population*</i>                          | 1,335,760 |
| Sex ratio (number of women per hundred men)*      | 983       |
| Population density (inhabitants per square km)*   | 203       |
| <hr/>   |           |
| Urban population*                                 | 154,229   |
| Bolangir  | 85,203    |
| Titlagarh   | 27,756    |
| Kantabanji  | 20,090    |
| Patnagarh   | 18,685    |
| <hr/>   |           |
| Urban population* (%)                             | 11.6      |
| Growth in urban population, 1991 – 2001* (%)      | 19        |
| Growth in rural population, 1991 – 2001* (%)      | 7         |
| <hr/>   |           |
| Population below the poverty line**               | 60        |
| <hr/>   |           |
| Literacy rates*                                   | 55        |
| Male  | 70        |
| Female  | 39        |
| <hr/>   |           |
| Size of landholding (% of operational holdings)   |           |
| < 1 ha  | 30        |
| 1 – 2 ha  | 37        |
| > 2 ha  | 33        |
| Size of landholdings (% of total cultivable area) |           |
| < 1 ha  | 14        |
| 1 – 2 ha  | 21        |
| > 2 ha  | 65        |
| Cultivable land under irrigation (%)              | 13        |

**Sources:** Census of India 2001; NABARD (2001); Government of Orissa (2002).

\* Provisional 2001 figures

\*\* 1997

High poverty rates in the district are largely a consequence of a stagnant agricultural sector. Bolangir is characterised by poor soils, has very limited irrigation infrastructure, and suffers from recurrent droughts, the latest of which and one of the worst in living memory occurred in 2001. Farmers often grow more than one crop every year in good quality land, located in lowlands and with high water retention capacity, but these comprise about one-fifth only of total cultivated land (Praxis, 2001). Uplands predominate in many areas. They have low water retention capacity, are unsuitable for tank



or canal irrigation, and are vulnerable to erosion. Yields are much affected in years of untimely rains and drought. Encroachment in these inferior quality lands is common as a result of increasing population pressure on land, and farmers occupying them often lack legal ownership over their plots (Praxis, 2001). Grazing and forest land are also being taken over for farming.

A very unequal landholding structure also contributes to high levels of poverty and vulnerability. In a recent survey of eight villages in four blocks of Bolangir, approximately 35 percent of the households were landless while average landholding size per household totalled 2.76 acres (Marter, 2003). According to 1991 census data, one-third of agricultural holdings occupy two-thirds of total agricultural land. Scheduled tribes and castes<sup>4</sup> are particularly disadvantaged in terms of access to land: they comprise over 35 percent of the district population but cultivate only 9 percent of the total agricultural area. However, in predominantly tribal villages scheduled tribes tend to have better access to land (Praxis, 2001). Land distribution is likely to worsen over time as a result of land sales and mortgages by the poorest, which are becoming increasingly common in times of distress (Praxis, 2001). Land alienation is largely linked to indebtedness.

Rice is the major crop in the district. Maize is cultivated mostly for home consumption. Millet is still grown in the area but has lost the importance it once had as a staple. Oilseeds are also grown in small quantities. Vegetable cultivation in homestead gardens is becoming increasingly popular, and while most production is consumed by the farming household, vegetable growers with access to wells tend to operate on a more commercial scale. However, the poor state of feeder roads and low urbanisation rates constitute considerable obstacles for a significant expansion of vegetable production in the district.

Recurrent droughts combined with limited availability of grazing land explain the small and declining cattle population in the district. According to 1991 census data, the district had a total of 321,707 cows, bulls and buffaloes, lower than the total population of goats and sheep (431,392). In contrast, for Orissa State the cattle population was almost twice the number of goats and sheep (14,765,996 compared to 7,276,831). Given their multiple advantages in a drought-prone environment, including rapid reproduction and easiness of sale during distress periods, the number of goats has increased steadily over the past decade. Goats are particularly popular amongst scheduled castes, whereas most cattle heads are owned by members of the upper and other backward castes.

Despite a relatively small forest cover, comprising about 16 percent of the district area compared to 35 percent for the whole state, Bolangir stands out as one of the most important districts in Orissa in terms of non-timber forest produce collection (Praxis, 2001). It ranks highest as producer of *kendu*

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<sup>4</sup> Hindus are divided according to three major caste groups, officially described as general (or upper) castes, other backward castes, and scheduled castes. Scheduled tribes constitute a fourth category, comprising groups which traditionally lived in remote hilly areas and had their own belief systems and customs. Traditionally, each caste was normally associated with a specific profession (for example, priest, trader, farmer, milk trader, carpenter, mason, blacksmith, barber, and so on). While such division of labour is slowly becoming more diluted, in many parts of India caste still constitutes a major determinant of occupation. Scheduled castes tend to carry out the most menial activities, and in many areas still suffer from untouchability practices and other forms of discrimination. Together with scheduled tribes, they tend to be amongst the most deprived sections of the population.

leaves, used in the manufacturing of *bidis* (traditional hand-rolled cigarettes). *Mahua* flowers and seeds, used in food and cooking oil production, are another important forest product. Non-timber forest produce collection is especially significant for the poor and the women, and despite the very low returns associated with this activity, it provides an important source of income during the lean agricultural season.

Non-farm enterprises in Bolangir District consist essentially of small units which use mostly family labour and cater for local markets. The district comprises only one large scale industrial unit producing defence equipment and four medium-sized enterprises (NABARD, 2002). The remaining industrial units are classified as small-scale<sup>5</sup>. A significant proportion of manufacturing activity is primary based, including rice milling, oil processing, production of building materials and furniture making. There is a long tradition in handloom production within the district, but weavers face declining returns due to strong competition from cheaper powerloom products from other states (NABARD, 1994). Despite the adverse market environment and decline in the handloom sub-sector, Bolangir still has 45 weavers' co-operative societies and 3,150 working looms (NABARD, 2002).

Farming alone cannot sustain the livelihoods of most rural households, especially the landless and marginal farmers, who therefore depend on self and wage employment to make a living throughout the year. Some households at village level are engaged in traditional occupations such as milk trading, non-timber forest produce collection and processing, oil extraction, carpentry, pottery and masonry. Other options such as puffed rice making, bicycle repairs, and petty trading are also being pursued. Local wage employment opportunities are largely restricted to agricultural activities, bush cutting and pruning in reserve forests, building and road construction, and earthworks (pond and canal digging and well deepening). During the lean agricultural season, between the months of June and October, local employment opportunities are scarce and many rural households have no option but to migrate outside the district.

Large numbers of villagers migrate every year out of Bolangir (Praxis, 2001). Migration is particularly widespread during drought years, with approximately 60,000 people having left the district in search of employment during the 2001 drought. The most common destinations are the brick kilns in neighbouring Andhra Pradesh (Hyderabad, Karimnagar, Vjaynagar, Waltaire, Secunderabad, etc), the brick kilns in other districts of Orissa (Cuttack, Bhubaneswar, Nandankanan, Berhampur, Ganjam, etc), and the irrigated areas within the state where agriculture has some labour absorption capacity (Sambalpur, Bargarh, Nabdankanan, Berhampur, Ganjam, etc). Various cities within India (e.g. Bombay, Varanasi, Raipur, Nagpur and Surat) also attract migrants from Bolangir, who get engaged in activities such as construction and rickshaw pulling. Some migrants go to Bhadoi in Uttar Pradesh to work in the carpet-making industry.

Migration from Bolangir District is intimately linked to indebtedness (Praxis, 2001). Some of the moneylenders in the villages and local towns also act as agents for labour contractors in the brick kilns of Andhra Pradesh, receiving a commission on a pro-rata basis for every labourer supplied plus a share of the value of their production. In this context, migration is often resorted to as a way of

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<sup>5</sup> NABARD (2002) does not present any definition of small, medium and large enterprise.

repaying outstanding loans, with the advances normally paid by contractors being fully or partly used to settle the debt. Migrants who travel outside the state normally stay in the destination area for periods of three to eight months. In the irrigated areas of the state the period of stay tends to be shorter. After repaying the advances used to fund travelling and living expenses, migrants are generally left with little or no savings to bring back home. Consequently, migration in Bolangir is largely a survival (rather than accumulation) strategy.

