CHAPTER - II

REVIEW OF LITERATURE

INTERNATIONAL STUDIES ON RURAL EMPLOYMENT

Serieux John (2007)\(^1\) argued that, given the effect of the epidemic on labor and human capital and the potential productivity gains from restoring human development, proper management of aid flows can preclude the nightmare scenarios that have been contemplated in the literature. In fact, if aid is frontloaded in order to expand capacity by building necessary infrastructure, institutions and human capital, welfare and productivity benefits will be maximized. The macroeconomic ‘disturbances’, such as inflation and appreciation of the exchange rate, which are concomitant with increased aid absorption are usually necessary for the appropriate adjustment of the economy and should be neither feared nor countered in the short run.

Antonopoulos (2006)\(^2\) reported that there is by now widespread recognition that in most countries private sector investment has not been able to absorb surplus labor. Employment Guarantee Policies can promote gender equality and pro-poor development. To investigate the economic effects of such public job creation, the paper proposes a Social Accounting Matrix (SAM) analytical framework that


incorporates the household sector in its productive capacity. Two propositions emerge: First, those portions of unpaid work represent a hidden, ready and available set of vacancies waiting to be filled under formal waged conditions of employment. Second, that in assessing the pro-poor and gender dimensions of public job creation, the evaluation criteria ought to include resultant changes on unpaid work burdens and household production. Toward that end the authors make preliminary suggestions as to how these concerns may be incorporated in an empirical SAM, useful for design and impact simulation purposes.

Van Der Hoeven Rolph and Malte Luebker (2006) argued that the effects of financial liberalization on employment and incomes often carry great disturbances for economic and social development. Therefore, financial liberalization warrants at least as much attention as trade liberalization. The paper weights the potential benefits in terms of growth against the adverse effects of volatility and crises that are frequently associated with financial liberalization, and in particular with debt and portfolio flows. It is motivated by the concern expressed by the World Commission on the Social Dimension of Globalization that “gains in the spheres of trade and FDI run the risk of being set back by financial instability and crisis” and draws the perhaps one of the most harmful factors for enterprises and labour in developing countries. Hence, the paper suggests how greater policy coherency between international and national financial, economic and employment policies can give greater attention to employment and incomes.

Nkurunziza Janvier D (2006) agree that the incapacity to create a high number of decent jobs to cope with the increasing number of the labour force is the root cause of poverty in Africa; yet, the political declarations on employment creation as key to fighting poverty have not been translated into actions. A detailed analysis of 21 Poverty Reduction Strategy Papers reveals their weak employment content. To combat recent trends, Africa will first need to complete its demographic transition to reduce the size of its labour force. The resulting reduction in the demand for jobs will allow countries in the region to focus on the quality of the jobs rather than their quantity. Secondly, Africa will need to develop its agriculture in order to feed its population and develop linkages with other sectors of the economy. Thirdly, given that 42 percent of rural incomes come from the rural non-farm sector, efforts will be needed to expand rural non-farm activities.

Heintz, J. (2006) examined the connections between growth, employment and poverty reduction must incorporate a gender perspective or run the risk reaching erroneous conclusions. This study, therefore, explores the growth-employment-poverty reduction nexus through a gender perspective. In particular, it explores how changes in economic policies affect women’s and men’s employment and proposes ways of assessing the implications of these changes for poverty and gender equality. The paper presents a conceptual framework for linking growth to employment and employment to poverty reduction within a gender perspective, before reviewing recent

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trends in female participation both formal and informal, as well as paid and unpaid) and wage differentials. The author then presents and reviews evidence concerning the impact of changes in economic policy on women’s and men’s employment. Four policy areas are explored: monetary policy, trade policy, exchange rate regimes and public sector restructuring. The conclusion suggests ways of building an alternative policy framework of employment-centered development for poverty reduction.

Epstein Gerald and James Heintz (2006)6 examined the findings of an UNDP-sponsored study on the structure of the financial sector, central bank policy, and employment outcomes in Ghana. The financial sector is the primary conduit through which monetary policy affects real economic outcomes, and monetary policy determines the resources available to financial institutions. Therefore, monetary policy must be coordinated with financial sector reforms in order to improve employment opportunities, reduce poverty and support human development. The report summarizes a series of financial sector reforms that would improve the financial sector’s capacity to move Ghana onto an employment-intensive growth path.

