CHAPTER VII

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS
CHAPTER VII

7.0 FINDINGS, CONCLUSION AND RECOMMENDATIONS

The preceding chapter has presented the results and discussions of the Factor and Logistic Regression Analysis for identifying the factors influencing RNFE at the household level in the study area. This chapter follows a summary of main findings of this study on the Problems and Prospects of Rural Non-farm Employment in Tirunelveli District.

7.1 STRUCTURAL CHANGES IN INDIA AND TAMIL NADU

Both the Indian and Tamil Nadu economies are passing through the process of transition from the farm sector to the non-farm sector. In this process, a structural change in the composition of GDP/GSDP inevitable. This structural change is taking place, though at slow pace both in India and Tamil Nadu. The main reason for slow pace of the structural change is the slow rate of growth of the secondary sector. Both the India and Tamil Nadu have experienced an improvement in the share of the Service sector. This was largely due to the expansion in transport, communication, trade and finance.

In short, comparison of sectoral composition of the Tamil Nadu economy in the context of all India level gives some interesting insights. Firstly, the contribution of the non-farm sector has been greater in Tamil Nadu than in India as a whole only since 1965. Within the non-farm sector, the share of the service sector in Tamil Nadu continued to exceed the all India figures from 1961 onwards. Secondly, the shares of the manufacturing, the electricity, gas and water supply, the trade and the transport sectors in GSDP are more pronounced for the state of Tamil Nadu during 1961-2010. Thirdly, the contribution of the primary sector in GSDP has rapidly gone down for the past four and half decades (1965-2010). Fourthly, the most prosperous period for the growth of non-farm sector in Tamil Nadu has been the 2005-2010; whereas for all India, it was during the period of 2000-2005. Lastly, overall, both the Indian and the Tamil Nadu economies have been badly affected during the period 1971-75. Thus, the emerging structural change in GDP/GSDP shares witnessed a big decline in the share of agriculture, coupled with a modest increase in the share of industrial sector and a much sharper increase in the share of service sector.
With regard to the employment, firstly, the growth of employment of the total workforce in almost all sectors in Tamil Nadu has declined compared with India as a whole. Secondly, the growth of non-farm employment in Tamil Nadu has only surpassed the all India figure during 2004-05 – 2009-10. Thirdly, a similar behaviour pattern has been observed for the secondary and tertiary sectors in Tamil Nadu. Lastly, the growth of agricultural jobs has plunged; it is comparatively lower than the all India growth rate. From this the broad picture, it is emerged that with a shift of GDP/GSDP from agriculture to industry, there was a nearly proportionate shift in employment. Similarly a rise in the share of services in GDP/GSDP was accompanied by a proportionate increase in employment.

The employment impact of changes in GDP/GSDP in different sectors reflects the changing employment generating capacity of the Indian and Tamil Nadu economies. The results of the employment elasticity highlight the fact that in Tamil Nadu, the farm sector has more labour absorption capacity than the non-farm sector over the five decades. The most prosperous years for employment generation of India and Tamil Nadu were the period of 1999-2000 – 2004-05.

Over the five decades, the all sectors do not show a clear picture of employment elasticity for all India and Tamil Nadu. The elasticity for the non-farm sector has persistently declined at the Tamil Nadu state and national levels during the period, 1972-73 to 1999-2000. The immediate cause for the fall was a decline in the elasticity of both secondary and tertiary sectors over the period of five decades.

7.2 WORKFORCE DIVERSIFICATION IN TAMIL NADU

Overall, considerable workforce diversification has taken place in rural areas of Tamil Nadu during 1971 – 2001. Over the past three decades (1971-1991) only five districts (Chengalpattu, Dharmapuri, North Arcot, Periyar and Pudukottai) have the highest rural workforce diversification in the state. Besides, only the Kanyakumari district has the highest diversification record during the period of 1971-2001. However, all the districts show a creditable diversification in 2001 except Chengalpattu and newly added districts in 2001.

