6.1. OVERVIEW

These days both in development theory and practice, Rural Non-farm Employment finds an important place. The sector which was initially considered to wither away as the process of development gets consolidated and has emerged stronger with every passing decade. RNFE, whose share was hardly 10 to 15 percent in the rural employment space four decades ago, has come to assume a proportion of 40 to 50 percent in many of the developing countries today. Falling elasticity of employment in agriculture and modern formal sectors, in many developing countries has brought back the focus on the development of rural non-farm sector. Besides the above, the declining cultivable land man ratio, and the urgency to create more qualitative and regular jobs for the burgeoning young population, necessitates nurturing and promoting the rural non-farm sector in the developing countries.

Studies on rural non-farm sector are scarce in the North Eastern Region. However, as mentioned earlier this region has undergone tremendous economic, social, and cultural changes during the last six to seven decades. The interplay of these changes and their matrix has obvious implications for the diversification of the rural economy and its workforce in this region.

It is in this context we have made a humble attempt to study the dynamics of the rural non – farm sector in the NER. Specifically, the study has been undertaken with respect to three important dimensions of RNFE i.e. the growth and nature, the composition and the determinants. This chapter is divided into sections. Section 6.2 states the findings of the study and section 6.3 states the conclusion and policy implications.
6.2. FINDINGS

Our research work has been undertaken broadly on three important aspects of RNFE in the North Eastern Region (NER). These are, (i) the nature and the growth of RNFE, (ii) sectoral, regional and gender wise composition of RNFE, (iii) important determinants of RNFE both at the macro and micro level. In explaining the growth, nature and composition of RNFE we have made use of the data available with the census and NSS authorities. In researching the determinants of RNFE at the macro level we have made use of census data and in analyzing the determinants of RNFE at the micro level we have use data collected through field studies. We understand that dynamics of RNFE in the North East can be reasonably resourced out and explain in studying the above three aspects of RNFE.

The NER has experienced increased diversification in rural employment during the last two decades. This is reflected in the increased share of RNFE in total rural employment in the region. The percentage share of RNFE in this region has increased by 11.1 percentage points over the period 1993-94 to 2009-10. In terms of percentage, the share of RNFE has increased from 24.7 percent in 1993-94 to 35.8 percent in 2009-10. When compared with the country’s average the share of RNFE in the North East in 2009-10 is higher than the share of RNFE in the country.

Our study also reveals the existence of regional unevenness with respect to the incidence and spread of RNFE in the region. In 2009-10, the percentage share of RNFE at 67 percent was the highest in Tripura and 19.8 percent as its lowest value in Mizoram. This increase spatial unevenness is very well explained with the increase in the standard deviation and range of concentration of RNFE in the region.
The gender gap in non-farm employment space has substantially decreased in the North East, whereas in the country it has marginally increased. The percentage share of male RNFE in total male rural employment has been higher than the percentage share of female RNFE in total rural female employment for the three consecutive census periods as well as in the four NSSO rounds. This reveals the existence of a gender gap in the non-farm activity space in the rural economy of the NER and the country. However, in terms of percentage points difference has subsequently narrowed down in 2009-10 vis-à-vis the country. It stands at 14.9 at all India level and 2.7 percentage points in the NER as per NSS 66th Round (2009-10). The gender gap in non-farm employment space has substantially decreased in the north east, whereas in the country it has marginally increased. The percentage share of male RNFE in total male rural employment has been higher than the percentage share of female RNFE in total female employment for the three consecutive census periods as well as the four NSSO rounds. This reveals the existence of a gender gap in the non-farm activity space in the rural economy of the NER and the country. However, the gender gap in terms of percentage point difference has subsequently narrowed down in 2009-10 vis-a-vis the country. It stands at 14.9 at all India level and 2.7 percentage points in the NER as per NSS 66th Round (2009-10). Gender-gap has continuously been increasing at the national level, whereas, at the NER level it has been erratic, going by the NSSO estimates for the last four rounds. In two of the states i.e. Manipur and Tripura the gender gap in RNFE space stands out at -22.2 and -25.7 respectively.

There exists heterogeneity in the composition space of non-farm employment in the north east. In 2004-05, if we look at NER, manufacturing, trade, hotel and restaurant, public administration, education and community services show higher percentage shares compared to construction sector but this has been outweighed by
construction sector in 2009-10 whose share increased from 14.1 percent in 2004-05 to 31.3 percent in 2009-10. In 2009-10, mining as a sector in RNFE is important in Meghalaya whereas it is almost insignificant in the rest of the NE states. Manufacturing employment in Tripura constitutes 20 percent whereas Arunachal Pradesh it is only 5.3 percent of the total RNFE. Construction employment as a percentage of RNFE was the highest in Arunachal Pradesh whereas Meghalaya having the lowest employment in the construction sector at 22 percent. Nagaland is having the highest employment share in trade and hotels sector with percentage share of 35 and Meghalaya is having the lowest share in employment in trade and hotels sector with 18 percent only.