### ***Belpara and Titlagarh blocks***

Table 2 presents some general data for the two blocks covered by this study, Belpara and Titlagarh. The two blocks differ in terms of access to the district headquarters. Belpara is located 67 kilometres west of the district headquarters and has good road and transport connections to Bolangir town, whereas the south-western block of Titlagarh is 90 kilometres away (see annex one). For villages located in the southern part of Titlagarh Block, the Unnder River constitutes a significant obstacle to accessing the block headquarters, Bolangir and other towns in the centre and north of the district (see annex two). Titlagarh town is linked by rail to Bolangir and the eastern and southern districts.

**Table 2 Basic socio-economic data for Belpara and Titlagarh blocks**

|  | <i>Belpara</i> | <i>Titlagarh</i> |
|--|----------------|------------------|
| Distance to district headquarters                      | 67 km          | 90 km            |
| Population*  | 81326          | 85,802           |
| Scheduled tribe (%)                                    | 36             | 21               |
| Scheduled caste (%)                                    | 10             | 19               |
| Other castes – “other backward” and general castes (%) | 55             | 60               |
| Number of villages*                                    | 119            | 130              |
| Urban settlements**                                    | 0              | 1                |
| Literacy rates*  | 31.7           | 27.51            |
| Male   | 47.9           | 45.56            |
| Female   | 15.5           | 9.5              |
| Cultivable land under irrigation* (%)                  | 5.5            | 12.7             |

**Source:** India Census (1991, 2001)

\* 1991

\*\* 2001

The two blocks also differ regarding socio-economic features. The presence of schedule tribes is much higher in Belpara, where they comprise over one-third of the total population. Literacy rates are extremely low in both blocks – even when compared to the district average –, especially amongst women. Titlagarh town is one of the four urban settlements in the whole district, whereas in Belpara even the block headquarters is defined as rural. The forest is an important resource in Belpara.

Irrigation infrastructure is under-developed in both blocks, but more so in Belpara. Migration is widespread among villagers in both blocks.

Table 3 shows the level of infrastructure development at village level in both blocks as of 1991<sup>6</sup>. Health is one of the most neglected sectors, with the overwhelming majority of villages lacking access to even the most basic facilities. Many settlements face a situation of relative isolation due to inadequate road infrastructure and poor access to markets and telephone communication. Road infrastructure is especially problematic in Belpara block, where less than 5 percent of village settlements benefit from all weather access roads, posing significant constraints on mobility and marketing activities. The lack of market infrastructure is most evident in Titlagarh Block, whereas Belpara is in a worse position regarding telecommunications. Most villages have their own school, but the quality of education is generally poor and few have a secondary school.

**Table 3 Social and economic infrastructure at village level (1991)\***

|                         | Belpara<br>% villages in the block | Titlagarh<br>% villages in the block | Bolangir<br>% villages in the district |
|-------------------------|------------------------------------|--------------------------------------|--|
| School                  | 97.5                               | 89.2                                 | 91.5                                   |
| Medical facilities      | 3.4                                | 5.4                                  | 8.4                                    |
| Drinking water          | 100                                | 100                                  | 99.6                                   |
| Post office             | 13.5                               | 12.3                                 | 12.9                                   |
| Market                  | 9.2                                | 4.6                                  | 6.9                                    |
| Telephone communication | 6.7                                | 20                                   | 14.7                                   |
| Approach by tarmac road | 5                                  | 18.5                                 | 14.3                                   |
| Electricity             | 67.2                               | 54.6                                 | 61.7                                   |

**Source:** Census of India (1991)

\* Figures show the percentage of villages with access to different facilities/services.

### *Sample villages*

The choice of sample villages was informed by the need to avoid atypical cases. First, none of the four villages is too large or too small: their population varies between 291 and 1,422 inhabitants, falling into the most common intermediate size categories (tables 4). Second, while exclusively tribal villages can be found in the study areas, especially in Belpara, these are relatively uncommon, and therefore all selected locations have a mixed caste population (table 5). The household population of the four sample village is distributed as follows: scheduled castes (16 percent), scheduled tribes (38 percent), and other castes (46 percent). Our household survey captures such diversity: 15 percent are

<sup>6</sup> 2001 Census data at village level has not yet been released.

scheduled caste households, 26 percent scheduled tribe households, and 59 percent “other backward” and general caste households<sup>7</sup>.

**Table 4 Percentage of villages in different population categories (1991)**

|           | < 200 | 200 – 499 | 500 – 1,999 | 2,000 – 4,999 | 5,000 – 9,999 | > 10,000 |
|-----------|-------|-----------|-------------|---------------|---------------|----------|
| Belpara   | 10    | 39.5      | 47.9        | 1.68          | 0.84          | 0        |
| Titlagarh | 16.5  | 30.8      | 51.5        | 1.5           | 0             | 0        |

**Source:** Census of India (1991)

A second criterion behind the choice of villages was diversity in terms of access to the block headquarters and other towns (table 5):

- Ainla Bhata (in Belpara Block) is not distant from the block headquarters, but residents have to travel 82 km to reach the district capital. Kantabanji, an important market town, is 25 km away from the village, while distance to Patnagarh town is 47 km.
- Sarmuhan is close to the block headquarters but 75 km away from the district capital. Distance to Kantabanji and Patnagarh is similar to Ainla Bhata.
- Ghantasahada is remote in terms of distance to both the block headquarters (27 km) and the district capital (110 km). While most of the road linking it to Titilagarh is in good condition, the first five kilometres are unpaved and the Unnder River has to be crossed along the way, prolonging the time of the journey significantly. The village has better access to towns in neighbouring Nuapada District (Khariar, 30 km) and Kalahandi District (Bhawanipatna, 30 km) than to the block headquarters.
- Nimurla is located at 22 km from the block headquarters and 92 km from the district capital. A nearby river constitutes an obstacle to communication with the block and district headquarters. However, the village is well communicated with towns in southern Kalahandi District.

The four villages differ in terms of natural resources endowments, socio-economic structure and poverty levels. For example, Sarmuhan is the Panchayat headquarters<sup>8</sup>, benefiting from proximity to the block town and more developed social and economic infrastructure (road, market, telecommunications, etc). It also has a higher proportion of medium and upper caste population than all other sample locations, and its larger size is conducive to the development of services and other economic activities catering for the needs of village residents. As a result, poverty levels are lower than in the other sample locations. In contrast, Ainla Bhata – with a very significant tribal population, a predominance of poor quality land, and almost no forest area – has very high poverty incidence levels.

<sup>7</sup> The households interviewed were randomly selected, but households from all the hamlets in the villages were covered. This was deemed essential as scheduled castes and tribes tend to live in separate hamlets.

<sup>8</sup> Panchayat Raj is a system of village self-governance.

**Table 5 Basic socio-economic data for sample villages**

|  | Belpara Block |              | Titlagarh    |              |
|--|---------------|--------------|--------------|--------------|
|  | Ainla Bhata   | Sarmuhan     | Ghantasahada | Nimurla      |
| Population (number of households)        | 129           | 327          | 82           | 225          |
| Scheduled castes                         | 16 (12%)      | 48 (15%)     | 14 (17%)     | 43 (19%)     |
| Scheduled tribes                         | 85 (66%)      | 102 (31%)    | 39 (48%)     | 65 (29%)     |
| Other castes                             | 28 (22%)      | 177 (54%)    | 29 (35%)     | 117 (52%)    |
| % families below the poverty line        | 91            | 36           | n.a.         | n.a.         |
| Quality of agricultural land*            |               |              |              |              |
| Higher productivity – lowland (%)        | 15            | n.a.         | 40           | n.a.         |
| Medium productivity – medium land (%)    | 47            | n.a.         | 11           | n.a.         |
| Lower productivity – high land (%)       | 38            | n.a.         | 49           | 31           |
| % landless households                    | 13%           | 22%          | n.a.         | n.a.         |
| Distance to block headquarters           | 8 km          | 5 km         | 27           | 22           |
| Distance to district headquarters        | 82 km         | 75 km        | 110          | 92           |
| Distance to towns in neighbouring blocks | 25 km, 47 km  | 28 km, 44 km | 30 km, 42 km | 35 km, 37 km |

**Source:** Action Aid Village Micro-level Plans and field survey

As shown in table 6, crop production is by far the main economic activity in the four villages, with almost 70 percent of interviewed households having this as their main occupation. Road construction comes second, being the main economic activity for 9 percent and the second most important activity for 15 percent of the sample. Trade, agricultural labour, and non-motorised transport services are relatively significant as subsidiary (second most important) activities. Other activities villagers engage in include rice dehulling, milling of grains, brick making, building construction, weaving, tailoring and motorised transport.

