



# Economic Development of Tribal Communities: Self-Employment and Livelihood Strategies with Special Reference to Chhattisgarh

DR.PREETI TANNA TAUNK

ASSISTANT PROFESSOR

GOVT.V.Y.T.P.G. AUTONOMOUS COLLEGE,DURG

## Abstract

This paper examines the economic development trajectories of tribal communities in Chhattisgarh, India, with particular emphasis on self-employment and livelihood diversification strategies. Drawing on recent empirical studies and government policy frameworks (2020–2025), the research analyzes how Minor Forest Produce (MFP) collection, handicraft entrepreneurship, and institutional support mechanisms contribute to tribal economic empowerment. The study reveals that Non-Timber Forest Products (NTFPs) contribute 15–50% of annual household income for tribal families in forest-dependent regions, while approximately 50,000–60,000 artisans engage in traditional crafts generating ₹500–800 crore annually. Despite significant policy interventions including the Minimum Support Price (MSP) scheme and Van Dhan Vikas Kendras, challenges persist regarding market access, value addition, and climate vulnerability. The paper proposes an integrated sustainable livelihood framework that combines traditional ecological knowledge with modern enterprise development to enhance tribal economic resilience.

**Keywords:** Tribal economic development, self-employment, Minor Forest Produce, sustainable livelihoods, Chhattisgarh, Van Dhan Vikas Kendra, Scheduled Tribes

## 1. Introduction

Chhattisgarh, situated in central India, represents one of the most significant tribal concentrations in the country, with approximately 30% of its population belonging to Scheduled Tribes (STs). The state's tribal communities, predominantly Gond, Halba, Bhatra, and Maria in the Bastar region, have historically maintained symbiotic relationships with forest ecosystems, developing sophisticated livelihood strategies centered on Non-Timber Forest Products (NTFPs) and traditional crafts.

The economic development of tribal communities through self-employment and diversified livelihoods has gained renewed policy attention following the implementation of the Forest Rights Act (2006) and various state-level initiatives aimed at securing tribal rights over natural resources. According to recent estimates, nearly 91 million person-days of employment are generated annually in Chhattisgarh's forestry sector, with tribal residents accounting for 90% of this workforce.

This paper investigates the multifaceted dimensions of tribal economic development in Chhattisgarh, analyzing: (i) the role of NTFPs in sustainable livelihood generation; (ii) handicraft-based self-employment opportunities; (iii) institutional support mechanisms including microfinance and cooperative structures; and (iv) emerging challenges in the context of climate change and market integration.

## 2. Literature Review

### 2.1 Sustainable Livelihoods Framework and Tribal Economies

The sustainable livelihoods approach provides a comprehensive analytical lens for understanding tribal economic systems. Mohanty and Panda (2024) demonstrate how indigenous knowledge serves as a catalyst for micro-entrepreneurship in Chhattisgarh, creating over 53,000 self-employment opportunities through the integration of traditional practices with modern market mechanisms. This aligns with the Sustainable Livelihoods Framework's five capital assets—natural, financial, human, social, and physical—which NTFP collection simultaneously enhances.

Mathew and Kasi's (2021) ethnographic study among the Birhor tribe of Chhattisgarh reveals complex livelihood portfolios combining hired employment, self-employment, and forest-based resource extraction, highlighting the adaptive strategies employed by Particularly Vulnerable Tribal Groups (PVTGs). Their research underscores that livelihood diversification represents not merely economic necessity but cultural continuity for forest-dependent communities.

### 2.2 Minor Forest Produce and Economic Contribution

Recent scholarship has quantified the economic significance of NTFPs in tribal livelihoods. Dinda, Ghosh, and Chatterjee (2020) documented that NTFPs contribute substantially to household income supplementation, particularly during lean agricultural seasons. In Chhattisgarh specifically, the five most economically important nationalized NTFPs—tendu patta (*Diospyros melanoxylon*), sal seeds (*Shorea robusta*), harra (*Terminalia chebula*), gum, and mahua flowers (*Madhuca indica*)—generate

approximately ₹200 crores annually for collectors, with tendu patta alone providing crucial seasonal cash income .

