

OFF-FARM ACTIVITIES AND CONTRIBUTIONS TO INCOME AND EMPLOYMENT

Most of the off-farm employment activities (OFEAs) in Jomsom-Marpha are characterised by small-scale operations and transactions, use of traditional indigenous skills and technology, and household level entrepreneurship and employment. Most off-farm activities are also seasonal in nature. Farming is traditionally the predominant activity of the community. Most of the OFEAs documented here are linked with farming and are operated as part of the household's total activity.

Inventory of Existing Off-farm Employment Activities

The following lists the major OFEAs in the Jomsom-Marpha area, and the current status of these activities.

<u>Major OFEAs</u>	<u>Current Status</u>	<u>Remarks</u>
A) <u>Service</u>		
i) Hotels/Lodges	- A total of 66 hotels/lodges operate in Mustang: 27 in Marpha and Jomsom VDCs, according to THAM the categories are: Grade, A-6, Grade, B-38, Grade, C-22.	- Considered to be the most lucrative business. One or two such establishments added each year.
ii) Shopkeeping	- About 20 grocery shops are being run by local people of which a few are of tourist standard.	- Each year about two to three new shops are opened.
iii) Teaching and government services	- Out of the total employees in the district headquarters the local people account for about 5% only.	- The Civil Service is not the major employment sector of the local people. Those who are employed in this sector are mostly in lower level positions.
B) <u>Transportation</u>		
i) Mule transport	- An estimated 3,000 plus mules are in the district for goods and commodity transportation. The two VDCs alone have about 800 mules that are used for transportation.	- The number of mules for transporting goods is estimated to be rising each year in keeping with the rising demand.

ii) Porterage/Vending	<ul style="list-style-type: none"> - Porterage is growing rapidly and an estimated 2,000 to 3,000 persons are involved in porterage. Most porters are from outside the district. 	<ul style="list-style-type: none"> - Porterage activities are mainly of two types: (i) tourist porters and (ii) vendors or hawkers (<i>Doke</i>). With the increased demand for groceries in the area, the number of hawkers is rising each year.
C) <u>Environment/Forest</u>		
i) Fuelwood/Timber	<ul style="list-style-type: none"> - Every household procures fuelwood, timber for almost all purposes, i.e., heating, cooking, construction. About 15 households depend entirely on the sale of forest products as their main source of earning and employment. 	<ul style="list-style-type: none"> - Deforestation reported to be rapid in an already fragile area.
ii) Wood-based Enterprises	<ul style="list-style-type: none"> - Two wood-based enterprises have been set up by outsiders. 	<ul style="list-style-type: none"> - Understood to be facing a growing shortage of wood.
D) <u>Construction</u>		
Construction of Private and Public Buildings	<ul style="list-style-type: none"> - Gradual growth in construction activity is apparent. New hotels/lodges and office buildings account for most of the construction work undertaken. A rough estimate shows that some 400-500 construction workers currently being employed in the district are predominantly outsiders. 	<ul style="list-style-type: none"> - Contractors and workers (skilled, semi-skilled, & unskilled are outsiders who come mostly from neighbouring districts).
E) <u>Cottage Industries</u>		
i) Bakery and Sweet-making	<ul style="list-style-type: none"> - One each are operating in the Jomsom bazaar. 	<ul style="list-style-type: none"> - Are operating smoothly. But lack of skilled manpower locally has an adverse impact on the quality and production.
ii) Milling	<ul style="list-style-type: none"> - One oil plus flour mill with 2 employees is operating well in Jomsom . 	<ul style="list-style-type: none"> - Procuring spare parts often becomes a problem because of distant markets.
iii) Utensil Industries	<ul style="list-style-type: none"> - About 8-10 blacksmith households are involved in making metal utensils of a wide variety. 	<ul style="list-style-type: none"> - Operate for about half a year from June/July to Nov-Dec.
iv) Carpet-weaving	<ul style="list-style-type: none"> - Mostly to meet household needs. 	<ul style="list-style-type: none"> - Very few are opened on a commercial basis.