In the case of males, the Kanyakumari, Chengalpattu, Coimbatore, North Arcot, Salem, Tirunelveli, and Chidambaranar have the highest diversification record during the
period of 1971-1991. All the districts show an admirable diversification for males in 2001. Again, the Kanyakumari district witnesses the highest record of diversification in 2001 for males too. This is followed by the Thoothukudi and Thiruvallur. The moderately diversified districts are Virudhunagar, Vellore, Chengalpattu, Tirunelveli, Coimbatore and Salem.

Contrary to it, the diversification has insignificantly taken place for rural females during 1971 – 2001. Over the past three decades (1971-1991) only three districts (Tirunelveli, Periyar and Pudukottai) are deepening of rural workforce diversification in the state. Besides, the Kanyakumari district is the only district which has the highest diversification record for females during the period of 1971-2001. However, all the districts show impressive diversification indices for females in 2001. Again, the Kanyakumari district witnesses the highest record of diversification in 2001 for females too. This is followed by the Thoothukudi and Vellore.

7.3 INTER-DISTRICT VARIATIONS IN RNFE

The share and growth of the primary sector has been continuously decreasing since 1971 in Tamil Nadu. But the declining trend is more perceptible for females than males. The districts in which the growth of the primary sector has declined the most are Kanyakumari, Vellore, Kanchipuram, and Tirunelveli during the three decades (1971-2001). However, the Nilgiri is the only district registered a positive growth. However, the negative growth is more perceptible for females in Tirunelveli.

The share and growth of the secondary sector has been continuously increasing since 1971 in Tamil Nadu except 1981 to 1991. But the growth is more perceptible for females than males. Also the growth is more visible during 1991 to 2001 for both genders. The districts in which the growth of the secondary sector has raised the most are Dharmapuri, Vellore, Pudukottai, and Madurai during the three decades (1971-2001). However, the Nilgiri and Ramanathapuram are the only districts registered a negative growth for both genders. The districts which show high positive growth are Dharmapuri, followed by Vellore, and Kanyakumari for males. Similarly, the districts showing rising trend for females are Vellore, followed by Madurai, Pudukottai and Dharmapuri. But the Ramanathapuram, Nilgiris and Kanyakumari show a declining trend for females.
The share and growth of the tertiary sector has been significantly increasing since 1971 in Tamil Nadu except 1991 to 2001. Also the growth is more visible during 1981 to 1991 for both genders. But the growth is more perceptible for females than males in all districts. The Madurai, Cuddalore, Erode, Tiruchirappalli and Kanyakumari have the high growth during the three decades (1971-2001). However, the Nilgiri and Tirunelveli have the lowest growth rate in Tamil Nadu. The districts which have high positive growth are Madurai, followed by Tiruchirappalli, Dharmapuri and Vellore for males. But in contrast, the Nilgiris and Salem registered the lowest growth during the past three decades. In the case of females, the districts which have the highest growth in the tertiary sector are Pudukottai, Erode, Vellore, and Cuddalore respectively. On the contrary to it, Tirunelveli is the only district which has registered a negative growth during the period of 1971 to 2001 in Tamil Nadu. This is followed by the Nilgiris, Salem and Ramanathapuram.

The share and growth of the non-farm sector has been extensively changing since 1971 in Tamil Nadu. The growth is more visible during 1991 to 2001 for both genders. But the growth is more perceptible for females than males. The districts of Vellore, Dharmapuri, Kanyakumari, Madurai, Kanchipuram and Pudukottai have the highest growth during the three decades (1971-2001). The Nilgiris is the only district which has registered a negative growth during the same period; and Ramanathapuram and Thanjavur have the lowest growth rate of the non-farm sector in Tamil Nadu. The growth of the non-farm sector is more noticeable for females than males almost in all districts too.

The districts which have high positive growth are Dharmapuri, Vellore, Kanyakumari, and Madurai during the past three decades for males; also the districts witnessed low growth rates are Ramanathapuram and Tirunelveli. Again the Nilgiris has registered a negative growth for males in Tamil Nadu. With regard to females, Vellore, Pudukottai, Madurai, Kanchipuram and Tirunelveli are witnessed an increasing trend while Ramanathapuram, Nilgiris and Kanyakumari show a declining trend during the period of 1971 to 2001.