Behera et al. (2024) emphasize that NTFPs serve as "strategic buffers against vulnerability contexts of climate variability and economic marginalization," enabling livelihood strategies of diversification and risk reduction . This finding is particularly relevant for Chhattisgarh's Kondagaon district, where 70% of the population is tribal and 60% of land is forest-covered .

### 2.3 Tribal Entrepreneurship and Institutional Support

Singh (2023) examines the role of the National Scheduled Tribes Finance and Development Corporation (NSTFDC) in promoting tribal entrepreneurship across India, with specific attention to Chhattisgarh, Jharkhand, and Rajasthan . The corporation's schemes—including the Term Loan Scheme, Adivasi Mahila Sashaktikaran Yojana (AMSY), and Micro Credit Scheme for Self-Help Groups—provide concessional financing up to ₹50 lakh per unit at interest rates as low as 4% per annum for women entrepreneurs .

Mishra (2022) critiques the political ecology of natural resource governance in Chhattisgarh, noting that while credit facilities exist for micro-enterprise development, structural constraints including industrial exposure limitations and inadequate rural start-up ecosystems impede optimal utilization .

### 3. Methodology

This research employs a mixed-methods approach combining secondary data analysis of government reports, academic literature review (2020–2025), and synthesis of empirical case studies from Chhattisgarh's tribal districts, particularly Bastar, Kondagaon, and Surguja. Data sources include:

Chhattisgarh State Minor Forest Produce Cooperative Federation (CGMFPFED) procurement records

National Scheduled Tribes Finance and Development Corporation (NSTFDC) disbursement data

Primary studies from Kondagaon district conducted by Grassroots Institute and other academic institutions

Press Information Bureau (PIB) reports on tribal welfare schemes (2024–2025)

The analytical framework integrates the Sustainable Livelihoods Approach (SLA) with political economy perspectives to examine how institutional structures enable or constrain tribal economic agency.

## 4. Results and Discussion

## 4.1 NTFP-Based Livelihood Systems

## 4.1.1 Economic Contribution and Seasonality

Table 1 presents the seasonal calendar and economic contribution of major NTFPs in Chhattisgarh's tribal regions:

Table 1: Major NTFPs in Chhattisgarh: Seasonality and Livelihood Contribution

Table

NTFP	Local Name	Collection Season	Primary Uses	Livelihood Contribution
Tendu Leaves	Tendupatta	April–May	Bidi wrappers	Major seasonal cash income; MSP supported
Mahua Flowers	Mahuwa	March–April	Food, liquor, oil	Critical lean season income; 15-50% household income
Sal Seeds	Sargi Dana	May–June	Oil extraction, cosmetics	Industrial raw material; price volatility
Tamarind	Imli	February–March	Culinary, medicinal	Pre-monsoon income bridge
Chironji	Char	April–June	Edible seeds	High market value; limited collection
Lac	Lac	Bi-annual	Varnish, bangles	Industrial demand; export potential
Harra/Bahera	Harra/Baheda	October–January	Ayurvedic medicine (Triphala)	Medicinal market; MSP ₹1,500/quintal
Amla	Aonla	November–December	Nutritional, processed food	Value-addition potential
Neem Seeds	Neem Beej	June–July	Bio-pesticide, oil	Emerging organic market

Source: Compiled from CGMFPEFED data and field studies

The data reveals that MFPs contribute an estimated 15–50% of annual household income for tribal families, complementing agriculture (41% of income) and providing essential cash during lean agricultural seasons . The Chhattisgarh government's MSP scheme has been particularly impactful, with procurement of forest products worth ₹115 crore benefiting tribal collectors .

#### 4.1.2 Institutional Mechanisms: Van Dhan Vikas Kendras

The Van Dhan Vikas Kendra (VDVK) scheme represents a significant institutional innovation for tribal economic development. These centers facilitate value addition activities—processing mahua into jams and tonics, tamarind into concentrates, and herbs into powders—creating year-round employment in drying, grinding, packaging, and marketing .