**Table 6 Percentage of village households involved in different economic activities**

|                            | Main activity | Second most important activity | Third most important activity |
|----------------------------|---------------|--------------------------------|-------------------------------|
| Crop production            | 69            | 2                              | 2                             |
| Road construction          | 9             | 15                             | 4                             |
| Trade                      | 3             | 13                             | 0                             |
| Labour work in agriculture | 0             | 10                             | 4                             |
| Non-motorised transport    | 2             | 10                             | 0                             |
| Other                      | 17            | 33                             | 11                            |
| Total                      | 100           | 83                             | 21                            |

**Source:** Village questionnaire survey, February 2003

### 3 Patterns of interaction between villages and rural towns

Interaction with rural towns appears to be an important aspect of village level livelihoods. Indeed, all interviewed households had members who visited at least one town during the previous 12 months in order to meet the economic, social and other needs of the individual or families concerned. Few households interact with more than three towns throughout the year. As shown in table 7, the towns most frequently visited are the headquarters of the block or neighbouring blocks. Visits to these towns are typically a monthly rather than weekly phenomenon. More distant towns, such as the headquarters of the district or neighbouring districts are visited by a minority of households.

**Table 7 Types of towns/cities visited and frequency of visits during the previous year**

| <i>Towns visited</i>  | <i>% households</i> | <i>Average number of visits*</i> |
|---|---------------------|----------------------------------|
| Block headquarters  | 85                  | 18.5                             |
| Other small towns (headquarters of other blocks, market centres, etc) | 83                  | 15.7                             |
| District headquarters   | 12                  | 2.5                              |
| Headquarters of other districts                                       | 13                  | 3.7                              |
| State capital   | 2                   | 2                                |
| Capital of other states   | 14                  | 1.9                              |

**Source:** Village questionnaire survey, February 2003

\* The average number of visits for a certain type of towns is calculated only for households that have visited those towns. Visits to urban centres for education purposes were excluded: this would distort figures due to the fact that most household members who study in nearby towns commute daily.

Tables 8, 9 and 10 present data on the number and type of towns visited and the frequency of visits disaggregated by purpose. Table 11 adds a spatial dimension by showing the distance to the urban centres visited for each different purpose. These data provide insights into the importance of towns with respect to different aspects of village household livelihoods<sup>9</sup>.

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<sup>9</sup> It is important to note that, when asked about the number and frequency of visits to towns for specific reasons, households were told to consider the main purpose of the visit only. This is because visits to towns are often multi-purpose: for example, someone can go to town to buy inputs or visit a relative, and take that opportunity to purchase consumer goods that are unavailable or more expensive in the village.

**Table 8 Number of towns visited during the previous year according to purpose**

| Number of towns visited | Marketing<br>% | Inputs<br>% | Employment<br>% | Finance<br>% | Consumption<br>% | Education<br>% | Health<br>% | Other reasons<br>% |
|-------------------------|----------------|-------------|-----------------|--------------|------------------|----------------|-------------|--------------------|
| 0                       | 38             | 2           | 53              | 62           | 5                | 92             | 0           | 0                  |
| 1 – 2                   | 62             | 98          | 47              | 38           | 95               | 8              | 94          | 96                 |
| 3 – 4                   | 0              | 0           | 0               | 0            | 0                | 0              | 4           | 4                  |
| > 4                     | 0              | 0           | 0               | 0            | 0                | 0              | 2           | 0                  |
| Total                   | 100            | 100         | 100             | 100          | 100              | 100            | 100         | 100                |

**Source:** Village questionnaire survey, February 2003

**Table 9 Type of towns visited during the previous year according to purpose**

| Type of towns visited       | Marketing<br>% | Inputs<br>% | Employment<br>% | Finance<br>% | Consumption<br>% | Education<br>% | Health<br>% | Other reasons<br>% |
|-----------------------------|----------------|-------------|-----------------|--------------|------------------|----------------|-------------|--------------------|
| Block headquarters          | 52             | 74          | 12              | 35           | 68               | 8              | 86          | 69                 |
| Other small towns           | 31             | 51          | 11              | 2            | 41               | 1              | 77          | 53                 |
| District headquarters       | 0              | 1           | 0               | 2            | 0                | 0              | 7           | 3                  |
| Other district headquarters | 0              | 0           | 19              | 0            | 1                | 0              | 8           | 9                  |
| State capital               | 0              | 0           | 0               | 0            | 0                | 0              | 0           | 0                  |
| Other state capitals        | 0              | 0           | 16              | 0            | 0                | 0              | 0           | 4                  |

**Source:** Village questionnaire survey, February 2003



**Table 10 Average number of visits to towns during the previous year according to purpose\***

| Type of town visited        | Marketing | Inputs | Employment | Finance | Consumption | Education | Health | Other reasons |
|-----------------------------|-----------|--------|------------|---------|-------------|-----------|--------|---------------|
| Block headquarters          | 13.7      | 9.8    | 9.1        | 2.6     | 3           | 225.1     | 2.9    | 2.9           |
| Other small towns           | 12.9      | 9.2    | 28.4       | 2.5     | 3.4         | 230       | 2.5    | 2.6           |
| District headquarters       | 0         | 6      | 0          | 2.5     | 0           | 0         | 1.4    | 1             |
| Other district headquarters | 0         | 0      | 7.5        | 0       | 4           | 0         | 1.6    | 1.4           |
| State capital               | 0         | 0      | 0          | 0       | 0           | 0         | 0      | 0             |
| Other state capitals        | 0         | 0      | 1.7        | 0       | 0           | 0         | 0      | 1.5           |

**Source:** Village questionnaire survey, February 2003

\* For each purpose, the average number of visits to a certain type of towns is calculated only for households that have visited those towns.

**Table 11 Distance to visited towns according to purpose\***

| Type of town          | Marketing<br>% | Inputs<br>% | Employment<br>% | Finance<br>% | Consumption<br>% | Education<br>% | Health<br>% | Other reasons<br>% |
|-----------------------|----------------|-------------|-----------------|--------------|------------------|----------------|-------------|--------------------|
| Less than 25 km       | 100            | 95          | 32              | 98           | n.a.             | 100            | 96          | 93                 |
| Between 25 and 50 km  | 23             | 25          | 13              | 3            | n.a.             | 13             | 69          | 27                 |
| Between 50 and 100 km | 0              | 3           | 2               | 3            | n.a.             | 0              | 2           | 1                  |
| More than 100 km      | 0              | 1           | 66              | 0            | n.a.             | 0              | 7           | 11                 |

**Source:** Village questionnaire survey, February 2003

\* For each purpose, only households with members that visited towns were asked about the location of towns.

The provision of **health services** is one of the main functions of small rural towns in the study areas. Indeed, all of the households interviewed visited at least one town over the previous 12 months for health purposes. Inadequate provision of health services at the village level explains such high level of dependency. Very few villages have medical facilities. Most village residents therefore need to travel to the headquarters of the block or neighbouring blocks to access even the most basic health services. Primary health care and medicine supplies were the main services procured. Only one household had members who visited towns for a minor operation, another for a major operation, and a third for other health reasons. These services are generally available only at district headquarters or state capitals, which are difficult to access due to distance and cost. A small number of respondents reported having travelled to towns located more than 50 kilometres away because of health reasons. Only one accessed the state capital.