The recent (1991-2001) trend of the non-farm sectors’ growth shows that the Kanyakumari and Virudhunagar equally register a high growth, followed by Madurai,
Thoothukudi and Cuddalore in Tamil Nadu. While the Nilgiris and Erode have registered the lowest growth in Tamil Nadu. In the case of males, the districts with high growth of the non-farm sector are Kanyakumari, Madurai, Cuddalore, Thoothukudi and Virudhunagar respectively. The Nilgiris and Erode have relatively less growth in Tamil Nadu. With regard to females, the Nilgiris and Kanyakumari show a declining trend; whereas, the districts of Vellore, Cuddalore, Virudhunagar and Dharmapuri have the highest growth of the non-farm sector.

7.4 SOCIO-ECONOMIC ATTRIBUTES

- The present study covers, in all, 387 households spread over four sample villages i.e., Ayansingampatti (131 HHs), Pattakurichi (95 HHs), Alwaneri (88 HHs) and Thadiyampatti (73 HHs). However, the Ayansingampatti and Thadiyampatti have high and low representations of sample households respectively.
- The proportion of male headed households is higher than female headed household in the study area.
- The study villages have more small size of HHs. The average size of HH is 4.18. It remains almost similar in each village in the study area.
- The dominant gender is females in all sample villages.
- The sex ratio is 1059.
- Most of the respondents are married but the variation of unmarried is meager.
- Majority of persons fall in the 15 to 24 age group, followed by 25 to 34 years category in the study area. Totally, about 70 per cent of the respondents fall in the age group of 15 to 59 years and the rest belong to children and age old peoples. Hence, the work force is greater than the non-workers in the study area.
- The females outnumber males almost in all age-groups in all villages. A large number of females and males particularly fall in the young age group of 15 to 24 years and 25 to 34 years respectively.
- The illiteracy rate is 31.06 per cent and literacy rate is 68.94 per cent in the study area. There are many literates with general education and less with technical and college level studies. It is also found that those with general education are high in developed village compared to less developed village.
• The proportion of educated males outnumbers females in all categories of educational attainment in the study area. The rural people still do not show interest on female education.

• Majority of households belong to Hindu religion followed by Christians in the study area.

• There is predominance of SC/ST households, followed by MBC and BC. But no household is represented in other castes in all villages. However, about 60 per cent of households are represented from non-SC/ST households whereas only 40 per cent of households belong to SC/ST in the study area.

• The SC/ST households of Hindu religion represent high among the social groups followed by MBC and BC households. However, the majority of BC households belong to other religions particularly Christian.

• Half of the sample rural households mainly depend on non-farm activities for their livelihood. The other half of the rural households’ main occupation is cultivation and agricultural activities.

• The MBC represent more among the cultivators followed by BC. Among the agricultural labours and other categories (non-farm), the SC/ST constitute more than other social groups in the study area.

• The distribution of farmers is highly skewed with most of the cultivable land distributed among the medium and large farmers or wealthy farmers. Because of the relatively high proportion of marginal and small farmers households in the study area mainly operate subsistence farms. Also, a greater proportion of households hold marginal or small size of land but these farms account for a greater proportion of the total land available in the study area.

• Most of the farmers belong to MBC and SC since they are marginal and small farmers in the study area. The proportions of medium and large farmers are high only for BC.

• The average per acre output of a year is above Rs.40000 in the study area for all farmers. There are no farmers getting output not less than Rs.20000 per acre in a year.
• Over all, the earner and dependent ratio is 3:2 in the study area. The percentages of workers and dependents are 60.58 and 39.42 respectively. Thus, the Work Participation Rate is 60.58 per cent in the study area.

• The incidence of employed is much higher among the males compared to the females. But the females are high among the dependents.

