Chapter 6: Summary of Findings and Policy Measures

This study shows that excessive dependence on agriculture as a source of livelihood has continuously moved downwards along with the workers’ employment base, witnessing a modest degree of diversification. In particular, their base of non-farm employment has expanded from 21.6 percent in 1993-94 to 32.1 percent in 2011-12 in rural areas and from 87.6 percent in 1993-94 to 92.5 percent in 2011-12 in urban areas. However, such diversification is more pronounced for male workers than their female counterparts. For rural females, extremely weak human capital base and social regulations create an obstacle in the way of their switchover to non-farm employment.

The term non-farm includes all economic activities except agriculture, livestock, fishing and hunting (Lanjouw and Lanjouw, 2001). It encompasses all non-crop agricultural activities; it includes manufacturing activities, mining and quarrying, transport, trade and services in rural areas. Non-farm sector includes trade or processing of agricultural products. Therefore, non-farm sector includes activities in the secondary and tertiary sector. The secondary sector consists of mining and quarrying, manufacturing, utilities (electricity, gas and water supply) and construction industries and the tertiary sector includes wholesale and retail trade, transport-storage and communication and services. Therefore, non-farm sector is not a homogenous sector. It consists of heterogeneous set of activities. There is a need to make a proper definition of the term ‘rural’. The distinction between rural and urban employment is based on the place of residence of workers, so those who commute to a job in a nearby urban centre are considered to be rural workers.

The development of rural non-farm sector (or employment) in India is not only of paramount importance but also of pressing urgency in view of the ever-rising unemployment and a high proportion of rural population and workforce. There are several views on rural non-farm employment growth, various hypotheses put forwarded in last three decades.
The advocates of agriculture led growth theories visualize an important role for the rural non-farm sector in stimulating growth in agricultural sector through inter-sectoral linkages. They mainly refer to Mellor’s growth linkage theory (1976) which argued that as a result of development of green revolution demand-led growth of both the farm and non-farm sector would take place, stimulating a ‘virtuous circle’ of growth of food production and employment. The latter would occur through multiple linkages with the agricultural sector. Two linkages like production linkages and consumption linkage are important in this regard. Production linkages would also derive from the agricultural sector. Backward production linkage would result from the expansion in agriculture that leads to a rise in the demand for inputs, which are either produced or distributed by the local non-farm enterprises. Forward production linkages would develop through the increased need for agro-processing activity. The decreasing cost of agricultural due to technological change may increase the income of cultivators and agricultural labourers. Therefore, their demand for a wide variety of consumer goods, of which some sight be produced by the local non ‘consumption linkages’. A number of Indian studies suggested growth of agriculture is likely to stimulate growth of development of the RNFE.

On the other hand, several researchers like Vaidyanathan (1986), Jayaraj (1992), Chandrasekhar (1993) and Sen (1994) proposed Residual Sector Hypothesis. They envisaged that distress factors like poverty, unemployment or under employment due to the inability of agriculture to absorb the surplus labour and even frequent natural calamities like drought have tried to push the rural households to go in search of various non-farm activities to supplement their farm income and employment. Vaidyanathan (1986) found a positive correlation between non-farm employment and unemployment rate and postulated that non-farm employment and unemployment rate, and postulated that non-farm employment absorbed surplus labour when the potential of agricultural employment was limited, suggesting a distress induced growth of the non-farm sector, here, non-farm sector as a residual sector for employment.
Third proposition put forwarded by C.P. Chandrasekhar both pull (development factors) and push (distress factors) are working simultaneously for the expansion if non-farm employment.

Several other factors like commercialization of agriculture, urbanisation, education, formal vocational training, monthly per capita income, ownership of land, rural infrastructure, government expenditure is important for the expansion of non-farm employment. In the literature there are several empirical studies testing the importance of above mentioned variables.

The present study is based on both secondary and primary data. The results from secondary data were majorly used to understand the disparity between the states of India and primary study was conducted in order to understand the social nexus of the census town also check the ground reality.

Present work focuses both on the macro and micro level studies of rural non-farm employment. The macro level study analyses the trend, pattern and composition of rural non-farm employment with special reference to census towns of Gujarat by suitably using secondary data. The basic question that are being tried to be answered are:

1) The pattern of structural transformation from farm employment to non-farm employment
2) The pattern of urbanisation in recent decades in India and her states.

Actually, the emergence and growth of the non-farm sector vary across place, depending upon agro climatic conditions (growth and level of land productivity, cropping pattern) compulsive conditions (population pressure, stagnancy of farm yield, oppressive institutional structure) and exogeneous influences (rural urban continuum and infrastructural accessibility etc). it may be important to identify regionally differentiated process so that appropriate policy support may be provided. Therefore, at the micro level, scholar’s present study try to examine

1) The changes faced by the residents of census towns in terms of lifestyle and effect of urbanisation
2) The areas of non-farm employment
3) Are villagers aware that their village qualifies as a census town
4) Are there any ulterior motives’
5) Brief idea of the working of government policies at the ground level.