The Services sector has experienced a secular fall in most North Eastern states and it is the construction sector which has emerged as the leading sector of RNFE both in terms of percentage share and growth rate. Next to construction, it is the trade, hotel and restaurant sector that has emerged as a dynamic sector within the RNFE space. As has been explained earlier, this high rise in the share of construction sector in RNFE in NER can be attributed to the implementation of MGNREGA in providing manual work in road and other construction activities in the region and more aggressively in the state of Tripura along with a spurt in public as well as private construction works.

Field survey in the five villages of three districts in Meghalaya shows that non-farm employment constitutes and important part of the livelihood of the people living in these villages. However inter village difference is noticed in terms of the significance of non-farm occupations. Harlibagan and Nongrim in Ri Bhoi District and Dalbenggre in West Garo Hills shows the predominance of non-farm as their primary occupation while Shella in East Khasi Hills shows the predominance of farm as their primary occupation.
Analysis of the factors responsible for the growth of RNFE in the North East shows that both development (pull) and distress (push) factors have caused the RNFE to grow. At the macro level our analysis shows both agricultural growth and infrastructure are the two most important variables influencing the growth of non-farm in the region. At the micro level, agricultural growth, access to credit and urban proximity are the three important development (pull) factors that have pulled RNFE to grow. Poverty is one of the most important push (distress) factors that have allowed RNFE to increase in terms of pushing people to go for non-farm activities.

Participation in highly remunerative non-farm activities is determined only by development variables of education and access to credit. Education continues to be an important and significant factor for determining entry into occupations with high earnings within the non-farm sector.

6.3. CONCLUSION AND POLICY IMPLICATIONS

When it comes to development the NER stands at a crossroad. With the expansion of education and the improvement of Human Development Index (HDI) the aspirations of the youth has increased. On the other hand the region’s development is held hostage to its difficult topography, historical neglect inflicted by the partition, elite practice of development perpetuated by the ruling class, paucity of physical and social infrastructure and meager economic growth. If this region is to develop fast it’s ever increasing youth from the colleges and universities are to be provided with quality employment opportunities. Therefore proper employment planning is very important for this region. It is in this context that our study of the growth, composition and determinants of RNFE is very timely. However, we offer the following suggestions
having policy import for the policy makers and its academicians working in the field of development.

As our study shows the presence of unevenness in the spatial concentration of RNFE in the region, this needs to be immediately tackled by policy interventions and inducement.

The findings show that both pull and push factors are responsible for growth of RNFE and is perfectly in line with the manifestation of the socio-economic situations in the region. With respect to the development factors, the role of agriculture, credit access, urban proximity and education are all found to be critical. The policy suggestion here would be to maximise on the full potential of these factors. There should be broad-based incentives and investment for rural economic development (Reardon et al., 2001) to include investments in roads and communications, transport, electricity, investment in health and education which are crucial for rural development. To reduce the distress factors for participation in RNFE development of the agriculture sector is needed. The magnitude of agricultural productivity and the scale of commercialisation of agriculture in the region are below the average level. The reason may be due to the difference in the agro-climatic condition of the region. Governments should find other alternate cultivation strategies best suited for the area like horticulture which has been taken at a small scale and expansion of this can even be exploited commercially at a wide scale.

Since women are at the margin of activities in RNFS and they take up activities in RNFS being pushed by distress factors such as poverty, illiteracy and lack of access to credit; this segment of the rural populace need to be specifically targeted by means of exclusive programmes and plans to enhance their capability vector.

The heterogeneity in the RNFE space and RNFE composition space with respect to region and gender needs to be tackled by means of appropriate state policies.
focal objective of initiating rural development programmes should by and large be confined in favour of self-employment rather than wage-casual employment. The rural population should be encouraged towards the establishment of various non-farm activities depending on the comparative advantage the area offers due to the heterogeneity nature of RNFE. Government interventions by making awareness to the rural populace about the sustainability of different enterprises, providing financial assistance through various schemes, providing the technological know-how will increase their confidence and skills, which will increase the expansion of RNFE and reducing rural-urban migration and rural poverty.

Since our analysis show that the entry into highly remunerative non-farm activities is significantly influenced by education and access to credit, state and non-state players in the field of development should make sincere efforts to provide inclusive education and financial inclusion to the ever-increasing youth of this region.