• Overall, majority of workers are illiterates. Of them, the proportion of females is higher than males. Among the literate workers, the proportion of males is higher than females in almost all categories. However, the female workers exceed males in diploma and professional education. Besides, the male workers with general education constitute more than with technical education in the study area.

• The total number of persons undertakes traditional non-farm activities are 317. Of them, the number of persons going in for these traditional non-farm activities is still found to be higher for the males than females.

• Out of forty seven occupations or activities are listed for traditional non-farm employment, the coolies record the highest number of male and female workers. Other important occupations of persons are washer man, construction worker, money lender, bullock cart operators, tea stall and quarrying. However, the females constitute high for these traditional non-farm activities.

• It also appears that economic pressure in less developed villages is strengthening the traditional occupations rather than diversifying these occupations into modern occupations. At the same time non-farm occupations are expanding into both traditional and modern occupations providing scope for the breaking up of the structure of the rural society. It is also noticed that agriculturally developed village is strengthening the traditional non-farm activities (for e.g. Ayansingampatti village).

• The total number of persons in the modern non-farm employment is (379) higher than the traditional non-farm employment. Contrarily, the females are found to be higher in the modern non-farm employment in the study area.

• Out of Sixty five occupations are listed for modern non-farm employment, Beedi makers record the highest number of female workers in the study area. Other
important occupations are employees in Private companies, teacher, government employees, and employees in Private hospitals, Police, drivers and decorators.

- Among the modern non-farm employment, the females constitute high in Hospital and teaching profession. However, the males dominate in all other occupations.
- It is also noticed that developed village is strengthening the modern non-farm activities rather than less developed village. Moreover, the number of occupations in the rural non-farm employment in a developed village suggests that it is possible to strengthen employment in such a village rather than in an under developed village.
- It may also be concluded that non-diversification of occupations in a traditional village reflects under development of the village and that non-development in rural non-farm sector could result in further under development.
- The unskilled workers exceed the skilled workers in the study area. The data relating to the skilled and unskilled workers confirm that only 18.19 per cent are skilled out of 60 per cent of the total workers.
- The percentage of female skilled workers is seen have increased (20.34 per cent) for all villages. On the other hand, the percentage of male unskilled workers is considerably increased (49.43 per cent) in all villages.
- Thirty skills of both traditional and modern are listed for both sexes. Of these, Beedi maker records the highest of female workers on the whole. Other important skills are washer man, driver, quarry man, mason, garland maker, tailor and carpenter and electrician. Of these, the persons with skill are found to be higher for males than females in the study area.
- Over all, more than half of them are students (55.26 per cent) and Children aged from 0 to 4 years. This is followed by the Senior Citizens and House wives. The persons reporting themselves as available for work or job seekers constitute to mere 4.71 per cent only in the study area.
- Overall, most of the females are unemployed in almost all categories in the study area. The magnitude is high for males in the Children and Students categories. In the case of job seekers males outnumber females in the study area.
• Only Coolies, washer men, shepherd, marginal and small farmers pursue sub-occupations accounting for 19.31 per cent in the study area. Overall, most of household members pursue agricultural work followed by coolies and ironing as sub-occupations in the study villages.

• The male Principal Status workers are more than female workers in the study area. However, the percentage (30.69) of Subsidiary Status workers was the highest for females.

• The number of persons going in for the MGNREGP is still found to be higher for females than males in the study area. Majority of the agricultural labours, casual labours and coolies participate in the MGNREGP.

• Overall, there are more Regular/Salaried employees followed by Self-Employed, Casual Labours and others respectively. For males, there are more Self-Employed and others in all villages. For females, there are more Regular/Salaried employees and, Casual Labours in the study area.

• The proportion of persons working ‘inside’ the village is higher than ‘outside’ the village. The incidence was higher among females than males in the study area. However, the incidence of persons who work outside and both inside and outside the village was the highest for males.

• Overall the non-migrant workers constitute higher than the migrants in the study area. Of them, it is more evident for males. But, the males are more among the migrants.