F. <u>Agro/Forest-based Enterprises</u>		
i) Distilleries	- Four registered distillery plants are operating in two VDCs.	- Further potential exists to promote these industries. More distilleries are anticipated in future.
ii) Apple-peeling, Drying, Marketing	- About 45-50 households in Jomsom and Marpha are doing this business- but very few have access to modern technology like peeler machines and electric driers.	- Each year a few households are taking up this business.
iii) Fruit and Vegetable Storage/Marketing/Liquor Making	- Increased production of fruits and vegetables has led to increased demand for storage and marketing. About 20 households have started commercial vegetable farming and a number of households have fruit orchards.	- Vegetable and fruit production is becoming increasingly popular. Both home consumption and sales are reported to be going up each year.
iv) Incense Industry	- A family owned and managed industry in Marpha is one of the thriving economic enterprises. Technical innovation is needed for its promotion. Enough scope for product diversification, packaging, marketing, exists.	- Availability of raw materials offers further scope for introducing new industries in the area.

Off-farm economic activities in Jomsom-Marpha exhibit both diversity and unique linkages. While tourism has strong links for the growth and expansion of off-farm activities, other specific conditions such as geography, remoteness, limited agricultural base, climatic factors (which do not permit flexibility in crop production), and diversification have also prompted the local people to take new initiatives in the off-farm sector. These activities, however, are not at all separate or independent in themselves. In many cases they are secondary to the main occupation, which is farming.

Contribution of Off-farm Activities in Terms of Income and Employment

Among the total sample households, about 96 per cent were found to be involved in at least one off-farm activity. Most of the sample households were found to be involved simultaneously in two to three off-farm activities. It should be noted that involvement in some of the activities may be very small in terms of labour days. The household involvement in different off-farm activities and the average annual cash income generated from the activities are shown in Table 3.1.

Table 3.1 : Household Involvement in OFEAs and Average Annual Income from Each Activity by Farm Strata

Existing Off-farm Activities	Marginal		Small		Medium and Large		Total	
	No. of HHs involved	Annual income per involved HH (Rs)	No. of Hills involved	Annual income per involved HH (Rs)	No. of HHs involved	Annual income per involved HH (Rs)	No. of HHs involved	Average income per involved HH (Rs)
Transportation (Pack Animals)	5	9,620	11	14,844	4	17,500	20	14,069
Fruit and Vegetable Production, Processing and Marketing	7	11,279	23	4,095	13	3,474	43	5,077
Liquor Making (Home-made Wine)	6	2,800	9	2,000	3	5,000	18	2,767
Tea Stalls/Hotels/Retail Shops	5	4,240	13	5,654	4	9,500	22	6,032
Services	4	26,100	5	27,064	5	32,480	14	28,723
Wage Earnings	9	1,403	5	1,300	-	-	14	1,366
Woollen Goods' Production	2	2,500	3	2,033	5	2,440	10	2,330
Metal Utensil Making	1	18,000	1	24,000	-	-	2	21,000
Fuelwood Sales	4	3,000	4	5,750	-	-	8	4,375
Baking	1	12,400	-	-	-	-	1	12,400
Others (Tailoring, Blacksmithing, and Carpentry)	3	3,367	1	500	-	-	4	2,650
Total/Average	16	21,223	23	23,672	15	22,850	54	22,718
OFE income as a % of total income		(86.6%)		(79.7%)				(71.4%)

Note: The number of households involved in the activities does not add up to the total because some households are engaged in more than one activity.

Source: Field Survey.

The table shows that fruit and vegetable production involves the largest (almost 80 per cent) proportion of total sample households. There are some differences in the involvement of households in off-farm activities by farm category. Wage earnings, fruit/vegetable-related activities, liquor-making, the transport/retail trade, and fuelwood sales (in that order) are important activities for marginal farm households. The activities in order of importance for small farm households are fruit/vegetable-related activities, retail trade, transport, and liquor-making. In medium to large farm households, fruit and vegetable-related activities, service, transport, and retail trade were found to be the major activities. However, in terms of cash income, services, metal utensils, transport, and baking contributed higher shares in reporting households. It may be noted that metal utensils and baking are activities found in only a few households.

Role of Off-farm Employment in the Utilisation of Labour Days

Table 3.2 shows the percentage distribution of labour days in different activities. It shows that about 17 per cent of the total labour days are devoted to non-agricultural activities that tend to be remunerative. It may be noted that the proportion of labour days spent in remunerative non-agricultural activities is higher than that spent in agricultural activities in all farm household categories. It is also worth noting that over 60 per cent of labour days in all farm household categories remain unutilised. This highlights both the problem of seasonal unemployment and underemployment in the area as well as the contribution of off-farm employment activities in the utilisation of labour days. Household work takes up about 11 per cent of the labour time of women, while it takes up only about two per cent of the labour time of men.