The present study, therefore is based on both secondary and primary data. Secondary data are used to obtain an overall trend of the employment structure in India and her states with a particular emphasis on West Bengal. Data on working status at the all India level and also at the state level made available by the National Sample Survey Organization (NSSO) quintennial survey on employment and unemployment and census of India decennial censuses. We consider NSSO data for 1977-78 (32\textsuperscript{nd} Round) 1983 (38\textsuperscript{th} Round), 1987-88 (43\textsuperscript{rd} Round), 1993-94 (50\textsuperscript{th} Round), 1999-00 (55\textsuperscript{th} Round), 2004-05 (61\textsuperscript{st} Round), 2009-10 (66\textsuperscript{th} Round) and 2011-12 (68\textsuperscript{th} round).

There are among those years at which the NSSO conducted large scale surveys on employment/unemployment. It is well known that the NSSO provides information on distribution of workforce into nine broad sectors. These data are provided in terms of three basic approaches viz Usual Status (US) both under Principal Status (PS) and Principal and Subsidiary Status (US-PS+SS); Current Weekly Status (CWS) and Current Daily Status (CDS). The present study broadly based on US (PS+SS).

Importantly, the NSSO reports do not provide any information about absolute number workers. Some adjustments of data are necessary to arrive at this figure both in India as well as for chosen states. Here we follow the methodology devised by Sundaram (2001) to compute absolute number of workers in all-India as well as her states for 1\textsuperscript{st} January 1994. For the years 1\textsuperscript{st} January 2000, 1\textsuperscript{st} January 2005 we used the population figure given by the Registrar General, government of India and for the year 1\textsuperscript{st} January, 2010 we used population figure provided by NSSO in published report on Employment and Unemployment, 2011. The population figures have multiplied by the workforce participation rates (US-PS+SS concepts), as given in NSSO reports, to obtain the absolute number of workers. This absolute number of workers is subsequently distributed over different sectors according to their proportional share in total workers.
For the district level analysis of the incidence of RNFE in Gujarat. We use Census data for the year 2001 and 2011. The field work for the study was conducted in April 2016. A four-stage stratified purposive sampling technique was adopted. Out of 26 districts which has 153 CTs with the help of purposive sampling we choose 7 districts and in that we choose one CT from each district to cover gap of the secondary analysis. Researcher has conducted a primary survey of 7 census towns i.e. Bhiloda (Aravalli), Kanodar (Banaskantha), Kakoshi (Patan), Becharaji (Mehsana), Ichhapore (Surat), Kabilpore (Navsari) and Chhiri (Valsad). These villages in 2001 were declared as census towns in 2011 and are in different agro- zones, to assess the changes happening in economic and social prospects. This criterion of selection was chosen as these census towns were villages in 2001 and had converted into a town in 2011. The changes in last decade will be interesting to compile. Each Census town was selected after consultation with a few knowledgeable persons.

In the study an attempt is made to assess the changes happening in economic and social spheres in the rural areas, that is also spurring urban growth. CTs chosen had varying agro climatic conditions, population, nature of agriculture, location, proximity to a district centre/national highway amongst other characteristics. These criteria aid in strengthening the rural urban linkages, and results increase in levels of non-farm employment in a region. The methodology comprised of interviews with sarpanch, talati and other prominent citizens, followed by Focused Group Discussion (FGD) with senior citizens of the village. Attempt was made to include people from varied occupations, social and economic classes in the FGD to get views from different strata of the village society. Thirdly information was also gathered from employers/employees belonging to non-farm enterprises in the village to aid the 360-degree analysis of prevailing conditions. Household level survey was also conducted to ascertain the changes in employment, migration, consumption patterns and the social fabric of the village life as it became increasingly urban.

We considered 105 household (20 households from each census towns), 26 entrepreneurs and 6 census towns from our primary survey. We had 17 per cent Muslims constitute a major portion of the caste composition. However, in the backward region, SC/ST have far outweighed the general caste. Occupation distribution is determined, particularly in the rural areas by the agrarian structure in these census town non-agricultural work was
majorly done. The distribution of households on the basis of their operational holdings explains the preponderance of marginal and small cultivators. Consequently, cultivation and agricultural wage labour are significant source of employment for the workers in advanced regions whereas non-farm sector though an important source of employment.

Extent of diversification by the households is analysed by considering the percentage distribution of households in the farm and non-farm sectors. 50 percent of all sample households depended solely on non-farm sector, only 11 per cent of households depended solely on farm sector (most of them are medium and small land owners) and 39 percent of households depended on non-farm and farm activities (majority of them large and small land owners). In all the census towns, significant percentage of households depended only on non-farm sector. The large land owners also participated in non-farm activities, as nearly as 65 percentage of landowners participated in non-farm activities as their principal source of earnings.

In the census towns, we can say that non-farm sector provides much higher employment days than farm sector for landless and marginal land owners. For medium and large land owners farm employment days is higher than non-farm employment days. This is also true for other census towns.