Devereux Stephen (2005)7 reported that minimum wage legislation aims to reduce poverty by raising the wages of the poorest workers towards or above the poverty line. Despite their intuitive appeal, minimum wages are controversial. The skeptics’ argument that raising wages will create disemployment is compounded by the


difficulties of enforcing compliance, particularly in poor countries with large informal sectors and weak public administrations. This paper draws on the ‘new economics’ of the minimum wage, and reviews evidence from several countries suggesting that positive impacts are achievable with negligible side effects. The paper concludes by making a case for introducing selective minimum wages on Uganda’s agricultural estates.

Tasci, H. Mehmet and Aysit Tansel (2005)\(^8\) provided a systematic analysis of the determinants of transitions in the Turkish labor market by using the Household Labor Force Survey (HLFS) panel data of 2000 and 2001. The authors provide two types of evidence. First, they computed annual transition probabilities between the labor market states of employment, unemployment and out-of-the labor force under Markovian assumptions by gender and rural-urban residence and marital status. Transition probabilities are used to analyze the differences in unemployment rates of these groups. Second, they presented estimates of gender-specific multinomial logic models to analyze the determinants of men’s and women’s transition probabilities across labor market states. Urban women are found to have higher unemployment rates because they have lower probability of exiting unemployment for a job and higher probability of exiting employment for unemployment.

Ramey Valerie A. and Neville Francis (2005)\(^9\) developed a comprehensive measure of non-leisure hours that includes market


work, home production, and schooling for the last 104 years. The authors argued for a more consistent definition of “per capita.” The new measures reveal a number of interesting 20th Century trends. First, more consistent measures of “per capita” and “potential labor force” suggest a less dramatic decline in hours worked. Second, half of the decline in hours worked per capita has been offset by an increase in hours spent in school. Third, contrary to conventional wisdom, hours spent in home production are actually higher now than they were in the early part of the 20th Century.

Tcherneva Pavlina T. and L. Randall Wray (2005) provided a preliminary analysis of Argentina’s experience with an ELR program, Plan Jefes de Hogar. Through most of the 1990s, Argentina had been the poster child for the Washington Consensus, adopting a currency board, opening markets, downsizing government, and freeing capital. After its economy collapsed and unemployment and poverty skyrocketed, it implemented a limited employer of last resort program to provide jobs to poor heads of households. By most measures, the program has been a tremendous success, providing jobs to 2 million workers or about 5% of the population, and about 13% of the labor force. Argentina’s experience allows the authors to assess the viability of ELR programs and to respond to critics.

Pellissery Sony (2005) examined the applicability of the econometric methods of the theory of real options by studying the same public works programmes through local management

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perspective. Local elites enjoy ‘informal ownership’ of public works programme and therefore, the rights, especially for the poorest people, are shrouded within the micro-politics around the public works programme.

Besides, for a large number of the poorest people, who are trapped in the vicious circle of debt and seasonal migration, rights and options are foregone. The power of the local elites, who are capable of preventing some workers, cajoling the supervising officials and manufacturing the muster rolls of public works programmes, is discounted heavily in the approach of theory of real options. The empirical data for the paper comes from the fieldwork done during the period of October 2003 to May 2004 in Marathwada region of Indian state of Maharashtra.

Tcherneva Pavlina T. and L. Randall Wray (2005)12 Argentina’s Jefes programs fits such criteria and also demonstrates possible ways in which ELR can advance a sense of civic duty, citizenship, social cohesion, reciprocity and community involvement. Furthermore, ELR can contribute to the redefinition of the meaning of work by commanding recognition that certain forms of labor, such as caring and community involvement, are socially useful. Finally, the authors uncover some deficiencies of the Jefes program and assess its ability to ensure true full employment and price stability.

Ravallion Martin (2005)13 critically reviewed the methods available for the ex-post counterfactual analysis of programs that are assigned exclusively to individuals, households or locations. The discussion covers both experimental and non-experimental methods.

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(including propensity-score matching, discontinuity designs, double and triple differences and instrumental variables. The problems encountered in applying each method to anti-poverty programs in developing countries are reviewed. Two main lessons emerge. Firstly, despite the claims of advocates, no single method dominates; rigorous, policy-relevant evaluations should be open-minded about methodology, adapting to the problem, setting and data constraints. Secondly, future efforts to draw useful lessons from evaluations will call for more policy-relevant data and methods than the classic assessment of impacts on mean outcomes.