In contrast, the importance of small rural towns as providers of **education and formal training services** appears to be relatively limited. Less than one in ten households has members studying outside the village or its vicinity. This is surprising since two of the surveyed villages are close to the block headquarters. Also significant was the finding that none of the survey households went beyond the block headquarters level for education purposes. The reason lies in the very low literacy and educational attainment levels in surveyed areas, with relatively few individuals acquiring more than primary schooling, which is generally available within the village or nearby. Rural towns become more relevant for secondary and higher education, but very few village households can afford the financial and opportunity cost of sending children or adults to study away from home.

Judging merely from the frequency of visits for **consumption** purposes, it appears – somewhat surprisingly – that small rural towns play a relatively marginal role as supply centres for consumer goods. Whilst almost every household interviewed had purchased consumption goods in one or two small, nearby towns over the previous 12 months, each made an average of just three visits for this specific purpose during that period. Products bought included dress materials, ornaments, stationery items, and out-of-season agricultural products, which are more available and cheaper in towns than at the village level.

Such low levels of interaction reflect limited and non-diversified consumption patterns as a result of low incomes, with households partly relying on own production for food consumption, and on shops or markets within their village and nearby for their daily or weekly purchases. They also buy from itinerant traders who visit villages on a regular basis. It is likely, however, that household members acquire consumer goods when travelling to towns for other purposes, and may also ask neighbours going to towns to purchase specific items. Such aspect was not captured by the household questionnaire survey. Moreover, because distribution chains for consumption goods were not studied, it is not possible to determine the true role of local towns as distribution centres for consumption goods produced within the region or imported from more distant locations.

In the economic sphere, one of the main functions of small rural towns is to supply **production inputs**, whose availability at the village level is generally limited. Nearly all interviewed households had members who had travelled to nearby block towns several times during the previous year to purchase inputs. Approximately seven in ten procured agro-chemicals and seeds;

that is, almost every farming household acquired such inputs in towns (table 12). The proportion that purchased tools and implements, equipment, and vehicles was much smaller but still significant, reflecting limited purchasing power and the fact that these inputs do not have to be bought every year. While different inputs can generally be found at nearby block headquarter towns, research conducted at village level (Praxis, 2001) shows that input delivery networks suffer from several weaknesses. For example, supply of good quality seed is often unavailable at the time of planting. Moreover, there is no dealer within the district supplying tractors (NABARD, 2002).

**Table 12 Percentage of households that bought different type of inputs in towns**

| <i>Type of services</i>           | <i>% households</i> |
|-----------------------------------|---------------------|
| Seeds                             | 72                  |
| Agro-chemicals                    | 69                  |
| Machinery/equipment               | 25                  |
| Tools and implements              | 22                  |
| Vehicles (bicycles, etc)          | 20                  |
| Livestock, poultry, etc           | 11                  |
| Construction materials            | 7                   |
| Un-processed agricultural produce | 3                   |

**Source:** Village questionnaire survey, February 2003

Survey data also show a high level of dependency on towns for the **marketing** of village-level production. Market centres may serve as consumption outlets for goods produced in villages or as intermediary distribution points, channelling such goods to other surrounding villages or more distant towns and cities. However, since no supply chain analysis was carried out for key products, it is not possible to determine the uses and flows of goods once they reach towns. Such analysis would enable us to understand their importance as consumption outlets and as processing and distribution centres, and would provide insights into specific sub-sector constraints and opportunities.

Almost two-thirds of the households interviewed market their surplus production in nearby small towns, making an average of about two trips per month for this purpose. Sales also take place at the village level – for example to villagers, paddy mills, and visiting itinerant and town-based traders –, but interviewed households were not asked about this type of transaction. Most sales in towns comprise agricultural commodities, with 44 percent of respondents selling raw produce such as paddy and vegetables, and 18 percent marketing processed produce, mostly rice (table 13). Seventeen percent take other primary based products to towns, such as dairy and dry fish. Only a very small minority sells non-timber forest products and manufactured goods. Typically primary sectors account for most village surplus production.

**Table 13 Percentage of households that sold different type of products in towns**

| <i>Type of services</i>               | <i>% households</i> |
|---------------------------------------|---------------------|
| Agricultural unprocessed              | 44                  |
| Agricultural processed                | 18                  |
| Non-timber forest produce unprocessed | 5                   |
| Non-timber forest produce processed   | 0                   |
| Other primary unprocessed             | 2                   |
| Other primary processed               | 10                  |
| Non-primary based products            | 5                   |

**Source:** Village questionnaire survey, February 2003

Interestingly, none of the surveyed households visits more than two towns for marketing purposes or sells beyond nearby block headquarters and market centres. Goods sold in more distant urban settlements with a larger population and better connections to other markets, such as district headquarters, would normally fetch higher prices. However, village households rarely visit such locations to sell their products because it would be too expensive to transport small product volumes over, say, 100 km. The fact that they generally have very limited information about more distant towns and no contacts with resident traders is another contributing factor. Despite the government emphasis in co-operative development, such efforts have been largely targeted at the dairy sector and traditional non-farm activities such as handlooms and handicrafts. Agricultural marketing is generally undertaken on an individual basis.

Small rural towns in the study areas also play an important role in the provision of **financial services**. India has a considerable network of financial institutions in rural areas, even in very poor districts such as Bolangir. While some agricultural credit co-operative societies are located at village level, few function properly due to poor management, high rates of loan default, and inadequate financial sector policies and regulations (Fisher and Mahajan, 1997). Branches of co-operative, commercial and regional rural banks are generally located at the block level and above, and almost one in five households interviewed reported having visited such agencies for credit purposes (table 14). Interestingly, a higher proportion (27%) approached informal moneylenders. According to survey data, 62 percent of households have not accessed financial services in towns, either having no access to such services or relying on informal, village-level moneylenders.

**Table 14 Percentage of households that access different type of financial services in towns**

| <i>Type of services</i>                       | <i>% households</i> |
|---|---------------------|
| Credit from banks                             | 17                  |
| Credit from NGOs                              | 0                   |
| Credit from government development programmes | 0                   |
| Savings in banks                              | 3                   |
| Insurance services                            | 0                   |
| Credit from informal moneylenders             | 27                  |

**Source:** Village questionnaire survey, February 2003

Individual loans are typically small, rarely exceeding US\$ 50 in the case of commercial banks and US\$ 30 in the case of informal moneylenders. Informal loans of US\$ 10 or less are common. Villagers borrow money for a wide range of purposes. Formal sector lending is largely used to finance agricultural input purchases and non-farm economic activities, whereas a significant proportion of informal credit is contracted to meet consumption needs, including dowry, medical expenses and food.

A recent survey of 400 households in eight villages of four blocks of Bolangir, including Belpara and Titlagarh, suggests that acute constraints in accessing formal financial institutions largely explain the lasting presence of informal moneylenders (Marter, 2003). The data for Belpara and Titlagarh blocks, presented in table 15, shows perceptions among village households regarding the relative importance of different constraints:

- On the demand side, lack of awareness about the services provided by formal financial institutions and the procedures involved were reported as a key constraint by more than half of respondents. These findings are not surprising given the very low literacy and high poverty rates in the villages surveyed. Absence of collateral and problems resulting from past loan defaults were other commonly cited demand-related constraints, highlighted by approximately one-fourth of responses<sup>10</sup>.
- On the supply side, a very significant proportion of households emphasised (in descending order) the negative attitude from bank staff; the need to bribe bank officials in order to get approval for loans or speed up the process; lengthy and complicated loan procedures; and physical distance to financial service institutions.

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<sup>10</sup> It is likely that loan default was under-reported due to the sensitivity of the issue.