Impact assessments indicate that VDVKs have enhanced earnings for participants through:

**Fair pricing mechanisms:** MSP schemes (₹35/kg for mahua, ₹1,500/quintal for harra) eliminate middlemen exploitation, ensuring tribals receive 75–90% of profits directly

**Market linkages:** TRIFED's e-commerce platforms connect collectors to national and international markets

**Skill development:** Training in sustainable harvesting, post-harvest handling, and quality grading

#### 4.2 Handicraft-Based Self-Employment

The handicraft sector represents a vital self-employment avenue for Chhattisgarh's tribal artisans. According to 2024 estimates, approximately 50,000–60,000 artisans engage in traditional crafts across the state, with tribal and forest-based crafts accounting for 70–80% (35,000–48,000 artisans) .

Table 2: Tribal Handicraft Sector in Chhattisgarh (2024 Estimates)

Table

Parameter	Value
Total Artisans	50,000–60,000
Tribal/Forest-based Craft Artisans	35,000–48,000 (70-80%)
Annual Sector Value	₹500–800 crore
Export Contribution	20–30% of jobs
Artisan Registrations (Pahchan Card)	~40,000 (2022–2024)
PM Vishwakarma Beneficiaries	10,000+ registered; 1,000–2,000 direct beneficiaries in forest crafts

Source: PIB Report, Ministry of Textiles

The GST rate reduction from 12%/18% to 5% on handicrafts (2024) is projected to increase demand by 10–15% and potentially add 5,000 new jobs by 2026, particularly benefiting Self-Help Group (SHG) organized artisans .

### 4.3 Microfinance and Credit Access

The National Scheduled Tribes Finance and Development Corporation (NSTFDC) has emerged as a critical financing institution for tribal entrepreneurship. Table 3 summarizes key schemes and their reach:

Table 3: NSTFDC Credit Schemes for Tribal Self-Employment

Table

Scheme	Maximum Loan	Interest Rate	Coverage	Purpose
Term Loan Scheme	₹50 lakh/unit	Concessional	Up to 90% project cost	Micro-enterprises, rural start-ups
Adivasi Mahila Sashaktikaran Yojana (AMSY)	₹2 lakh/project	4% p.a.	90% project cost	Women-specific projects
Micro Credit Scheme (MCF) for SHGs	₹50,000/member; ₹5 lakh/SHG	Concessional	Small loan requirements	Working capital, group enterprises
Adivasi Shiksha Rrinn Yojana (ASRY)	₹10 lakh/family	6% p.a.	Technical/professional education	Human capital development
Venture Capital Fund for STs (VCF-ST)	Variable	Concessional	Entrepreneurship promotion	Start-up financing

Source: Ministry of Tribal Affairs, PIB

Additionally, the Pradhan Mantri Jan Vikas Karyakram (PMJVM) includes provisions for MFP procurement at MSP, safeguarding tribal collectors' efforts while providing working capital support .

### 4.4 Challenges and Constraints

Despite policy interventions, several structural challenges impede optimal tribal economic development:

**Market and Infrastructure Constraints:**

**Exploitative middlemen:** Local traders in weekly markets (haat bazaars) often capture 50–60% of potential income through advance payment systems that create debt dependencies

**Storage deficits:** Lack of village-level storage facilities forces distress selling of perishable products like mahua flowers, which are prone to fungal infestation

Transportation barriers: Remote forest villages face high logistics costs, reducing net returns to collectors

Climate and Ecological Vulnerabilities:

Seasonal variability: Climate change-induced irregular rainfall patterns affect NTFP quality and quantity, particularly tendu leaf and mahua flower production

Forest degradation: Reducing forest cover and stringent conservation regulations limit resource access, creating "unsustainable dependency" on diminishing natural capital

Institutional and Skill Gaps:

Limited value addition: Most NTFPs are sold in raw form; absence of processing facilities at the community level reduces potential income by 40–60%