Table 3.3 provides details of the involvement of members of sample households in off-farm activities. The gender differences in the use of time in different activities show that the involvement of females is particularly pronounced in fruit and vegetable production, processing and marketing, retail trades, liquor-making, and the production of woollen goods. In each of these activities, women contribute more labour time (and therefore presumably earn more income) than their male counterparts.

Table 3.2: Percentage Distribution of Labour Time Allocation among Various Activities by Farm Strata

Activity Categories	Marginal	Small	Medium and Large	Total	Male	Female
a. Agricultural	11.37	10.00	14.34	11.94	12.1	11.2
b. Non-Agricultural	14.70	18.37	15.22	16.29	19.1	14.6
c. Household Work	7.04	7.59	5.42	6.67	2.4	10.2
d. Other	4.05	3.91	4.21	4.06	4.0	4.2
e. Unutilised	62.84	60.05	60.80	61.04	62.4	59.8
Total	100	100	100	100	100	100

Table 3.3: Off-farm Employment by Farm Group and Sex

Off-farm Activities	No. of Persons Engaged in Activities in Sample Activities											
	Marginal		Small		Medium and Large		Total		Male		Female	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
- Transportation (Pack Animals)	5	11.6	11	17.5	4	6.2	19	11.4	19	26.0	0	0
- Fruit and Vegetable Production	10	23.2	23	36.5	11	17.2	44	26.5	19	26.0	25	26.9
- Liquor making (Home made wine)	11	25.6	11	17.5	2	3.1	24	14.4	11	15.1	13	14.0
- Tea stalls/Hotels/Retail shops	6	14.0	17	27.0	4	6.2	27	16.3	11	15.1	16	17.2
- Services (salaried jobs)	4	9.3	5	7.9	6	9.3	15	9.0	11	15.1	16	17.2
- Wage-earning	9	10.9	6	9.5	0	0	15	9.0	15	20.5	0	0
- Woollen goods' production	3	7.0	4	6.3	10.9	10.9	14	8.4	4	5.5	10	10.7
- Metal Utensils	6	14.0	2	3.2	0	0	8	4.8	8	11.0	0	0
- Fuelwood Sales	6	14.0	5	9.4	0	0	11	6.6	11	15.1	0	0
- Baking	3	7.0	0	0	0	0	3	1.8	2	2.7	1	1.1
- Others, Tailoring, Blacksmithing, Carpentry	9.3	1	1.6	0	0	5	3.0	4	5.5	1	1.1	

Note: The number of persons involved in the activities does not add up to the total because some are engaged in more than one activity.

Seasonality of Labour Demand

The analysis of the seasonal variations on labour use in agricultural and non-agricultural activities is important to promote off-farm employment activities. Seasonality is an important factor in determining labour use in traditional agricultural practices. The labour demand in traditional agriculture is relatively high at the time of land preparation, sowing, transplanting, and harvesting periods and is low at other times. Because of the cold climate and snow cover in the fields during winter, farm activities in the study area are limited to the snow-free months.

Table 3.4 and Figure 3.1 show that the highest demand in agriculture is in the month of July and on an average 27 per cent of the total labour days available are used in this month, followed by labour utilisation in August (22.3%) and in November (18.4). The relatively higher demand for agricultural labour in July and August is mainly for harvesting naked barley and sowing buckwheat. Similarly, the relatively higher agricultural labour demand in November and December is for harvesting summer crops and sowing winter crops respectively. The labour demand in non-agricultural activities is found to be less variable by season. However, relatively higher labour demand in non-agricultural activities is seen during May to July and October to December (Table 3.4).

On the whole, the highest labour utilisation appears to be in July (45.4%) and the lowest in February (14.1%). It should be noted that employment in non-agricultural activities has helped to smoothen the seasonality of agricultural labour demand. However, labour utilisation is low even in peak months, resulting in high underemployment in both agricultural and non-agricultural activities. Thus it appears that labour input is not a constraint for the promotion of non-agricultural employment activities in the study area.