**Table 15 Constraints to accessing formal sector credit institutions**

|  | Belpara<br>% | Titlagarh<br>% |
|--|--------------|----------------|
| Lack of awareness                      | 77           | 50             |
| Attitude of bank staff                 | 60           | 45             |
| Need for bribes                        | 20           | 30             |
| Procedures and formalities             | 31           | 36             |
| Absence of collateral                  | 24           | 29             |
| Distance to formal credit institutions | 34           | 7              |
| Problems with defaults                 | 10           | 27             |
| Cultural barriers                      | 16           | 8              |
| Other constraints                      | 9            | 1              |
| No constraints                         | 2            | -              |

**Source:** Marter (2003)

Unsurprisingly, households often have no option but to resort to informal credit sources, despite the very high interest rates charged, which normally vary between 50 and 100 percent per annum, compared to 10 to 15 percent in the formal sector. Informal loans also tend to be short-term and may have negative income implications when repayment in kind has been agreed upon with the moneylender and traded goods are accounted for at below market prices. However, informal lending is generally characterised by much speedier procedures and much less stringent collateral requirements than formal loans. Default is uncommon due to regular follow-up by moneylenders and the possibility that non-repayment may result in social and economic sanctions.

The village economy in Bolangir district has limited employment generation potential, especially during the lean agricultural season. Large numbers of village residents therefore depend on larger settlements for **employment**. Approximately half of the households interviewed accessed job opportunities away from the village, in rural towns and cities. While direct interaction with towns is usually rather localised, rarely involving settlements beyond 50 km from the village, household members often travel much longer distances to access employment opportunities. The most common destinations are brick kilns in Andhra Pradesh and the coastal districts of Orissa, irrigated areas within the state where a second (winter) crop is grown, and large cities across the country where migrants can access a number of employment opportunities in activities such as construction, manufacturing, transport and services.

During the year preceding this survey almost 20 percent of households had members that migrated to other district capitals (such as Durg in neighbouring Chhattisgarh State) and over 15 percent to capitals of other states (such as Raipur in Chhattisgarh and Hyderabad in Andhra Pradesh). Migration outside the district normally involves wage employment for at least two or three months, sometimes longer. In comparison, the proportion of surveyed households that visited their home block headquarters for employment reasons was just over 10 percent, and a similar share accessed work in other block headquarter towns, mostly within the district. The average frequency of visits

to home block headquarters (9) and other nearby small towns (28) suggests that occasional jobs are the most common type of employment at these locations. Significantly, no household travelled to their own district capital for employment purposes. These patterns reflect the low labour absorption capacity of town centres within Bolangir, which is an exporter of seasonal labour to other districts and states. Out-migration is especially widespread during drought years, when agriculture is incapable of sustaining minimum livelihoods for a large proportion of the population.

Villagers also go to towns for purposes other than the ones discussed above (table 16). The most frequent are visits to relatives living or staying in these locations (74 percent of households) and participation in religious festivities (73 percent). Between one-quarter and one-third of households also had members travelling to towns for entertainment, to visit government departments, and to access repair services. The need to access transport services and information were further reasons for visiting towns.

**Table 16 Percentage of households that visited rural towns for different reasons**

|                              | <i>% households</i> |
|------------------------------|---------------------|
| Visit relatives              | 74                  |
| Religious activities         | 73                  |
| Entertainment                | 32                  |
| Visit government departments | 28                  |
| Access repair services       | 27                  |
| Transport services           | 14                  |
| Access information           | 8                   |
| Other factors                | 4                   |

**Source:** Village questionnaire survey, February 2003

#### **4 Household perceptions of the importance of towns**

While the data presented in the previous section gives an indication of the roles played by rural towns in the lives of village households in two blocks of Bolangir district, the questionnaire survey also tried to capture households' own perceptions about the importance of those locations to their livelihoods. The results are presented in table 17 by means of a ranking exercise.

An overwhelming majority of respondents regard marketing as the single most important function of rural towns. Positive perceptions regarding the relatively important role of local towns in the marketing sphere reflect the lack of market opportunities at the village level, and suggest that being able to market outside the limited confines of the village and its surroundings impacts favourably on household incomes. However, given their very small size and relatively limited growth over the past decade, local towns in Bolangir District are unlikely to constitute significant and dynamic consumption or primary wholesale centres.

**Table 17 Reasons why towns are important to rural households**

|                    | <i>1<sup>st</sup> reason</i><br>% | <i>2<sup>nd</sup> reason</i><br>% | <i>3<sup>rd</sup> reason</i><br>% | <i>Voting*</i><br>% |
|--------------------|-----------------------------------|-----------------------------------|-----------------------------------|---------------------|
| Marketing          | 90                                | 0                                 | 0                                 | 270                 |
| Health services    | 0                                 | 26                                | 69                                | 121                 |
| Input purchases    | 2                                 | 25                                | 2                                 | 58                  |
| Employment         | 8                                 | 16                                | 0                                 | 56                  |
| Financial services | 0                                 | 22                                | 3                                 | 47                  |
| Consumption        | 0                                 | 10                                | 2                                 | 22                  |
| Transport services | 0                                 | 0                                 | 12                                | 12                  |
| Education          | 0                                 | 1                                 | 4                                 | 6                   |
| Repair services    | 0                                 | 0                                 | 6                                 | 6                   |
| Total              | 100                               | 100                               | 98                                |                     |

**Source:** Village questionnaire survey, February 2003

\* For ranking purposes, responses were multiplied by three (most important reason), by two (second most important reason) and by one (third most important reason).

The provision of health services stands out as the second most important function of rural towns. This confirms dependency on towns for health services due to their unavailability at village level. The role of towns as input supply and employment centres are also considered important. Eight percent of interviewed households indicated employment generation as the most significant role of towns while 16 percent regarded it as the second most important. One possible reason why employment did not rank higher is because towns within Bolangir District offer very few opportunities for regular commuting due to their limited employment generation capacity. Finally, the fact that towns were not perceived to play an important role in the education sphere reflects the acute demand constraints in access to education.

## 5 Gender and access to rural towns

Survey data shows acute gender inequalities in access to towns (table 18). Women seldom travel to towns, even to those relatively close to their village, such as the block headquarters. The predominant role of men in input purchases and product sales in towns is conspicuous. The contrast regarding interaction with financial institutions is even starker. It is the male members of the household that typically access employment in nearby and distant towns, with women normally staying behind to take care of household chores, such as child care. Although few households have members studying in towns, the fact that all individuals in our sample that commute for such purpose are male is symptomatic of widespread discrimination against women in education, a phenomenon that is well studied in the literature (Dreze and Sen, 1996). Even purchases of



consumption goods in towns are predominantly carried out by male members of the household. Access to health services is the only area where no inequalities emerge from the data collected<sup>11</sup>.

**Table 18 Members of the household who visited towns/cities according to purpose\***

|              | Marketing<br>% | Inputs<br>% | Employment<br>% | Finance<br>% | Consumption<br>% | Education<br>% | Health<br>% |
|--------------|----------------|-------------|-----------------|--------------|------------------|----------------|-------------|
| Adult male   | 56<br>(62)     | 95<br>(98)  | 46<br>(47)      | 38<br>(38)   | 88<br>(95)       | 7<br>(8)       | 61<br>(100) |
| Adult female | 13<br>(62)     | 11<br>(98)  | 5<br>(47)       | 1<br>(38)    | 38<br>(95)       | 0              | 61<br>(100) |
| Child male   | 0              | 2<br>(98)   | 1<br>(47)       | 0            | 3<br>(95)        | 2<br>(8)       | 27<br>(100) |
| Child female | 0              | 0           | 0               | 0            | 3<br>(95)        | 0              | 30<br>(100) |

**Source:** Village questionnaire survey, February 2003

\* Figures in parenthesis indicate the total percentage of households that had one or more members visiting towns/cities for specific purposes.

The restrictions to women's mobility are significant in rural Bolangir, and more so for female members of upper caste families. These restrictions result from slowly changing cultural norms, gender-prescribed roles in the domestic and social spheres, and the division of labour within the household. They have clear negative implications in terms of women's control over income, their ability to influence expenditure patterns, and the intra-household distribution of resources and consumption (Dreze and Sen, 1996). These negative livelihood outcomes are not restricted to women but also affect children, especially girls.