• The female workers are willing to work in the same village whereas the male workers are ready to work both inside and outside the village in the study area.

• Most of the workers work within the village. Of them, the female workers are more than the males. In the other categories, a higher proportion of males are noticed as compared to females in each village. However, the females too work within and above the radius of 10 Kms.

• Majority of workers go for work just by walking only. It is more evident for females than males. This is followed by bus or train or others and motor cycles in the study area. It is also found that the females are mostly using bicycles as the
mode of transport in villages. But the males are using motorcycles, bus or train and other modes of transport in each village as compared to females.

- The majority of females reported their willingness to work in non-farm employment in each village. In the case of farm employment, the males prefer to work rather than the females. Overall, 71.91 per cent persons prefer to work in non-farm employment and 21.91 per cent prefer to work in farm employment.

- Most of the households' income is between Rs. 100000 and 200000. The average income of household is Rs.193720.20 and the per capita income is Rs.46401.65 in the study area.

7.5 IDENTIFICATION OF FACTORS

- Factor analysis has been employed to identify representing variables from a set of 26 variables in this study. The results for the factor analysis suggest that all the variables except sex have satisfied the minimum requirement of 0.05 extraction value. However, there are high extraction values for caste others, caste S.C, type of farmers, age, age square, interaction variable, village dummy, and distance. It also indicates that the extracted components represent the variables are good fit.

- The results also predict that only eight variables may be used for further analysis. These variables are type of farmers, distance, age, other caste, interaction variable, mean educational years, skilled households, and mean income of the households. They explain nearly 78.62 per cent of the variability in the original twenty six variables. And also the result suggests including land, income, per acre output, transport, and place of work, willingness, age-square, caste S.C, and village dummy as additional variables in further analysis.

7.6 DETERMINANTS OF RNFE

The Logit regression results highlight the fact that in many cases the variables of modern and traditional RNFE vary significantly. Also different variables are influenced on the outcome of the dependent variable in the six models.

- At household level, firstly, the RNFE is the function of Family Size, Age, Land and the Average income of the HH in the study area. Of them, all the factors influence the RNFE except Land positively.
• Secondly, the Modern RNFE is determined by the Age of the head, Average Education of the HH, Skill of the family and Mode of transport. Of them, the Education and Mode of transport are positively influenced the Modern RNFE; whereas, the Age and Skill of the family are negatively influenced the Modern RNFE.

• Thirdly, on contrary to it, though the same variables do influence in the Traditional RNFE, the age and Skill are positively related to the Traditional RNFE; while the Education and Mode of transport are negatively related to it.

• Thus, the family size, age, land and income are the major determinants of rural non-farm households in Tirunelveli district. Meanwhile the age, education, skill and transport are the factors which influence the Modern or Traditional RNFE in the study area.

• Taking into the consideration of main workers only, firstly, the RNFE is the function of Education of workers, Household type, Skill of worker, Mode of transport, village dummy i.e., developed and undeveloped village, and interaction variable i.e., average education with village dummy in the study area. Of them, the Household type, Skill, Transport and interaction are positively correlated with the RNFE of main workers; while the education and village dummy are negatively associated with it.

• Secondly, the Modern RNFE of main workers is determined by the Age, Education, Type of household, Skill, Major time spent on work, Willingness to work in non-farm activity, and Mode of Transport. Of these determinants, the Education, Skill, Major time spent on work, and Mode of Transport are positively related to the Modern RNFE; whereas the Age, Type of household and Willingness to work in non-farm activity are negatively correlated to it.

• Thirdly, the same variables influence the Traditional RNFE too, but the positive coefficients have become negative and vice versa.

• Thus, the Education, Type of household, Skill, Mode of Transport, Village dummy and Interaction are the major determinants of RNFE of all main workers in Tirunelveli district. Meanwhile the Age, Education, Type of household, Skill, Major time spent on work, Willingness to work in non-farm activity, and Mode of transport are positively related to the Traditional RNFE; while the Education, Skill, Major time spent on work, and Mode of Transport are negatively related to it.
Transport are the factors which influence the Modern or Traditional RNFE in the study area. However, the identified major determinants of RNFE are the age, education, skill and mode of transport in this study.