Table 3.4: Percentage Distribution of Labour Utilisation in Agricultural and Non-Agricultural Activities in Sample Households

Month	Labour Utilisation in Agricultural Activities	Labour Utilisation in Non-Agricultural Activities	Total Labour Utilisation	Labour Days Demanded	Labour Days Supplied
January	5.3	12.1	17.4	1279	4675
February	5.0	9.1	14.1	1620	4675
March	4.4	11.5	15.9	2122	4575
April	4.3	11.2	15.5	1725	4675
May	7.1	20.2	27.3	1253	4675
June	14.8	19.9	34.7	1286	4575
July	27.0	18.4	45.4	1854	4675
August	22.3	14.6	36.9	1750	4675
September	10.8	16.9	26.8	813	4575
October	8.5	19.2	27.7	658	4675
November	18.4	21.2	39.6	743	4675
December	15.5	21.9	37.4	723	4675
Average/Total	11.9	16.3	28.2	15836	569108

LABOUR DEMAND PROFILE

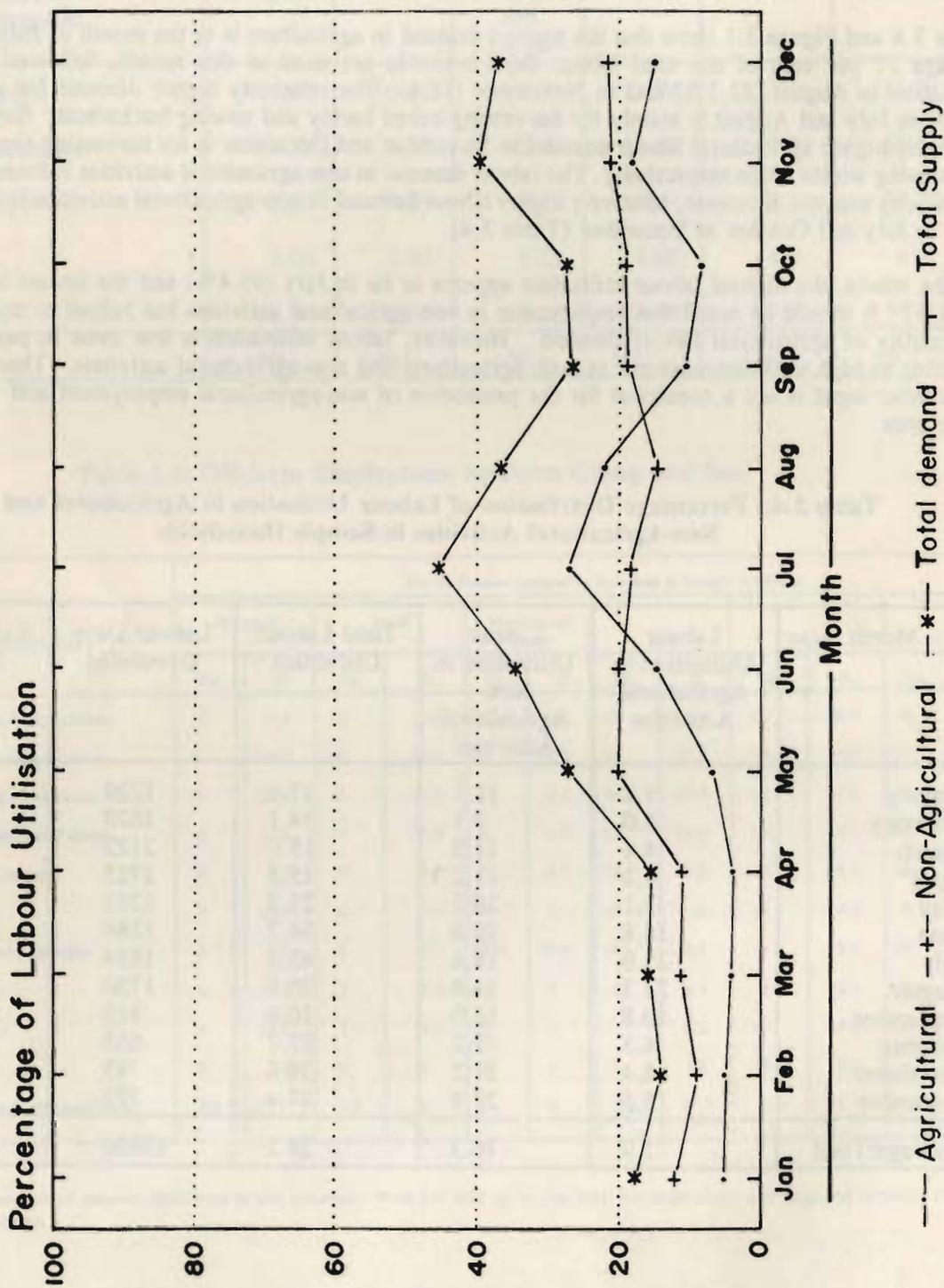


Fig. 3.1