## 6 Caste and access to rural towns

Table 19 gives an indication of access to towns according to caste. Although caution is needed in interpreting available data due to of the small number of households in each caste category, emerging findings corroborate those from other studies (Marter, 2003; Praxis, 2001), which show that caste is closely correlated with education, land ownership and income levels as well as access to opportunities.

General caste households seem to enjoy a relatively favourable position regarding access to education and finance in towns. One-third of general caste households interviewed have one or more members studying in towns, compared to 2 percent of other backward caste households and 12 percent of scheduled tribe households. No scheduled caste household in our sample has members studying in towns. Likewise, two-thirds of the general caste households visited towns to access financial services whereas for all other groups the proportion varied between 26 and 46

<sup>11</sup> Part of the reason why, in the case of health services, more adult household members visit towns than children is that the former travel to towns both to meet their own health needs and to accompany children who visit health units.

percent. In the case of marketing no significant differences emerge across different categories, but a more rigorous assessment would require data on volumes marketed and prices fetched. The fact that no household from general castes accessed employment in towns is also significant, suggesting much lower levels of distress and therefore less need to look for employment opportunities outside the village economy. Greater access to land and asset ownership by general castes certainly plays an important role in reducing the need to migrate during times of distress.

**Table 19 Percentage of households that visited towns/cities for different purposes by caste\***

|                      | Marketing  | Inputs      | Employment | Finance    | Consumption | Education | Health      |
|----------------------|------------|-------------|------------|------------|-------------|-----------|-------------|
| General caste        | 7<br>(58)  | 12<br>(100) | 0          | 8<br>(67)  | 12<br>(100) | 4<br>(33) | 12<br>(100) |
| Other backward caste | 29<br>(62) | 46<br>(98)  | 25<br>(53) | 12<br>(26) | 45<br>(96)  | 1<br>(2)  | 47<br>(100) |
| Scheduled caste      | 7<br>(47)  | 15<br>(100) | 10<br>(67) | 6<br>(40)  | 14<br>(93)  | 0<br>(0)  | 15<br>(100) |
| Scheduled tribe      | 19<br>(73) | 25<br>(96)  | 12<br>(46) | 12<br>(46) | 24<br>(92)  | 3<br>(12) | 26<br>(100) |
| Total                | 62         | 98          | 47         | 38         | 95          | 8         | 100         |

**Source:** Village questionnaire survey, February 2003

\* Figures in parenthesis indicate the percentage of households within the caste group

## 7 Other access constraints

Survey respondents were also asked to name the main constraints they face in accessing rural towns. Poor transport services and the time and cost spent were perceived to be the main factors limiting interaction between village households and towns. As shown in table 20 below, poor road infrastructure was mentioned by almost 80 percent, while the high cost of travelling and lack of transport were regarded as major constraints by 69 and 34 percent, respectively. One in five indicated time constraints due to work commitments. Other factors were not considered to be very relevant and only six percent mentioned no constraints. These findings largely explain why village households in survey areas are largely confined to nearby block headquarter towns, especially regarding marketing. Indeed, higher prices could be fetched in more distant and larger urban centres.

**Table 20 Constraints in accessing rural towns**

|                          | <i>% households</i> |
|--------------------------|---------------------|
| Poor road infrastructure | 78                  |
| Cost of travel           | 69                  |
| Lack of transport        | 34                  |
| Busy working             | 20                  |
| Lack of information      | 11                  |
| Lack of contacts         | 7                   |
| Other                    | 1                   |
| No constraints           | 6                   |

**Source:** Village questionnaire survey, February 2003

## **8 Conclusions and policy implications**

Bolangir District is overwhelmingly rural. With a population of 1,335,760 it comprises only four urban centres, the largest being Bolangir, with 85,000 inhabitants. Between 1991 and 2001 the urban population in the district increased at less than 2 percent per annum. Consequently, Bolangir is still characterised by few and small urban centres.

While low levels of urban development pose significant constraints on rural development, ultimately they are a consequence of a stagnant and highly unequal village economy, which provides a very small market for production and consumption goods and generates limited surpluses for processing and trading, thereby failing to stimulate town-based economic activity<sup>12</sup>. In other words, rural towns rarely develop independently from their rural hinterland: as intermediary centres linking villages to the wider economy, they reflect economic development patterns in both spaces. Their formation and growth is intimately dependent on upstream and downstream development dynamics.

Local towns were found to provide limited employment opportunities, with many households having to migrate outside Bolangir District in order to access jobs. They also play a minor role in the provision of education services to village households. Finally, it is unclear the extent to which local towns stimulate village level production and contribute to improved household incomes by serving as market outlets or channelling village production to other markets. Their small size and limited growth over the past decade suggest that they are not playing a very dynamic role in the marketing sphere.

Yet, even though they may not be acting as important growth centres, small local towns still provide critical services to village households, who depend to a large extent on the nearest block

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<sup>12</sup> A parallel study conducted in six block headquarter towns, including Patnagarh in Bolangir District, confirms this view (Wandschneider *et al*, 2003).

headquarter for accessing health services, inputs, finance and markets. Members from all caste groups benefit from interaction with rural towns, even if the gains are unevenly distributed. Male members from upper caste households benefit disproportionately, especially in terms of access to education and financial services. Women from all caste groups are at a clear disadvantage due to severe mobility constraints arising from social and cultural norms.

Village households face considerable constraints in visiting towns due to poor roads and inadequate and expensive transport services. These factors help to explain the extremely limited degree of interaction with larger and more distant urban centres such as district headquarters, which tend to provide more remunerative marketing opportunities as well as improved services in areas such as health and training. With the exception of migrants who leave their villages in search of seasonal, mostly low-paid employment outside the district, households are confined to one or two nearby block towns for meeting their needs.

This study illustrates the need for policies that take spatial considerations into account. For example, while villages are the obvious entry point for development of irrigation infrastructure, public investment and other interventions aimed to generate sustainable off-farm enterprise development may yield better results if channelled to small and large towns. Likewise, given the limited size of village markets, efforts to develop marketing opportunities for villagers are most likely to succeed when small town enterprises in key sectors are well linked to wider markets. Hence, initiatives to link village producers to town markets should develop alongside efforts to strengthen linkages between businesses in towns and markets further down the supply chain.

Moreover, the fact that villagers' interaction with towns is largely restricted to block headquarters and nearby market centres suggests that such locations should be given special consideration in public policy and investment interventions. Improvements at this level are likely to generate tangible benefits to rural households. Naturally, developments within district headquarter towns and links between these and lower as well as higher level towns are critically important if rural areas are to access wider marketing opportunities. The danger that closer integration with the regional and national economies will expose some activities at village and town level to increased competition from the outside must however be recognised.

Several policy and programme implications emerge from this study:

1. Significant public investment in agriculture is essential for direct and indirect employment generation, and the overall development of Bolangir District. There is potential to develop irrigation infrastructure, especially in the lowlands, and this is an area that deserves urgent attention. Investments should focus on the development of new and rehabilitation of old irrigation canals and water harvesting structures (such as wells, ponds and tanks), with due attention paid to participation of potential beneficiaries and equity in access. Local Panchayat institutions can play an important role in the development of small and medium irrigation works.