7.7 PROBLEMS OF RNFE

Every non-farm activity has its own problems. These problems vary from occupation to occupation in the study area. However, the main problems of RNFE in agriculturally developed or undeveloped areas have been identified. They are seasonality, real estate, demeaning of occupations, low wage or salary, long duration of working hours, exploitation of workers, lack of social security, irregular job availability, outsourcing job, contract based jobs, advent of modern technology, caste based occupation, educated unemployed and underemployed, strains of workers, and non-availability of healthy food.

7.8 CONCLUSION

A detailed scrutiny of the thesis leads to the conclusion that the analysis of national/state income data highlights important structural changes during the past six decades. The emerging structural change witnessed a vast decline in the share of Agriculture, coupled with a modest increase in the share of industry and a much sharper increase in the share of services which now account for roughly half of the total income. It is also emerged that with a shift of GDP/GSDP from agriculture to industry, there was a nearly proportionate shift in employment. Similarly, a rise in the share of services in GDP/GSDP was accompanied by a proportionate increase in employment. Nevertheless, the Tamil Nadu economy continues to be dominated by the agriculture and by unorganised sectors. However, the latest trend towards modernisation, market orientation and casualisation of labours has shown a tendency to shift away from agriculture for both genders. Therefore, the policy directions of government should be pursued in future so that the sectoral disparities in GDP/GSDP and employment pattern are reduced.

7.9 RECOMMENDATIONS

The following are the recommendations of the study.

1. The CSO does not estimate GDP separately for rural and urban areas. It is suggested that as in other countries like China, where such data are available, India may also attempt to estimate the GDP for rural and urban areas separately.
2. The changing structure of the GDP/GSDP needs to be strengthened further by stepping up the programme of industrialization. This does not mean neglect of agriculture, but for accelerating the growth process in agriculture, industrialization of the economy with emphasis on agro-based industries and industries supplying inputs to agriculture. Then only, the process of structural change of the economy from developing economy to developed economy will be accomplished.

3. RNFE is often viewed as an offshoot of poor agricultural performance – a distress diversification in India. This is where the problem arises. This study suggests that more RNFE emerges primarily out of prosperity of agriculture. This will lead to a healthy employment environment and also boost demand for consumer goods. Thus, an increase in investment on irrigation particularly countrywide integration of rivers, statewide integration of rivers, district wide integration of rivers or channels, even taluk wide integration of channels, and infrastructure coupled with large scale non-farm activities would generate a significant increase in non-farm employment.

4. The problems of non-farm employment in agriculturally developed and undeveloped regions must be identified separately and area specific non-farm development programmes must be planned and implemented.

5. Government must promote training centres and encourage skill development in the rural areas. The present young generation needs modern skills to enable them to engage in some non-farm activity. For this the Government may introduce vocational based general education to students.

6. The marginal farmers, agricultural labours and casual labours are the largest sector of the rural poor. They have not benefited sufficiently from the prosperity of agriculture. There is a need to assist them to improve their incomes by means of subsidiary occupations and off-season employment.

7. Lastly, the Government should take necessary steps to improvement the educational standards particularly in rural areas. These policies are likely to accelerate the growth of RNFE.
7.10 IMPLICATIONS FOR FURTHER RESEARCH

The results of this study have conveyed many research gaps that need to be plugged in through further work. In this study, the analysis of the changes in the non-farm employment is incomplete because the study does not analyse the corresponding changes in urban areas. There is also a need for more studies covering different regions in Tamil Nadu and different states in India especially field based micro – level studies. The workforce diversification needs to be studied further for the major sectoral and within the major sectors. Also, more research on non-manufacturing sectors like construction, trade, transport which have witnessed phenomenal growth during the recent decade. They are emerging as crucial arteries of the expanding non-farm employment need to be initiated.