Knowledge erosion: Intergenerational transmission of traditional ecological knowledge is weakening, affecting sustainable harvesting practices

Digital divide: Limited digital literacy impedes access to e-commerce platforms and market information systems

## 5. Policy Implications and Recommendations

Based on the analysis, the following integrated strategies are proposed to enhance tribal self-employment and livelihood sustainability:

### 5.1 Strengthening Community-Based NTFP Management

Under the Forest Rights Act (2006), Gram Sabhas should be empowered to manage NTFP resources through community forest committees. This includes:

Mapping resource availability using GIS and participatory rural appraisal

Developing simple management plans for rotational harvesting and regeneration protection

Establishing community-owned storage and primary processing facilities at the block level to avoid distress selling

### 5.2 Scaling Up Value Addition Infrastructure

The Van Dhan Vikas Kendra model should be expanded with:

Capital expenditure support from PMVDY grants and state tribal welfare departments

Technical training partnerships with Indian Institute of Forest Management (IIFM) and agricultural universities

Working capital provisions to enable centers to purchase raw materials from members at fair prices and hold stock for optimal market timing

### 5.3 Enhancing Market Access and Digital Integration

E-commerce integration: Strengthen TRIFED's e-commerce platforms and develop mobile-based market information systems in local languages

Collective marketing: Promote cooperative marketing systems to bypass exploitative middlemen, potentially increasing collector incomes by 50–60%

Export promotion: Leverage the 20–30% export potential in handicrafts through participation in international trade fairs and compliance with quality standards

### 5.4 Climate-Resilient Livelihood Diversification

Enrichment planting: Utilize MGNREGA and Green India Mission (GIM) funds for NTFP species plantation (*Terminalia arjuna* for tasar, mahua, tamarind) to combat resource depletion

Skill diversification: Expand training programs under NHDP and CHCDS to include 5,000–7,000 new artisans annually, focusing on youth and women

Insurance mechanisms: Extend group insurance facilities currently available for tendu collectors to other NTFP categories

### 5.5 Financial Inclusion and Microenterprise Development

Credit guarantee facilities: Establish risk-sharing mechanisms to encourage banks to lend to tribal entrepreneurs

Digital financial literacy: Integrate financial education with VDVK training programs

Women-focused interventions: Scale up the Adivasi Mahila Sashaktikaran Yojana with reduced interest rates and simplified documentation

## 6. Conclusion

The economic development of tribal communities in Chhattisgarh through self-employment and diversified livelihoods represents a complex interplay of traditional ecological knowledge, natural resource governance, and institutional support mechanisms. The evidence demonstrates that NTFP-based livelihoods, when supported by fair pricing mechanisms (MSP), value addition infrastructure (VDVKs), and market linkages, can generate substantial income while maintaining ecological sustainability.

The handicraft sector offers complementary self-employment opportunities, with the potential to absorb 5,000 additional artisans by 2026 through GST incentives and e-commerce expansion. However, realizing this potential requires addressing structural constraints including exploitative market intermediaries, climate vulnerabilities, and inadequate infrastructure.

An integrated approach combining the Sustainable Livelihoods Framework with political economy insights suggests that tribal economic empowerment necessitates not merely individual

entrepreneurship but collective resource rights, community-based enterprise development, and state-mediated market protections. The Chhattisgarh model—characterized by the MSP scheme, cooperative procurement through CGMFPFED, and VDVK-based value addition—offers a replicable template for tribal development across India's forested regions, provided that implementation gaps in infrastructure, credit access, and digital connectivity are systematically addressed.

Future research should focus on longitudinal impact assessments of VDVKs, climate adaptation strategies for NTFP-dependent communities, and the gendered dimensions of tribal entrepreneurship to inform evidence-based policy refinement.