2. Prioritising road infrastructure development, with special attention paid to links between villages and local towns and taking into consideration spatial product flows in key sub-sectors, would enhance livelihood options and outcomes by facilitating mobility and access to critical services, while at the same time reducing the high transaction costs associated with input purchases and output marketing. Public investment in road construction, upgrading and rehabilitation would also create much-needed local employment opportunities for the poor.
3. Focus intervention areas at the small town level could include business development service provision, development of market information services, reform of formal financial sector regulations and institutions, and expansion and improvement of health services. Support to enterprise development should selectively target firms that can drive or facilitate rural economic growth because of their backward and forward links to the village economy and/or their potential to supply outside markets competitively. Development of sustainable linkages to these markets must be an integral component of initiatives in this area. At the same time, formal financial institutions at block headquarter level must be significantly reformed to improve the efficiency of services provided. These institutions must view borrowers as clients rather than beneficiaries of state-sponsored and highly subsidised credit programmes (NABARD, 1994; Fisher and Mahajan, 1997). Finally, the importance of improving health services at the block (and village) level arises from the fact that village residents can rarely access district headquarter facilities in case of disease. While Bolangir is very poorly served in a wide range of critical social and economic service spheres, health stands out as one of the areas where the gap between service availability and needs is most striking.
4. The development of producer associations or co-operatives in agriculture and other activities has the potential to significantly expand the scope for targeting more distant and remunerative markets as a result of economies of scale in input and output marketing. Past efforts to develop such bodies have often failed due to a combination of factors, including excessive government interference in the affairs of producer organisations, hierarchical and complex management structures, unrealistic expectations regarding group capacities, excessive reliance on subsidies, and inadequate support services in areas such as training and market linkages (Harper and Roy, 2000; NABARD, 1994). New attempts to promote collective action among producers should be participatory, with an emphasis on relatively small group membership based on a commonality of interests. Support to group formation and development will play a critical role. Areas such as vision building, group dynamics, leadership development, management and business skills, technical training, and market links (including market information) are critical. Local non-government organisations (NGOs) and community-based organisations (CBOs) can contribute to this process, but their capacity in this area of intervention must be improved if they are to make a significant impact (Wandschneider et al, 2003).
5. Government and civil society initiatives to improve the working conditions of migrants in destination areas and to mitigate the negative consequences for the households involved could have a very significant impact on their present and future quality of life. Migration in Bolangir District is often associated with exploitative practices and health hazards. Areas that deserve special attention include compliance with minimum wage and child labour legislation, working

schedules, housing conditions, provision of health services, the role of labour contractors, and the health risks associated with male workers' involvement with sex workers. Government institutions and NGOs with responsibilities in these areas need to work closely with employers to avoid undermining work opportunities for migrant labour.

6. Timely implementation of food-for-work and food-for-cash schemes and improved targeting of the poorest would reduce distress migration significantly, especially during drought years. Government employment guarantee schemes within Bolangir District suffer from poor planning and implementation, with activities often starting late during the lean agricultural season.
7. Likewise, improvements in the marketing of non-timber forest products have the potential to curb distress-push migration by improving household incomes during the lean season. The collection, processing and marketing of these products constitute a critical source of off-season income to the poorest households in forest areas. Although this area is outside the scope of the present study, opportunities for local value addition and improved market efficiency through appropriate policies and interventions should be exploited.

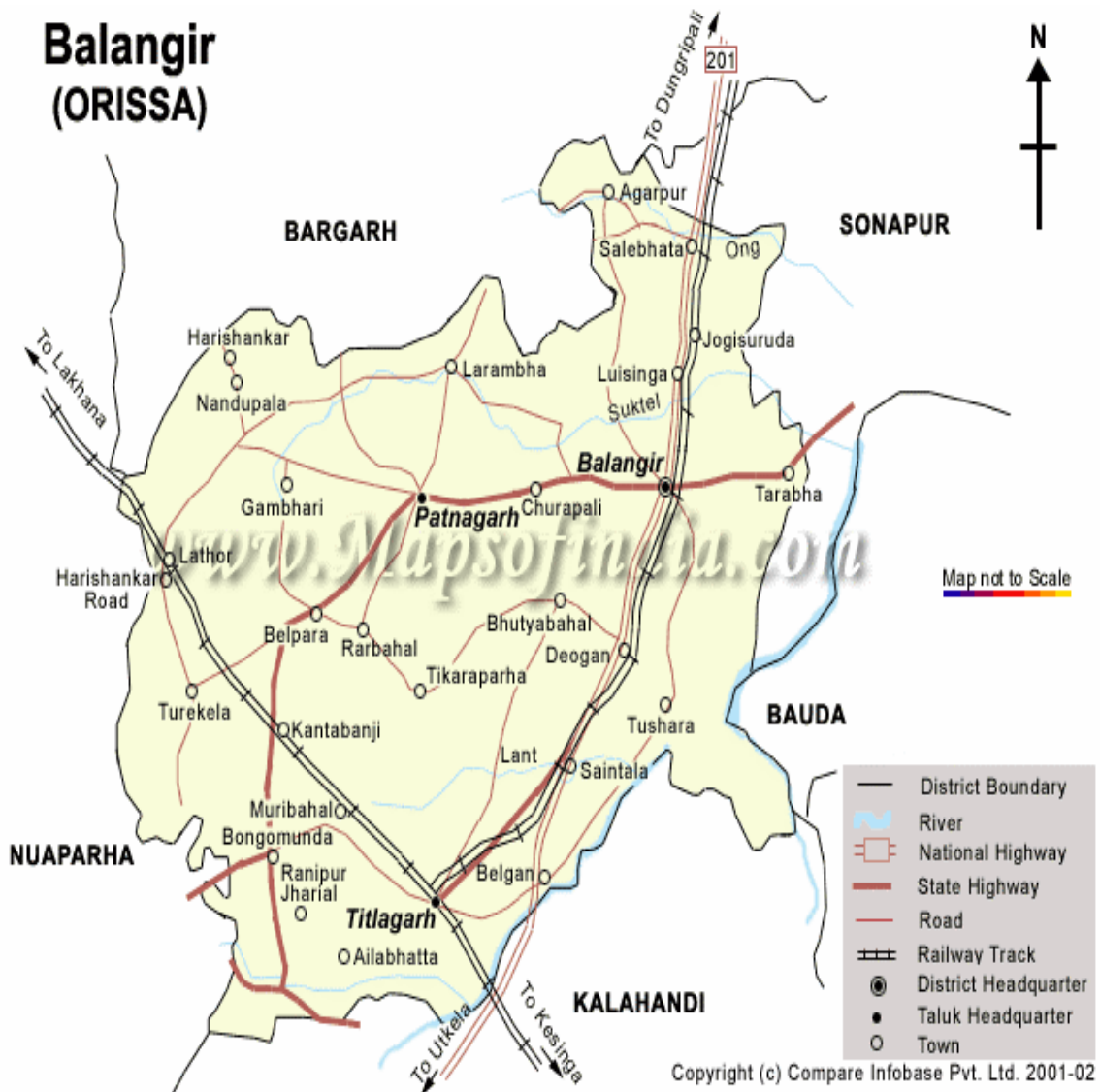
This study has identified caste as a significant barrier to accessing rural town services. While there are no simple policy prescriptions to address caste inequalities, urbanisation is known to be one of the most effective ways of diluting the stigma and discrimination faced by low castes. Similarly, there are not simple recipes for overcoming the acute and entrenched gender imbalances highlighted in the study. In India self-help groups have become an increasingly popular avenue among governments and NGOs for empowering women through improved access to informal and formal financial services and the development of income generating activities. It is important to acknowledge, however, that group loans not only tend to be very small but are normally used for consumption rather than income generation purposes. Furthermore, these groups and their members generally have limited ability to engage in economic activities. As in the case of producer groups, support in areas such as technical and business skills, access to technologies and marketing are critically important if women members are to become successful micro-entrepreneurs and sustainable links to banks are to be established.

Finally, several questions raised throughout this study cannot be adequately answered without further research. For example, there is a need for a better understanding of the spatial flow of goods from villages to markets, the role different towns play as market outlets and assembly or processing centres, and the distribution of benefits along product chains. The issue of employment generation at small town level also emerged as an important one. Studies of key sub-sectors would shed much light on marketing chains and the spatial flow of goods, while small town enterprise surveys would provide useful insights into the structure and dynamics of employment at the small town level. These studies could also help identifying growth opportunities for existing and new economic activities at village and town level, while providing information on the policy and other constraints that need to be overcome in order to fully exploit available opportunities. An integrated approach that takes spatial dynamics into consideration will be essential for the future development local economic development.