To connect the theories in a more realistic manner researcher has worked on data from various rounds of National Sample Survey Organisation. The reference period undertaken here has been 1983 to 2011-12. The data available from the quinquennial rounds of the NSSO has been used: At the wake of 21st century almost half of the world’s population was living in urban areas and there is continuing rapid movement of population towards urban areas.

Our findings from the analysis of secondary data are as follows:
Analysis of secondary data during the period 1993-94 to 2009-10 provides some additional insight on the incidence of rural non-farm employment in India.
First, we consider the overall employment growth in India during the period 1993-94 to 2011-12. To annual compound growth rate of workers decline significantly during 2004-05/2011-12. The fall is more significant for female workers and it turns out to be negative. Consider sectoral distribution of workers, rural non-farm employment increased from 25.9% in 1993-94 to 37.2% in 2011-12 for male workers and from 13.9% in 1993-94 to 20.7% in 2011-12 for females. The absolute size of non-farm employment has also been increasing continuously since 1993-94. The increase has been more pronounced in case of males’ workers all through from 1993-94 to 2011-12.

As the rural non-farm sector consists of heterogeneous set of activities so the analysis of sectoral composition is important. The proportion of rural workers engaged in primary sector has been declining from 78.4 percent in 1993-94 to 67.9 percent in 2009-10. We find a steady decline of male workers in primary sector, with an increase in participation in the secondary and a marginal decline in the tertiary sector. For female workers, there was an increasing participation in both the secondary and tertiary sector. However, the extent of diversification is more for males than females. Actually, People’s ability to diversify and adapt to change depends on skill and others parameters diversify and adapt to change depends on skill and others parameters (mukopadhyay, 2009). Manufacturing, trade, other services, construction and transport accounted for 95% of total rural non-farm workers in 2009-10.

Highly disparate trends are discernible for employment growth during the period 1993-94 to 2009-10. For example, for rural workers, construction, transport-storage and communication; manufacturing; trade-hotel and restaurant; community-social and personal services are important sectors in terms of employment share. Employment growth for rural males in the construction sector increased from 6.51 percent in 1993-94/1999-00 to 11.98 percent in 2004-05/2011-12, but the increased is more pronounced for their female counterparts from 3.11 percent in 1993-94/1999-00 to 23.95 percent in 2004-05/2011-12. The growth of employment in manufacturing sector is higher for rural female than male but the growth rate becomes negative in 2004-05/2011-12. This is also true for trade-hotel and restaurant sector. Only in finance-insurance-real estate-business services there was a consistent increase in growth of employment for females but for males it shows a marginal
decline during 2004-05/2011-12. Therefore, the worst possible set back in terms of fall in growth of employment seems to have occurred during the recent period 2004-05/2011-12. Therefore, analysis of the qualitative aspect of employment becomes important.

6.1 Policy Implication

Analysis of secondary data reveals that the percentage share of employment in the rural non-farm sector is increasing. However, the presence of significant percentage of people in the census town and their living conditions raises questions about the qualitative aspect in which census town dwellers are living.

To analyse the quantitative significance and also to see the social fabric of employment at the micro level, we conduct a primary field survey in six census towns. Micro level analysis reveals that lack of education, access to formal credit, electricity and non-farm assets create an obstacle in the way of their switch over to non-farm activities. Again, in the non-farm sector, workers are mainly employed as casual workers, which are often low paid.

The study would be useful for formulation of policies specifically focused on employment diversification, skill development, as well as creation and stepping up of urban infrastructure in rural areas.

- Education specific policy particularly for woman and for the backward class required to emphasise.
- Expansion of regular employment and self-employment are important to improve the quality of work and hence living conditions.
- Reasons behind the lower access and also utilization of resources particularly backward region need to be analysed.
- Expansion of Mahatma Gandhi National Rural Employment Guarantee work is particularly important and efforts need to be taken to increase the number of wage payments to make it lucrative and remove the delay of wage payments.
The determination of the way a town has developed is different for historical reasons. The ability to generate local resources for planned development varies. Census towns are in transition process from a large village and it might not fit into established norms of urban planning.

Infrastructure as stated in the above areas would attract investment in rural manufacturing sector and modern services. It would lead to an equitable development of rural and urban areas as major economic activities are moving towards rural hinterland given the basic necessity of infrastructure is fulfilled. As the land in urban area has become expensive, labour in those areas is expensive and environmental regulations are stringent. On the other hand, the price of agricultural land would increase, rural locals would be economically better off. These are the Spread effect of infrastructure and the rural urban linkages should be promoted.

The sharp increase in rural urban discrepancies in Gujarat after decades of planned development is alarming. Planning is considered as an instrument to narrow down such disparities. With respect to other development indicators rural areas are far behind. The benefits of globalization have largely accrued to the urban sector, while the rural sector has been left behind. Substantial investment in five key areas—education, roads, healthcare, electricity and information technology will improve the income, employment and living conditions of rural households and it would abate large scale migration or rural workers and students to the urban areas. Massive investment in the above-mentioned areas would help rural households to find non-farm employment opportunities.