## References

[1] World Bank. (2005). Chhattisgarh District Rural Poverty Project: Tribal Development Strategy. Washington, DC: World Bank. Available at:

<https://documents1.worldbank.org/curated/en/887831468756562025/pdf/multi0page.pdf>

[2] Anonymous. (2026). A Study in Kondagaon District of Chhattisgarh. *International Journal of Advances in Developmental Research*, 17(1), 1717. Available at:

<https://www.ijaidr.com/papers/2026/1/1717.pdf>

[3] Mishra, J. (2022). Political Ecology of Natural Resource Governance in Chhattisgarh, India: Critical Ethnographic Reflections on Vulnerable Livelihoods of the Scheduled Tribes. In *Political Ecologies and Environmental Conflicts in India*. Taylor & Francis.

<https://doi.org/10.4324/9780367486433-7>

[4] Mohanty, R. K., & Panda, U. K. (2024). Sustainable Livelihoods: Indigenous Knowledge As A Catalyst For Microentrepreneurs In Chhattisgarh. *ResearchGate*.

<https://www.researchgate.net/publication/387326500>

[5] Mathew, G. S., & Kasi, E. (2021). Livelihoods of Vulnerable People: An Ethnographic Study Among the Birhor of Chhattisgarh. *Asia-Pacific Journal of Rural Development*, 31(1),

10185291211007924. <https://doi.org/10.1177/10185291211007924>

[6] Dinda, S., Ghosh, S., & Chatterjee, N. D. (2020). Patterns of Non-timber Forest Products and their contribution to the enhancement of tribal livelihoods: An empirical study from Paschim

Medinipur District, India. *Small-Scale Forestry*, 19(1), 1-20. <https://doi.org/10.1007/s11842-020-09444-7>

[7] Press Information Bureau. (2025, October 17). From Cement to Handloom: GST Sparks Inclusive Growth in Chhattisgarh. Ministry of Finance, Government of India.

<https://www.pib.gov.in/PressReleaseDetailm.aspx?PRID=2180263>

[8] Singh, A. K. (2023). Tribal Entrepreneurship in India: Role of National Scheduled Tribes Finance and Development Corporation. *Manpower Journal*, 59(1), 1-15.

<https://www.nilerd.ac.in/writereaddata/UploadFile/Amit%20Kumar%20Singh.pdf>

[9] Press Information Bureau. (2025, December 18). Scheme to Encourage ST Entrepreneurs.

Ministry of Tribal Affairs, Government of India.

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2205839>

[10] Behera, D., Kanungo, A. P., Dash, S. S., & Prangya, S. (2024). Non-Timber Forest Products (NTFPs) for sustainable livelihood of Indian Tribals. SSRN Electronic Journal.

<https://doi.org/10.2139/ssrn.5364938>

[11] Pandey, D. K., Ghosh, S., Mondal, B., Kumari, K., et al. (2025). National-scale Assessment of Community Forestry and NTFPs in India: A Synthesis of Spatial Patterns, Livelihood Dependence, and Governance Pathways. Current Forestry Reports. <https://doi.org/10.1007/s40725-025-00263-7>

[12] Grassroots Institute. (2012). Non-timber Forest Products and Tribal Livelihoods in North Chhattisgarh. Occasional Paper No. 1. <https://grassrootsinstitute.net/files/grassroots-occasionalpaper1.pdf>

[13] Satoyama Initiative. (2025, November 26). Non-Timber Forest Products as Drivers of Sustainable Livelihoods and Biodiversity Conservation: A Case Study from the Gond and Baiga Tribal Communities of Central India. IPSI Case Study. [https://satoyamainitiative.org/case\\_studies/](https://satoyamainitiative.org/case_studies/)

[14] Cedar Himalaya. (2012). Developing a Strategy for Forest Based Livelihoods in Central India. Navajbai Ratan Tata Trust Small Grants Programme.

<https://www.cedarhimalaya.org/pdf/Developing-strategy.pdf>

[15] NITI Aayog. (2023). Roadmap to Socio-economic Development of Tribals in India: A Special Emphasis on Madhya Pradesh, Chhattisgarh and Jharkhand. <https://nititantra.com/wp-content/uploads/2023/10/Roadmap-to-Socio-economic-Development-of-Tribals-in-India.pdf>