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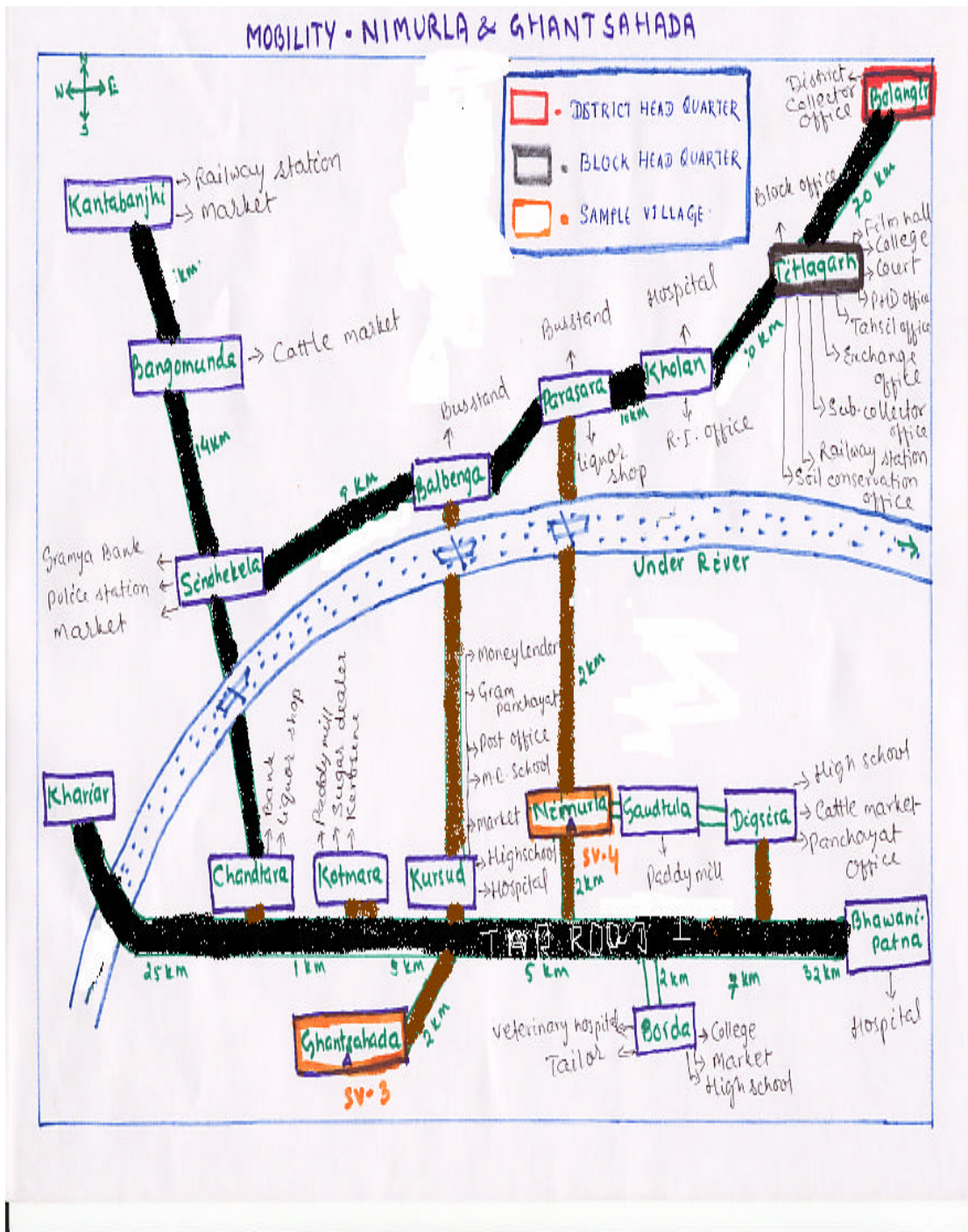
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Annex 1 - Map of Bolangir District

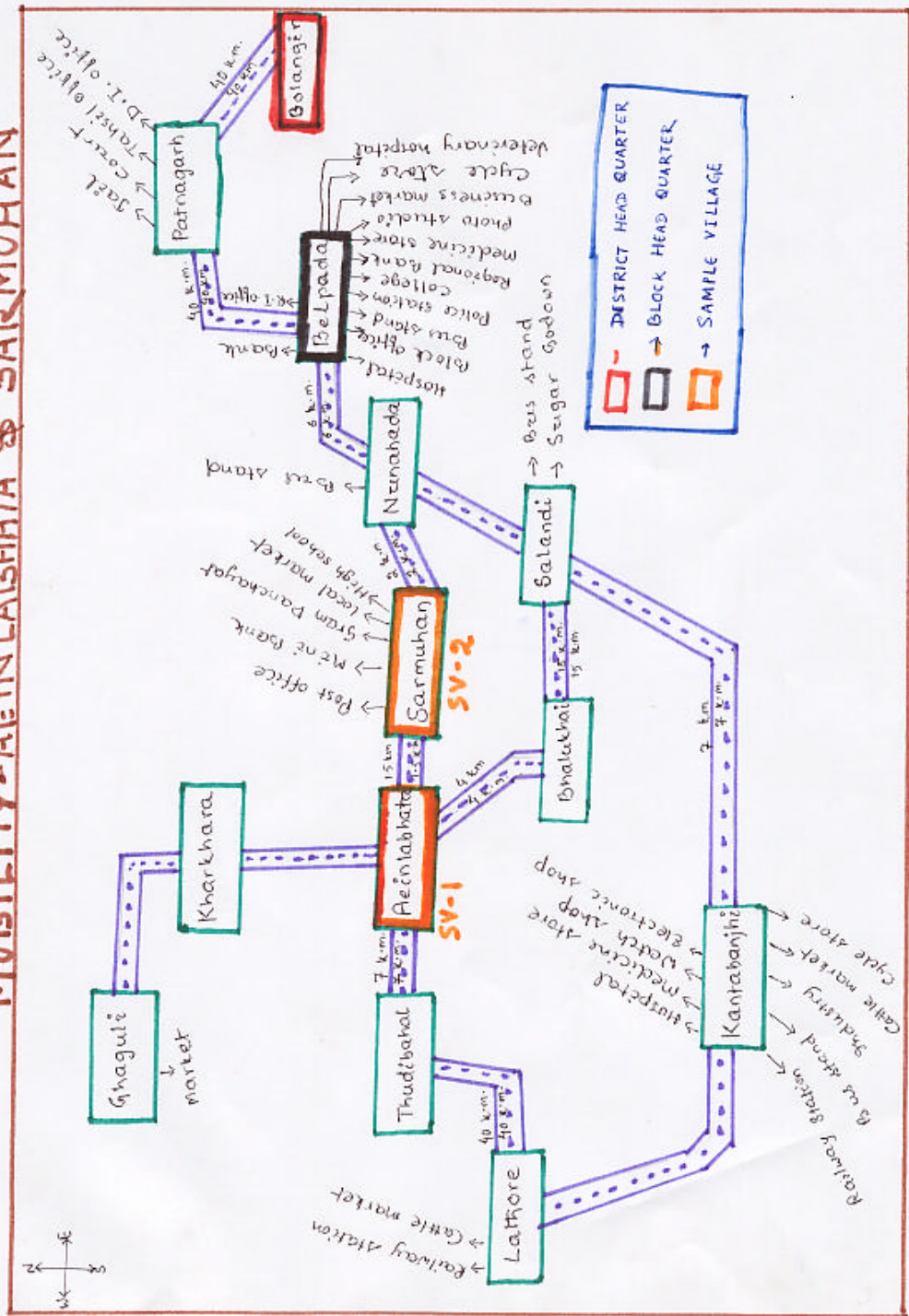




## Annex 2 - Village Mobility Maps



# MOBILITY-AEINLABHATA & SARMUHAN





FS 54723  
ISO 9001



THE QUEEN'S  
ANNIVERSARY PRIZES  
2000 & 2002

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