Adato, (2005)\textsuperscript{14} examined the outcomes of different forms of participation on job creation, labor intensity, efficiency in transferring income to the poor, and other variables, and finds that de facto participation has a statistically significant, positive effect on the project budget share spent on labor, the log number of days of work created, and the log number of training days undertaken in south Africa. It also reduces the cost of creating employment and of transferring income to the poor. Community-based committees were involved in some way in almost all the projects, but their roles were often limited to community and worker liaison functions. The authors conclude with policy implication, which favour accountability of local planners to beneficiaries and central planners encouraging more pronounced community based decision processes.

Heintz, J. (2005)\textsuperscript{15} examined the connections among gender, employment, and poverty in Ghana using data from the fourth round


of the Ghana Living Standards Survey. The relationships are explored through a series of tabulations that shed light on how labor force segmentation, different forms of employment, and gender dynamics influence poverty rates and earnings of individuals and households. The estimates suggest that substantial labor force segmentation is evident in Ghana. Women are disproportionately represented in more precarious forms of employment. In addition, poverty and earnings differ markedly from one employment status category to the next.

McCord Anna (2005)\(^{16}\) challenges the adoption of public works in situations of chronic poverty, drawing on experiences from South Africa and Malawi. The adoption of short term public works, a one-off social assistance intervention, may function well in terms of consumption smoothing in the context of cyclical problems of varying degrees of severity but is unlikely to succeed in terms of achieving social protection objectives in the context of chronic poverty. If the objective is social protection, public works in their current fashion, may not be the most appropriate policy choice, as such a response tends to offer only palliative inputs of limited significance over facilitating the accumulation of productive assets required for participants to move out of chronic poverty.

McKinley Terry and Farhad Mehran (2005)\(^{17}\) show that the Yemen country is caught in a scissors between slow economic growth and rapid growth of the labour force. The result is widespread underemployment and poverty. While Yemen currently enjoys a boon

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in oil revenues, its economy remains undiversified and suffers from low productivity and incomes. As a result, the Country Study proposes a four-pronged MDG-oriented Growth, Employment and Poverty Reduction Strategy that would help the country reach the MDGs. This strategy is designed to accelerate economic growth, improve the employment intensity of growth, focus more resources on the poor and stimulate private-sector expansion, particularly in sectors with strong potential for growth and employment.

Galasso Emanuela and Martin Ravallion (2005)\textsuperscript{18} offer a theoretical characterization of the information structure in such programs and the interconnected behavior of the various players. This model motivates an econometric specification for explaining distributional outcomes. Results for Bangladesh's Food-for-Education (FFE) Program indicate that within-village targeting improved with program size, lower land inequality, less remoteness, fewer shocks, and less private redistribution. There is no sign that the center took account of village attributes conducive to reaching the poor.

Lopez J. Humberto (2004)\textsuperscript{19} report that over the past few years, pro-poor growth has become a very popular topic among development practitioners. First, it considers papers that have explored the relative role played by growth and inequality in reducing poverty. Second, it reviews works that have focused on the growth inequality relationship paying attention to both directions of causality.


\textsuperscript{19} Lopez J. Humberto (2004) Pro-Poor Growth: A Review of What We Know (and of What We Don't). The World Bank PREM Poverty Group (PRMPR) Draft, the World Bank: Washington, DC.
Weitz-Shapiro Rebecca (2004)\textsuperscript{20} the tests existing hypotheses concerning the political manipulation of public spending using data from two phases of the program and a measure of fund allocation that improves on that employed in previous analyses of the Argentine workfare program. It finds that partisan criteria most often cited in the literature-affected distribution under one administration only. It further demonstrates that political protest had a differential impact on the distribution of program funds across time and suggests some reasons for this.

Ravallion Martin (2004)\textsuperscript{21} reviewed alternative approaches to defining and measuring “pro-poor growth.” It then turns to the evidence on whether growth is pro-poor, what factors make it more pro-poor including the role played by both initial inequality and changing inequality, and whether the things that make the distribution of the gains from growth more propoor come at a cost to the rate of growth. Some priorities for future research are identified.

Perdana Ari and John Maxwell (2004)\textsuperscript{22} presented a discussion on some poverty alleviation programs that are specifically targeted to the poor. The programs covered in this paper are: Inpres Desa Tertinggal (IDT), Padat Karya (Employment), Food Security, Education and Health component of the post-crisis Social Safety Net package in Indonesia. The paper concludes that the effectiveness of various poverty-targeted program in Indonesia are determined by, among other things, the type of targeting, administrative capacity, program design and publicity, and the quality of monitoring.


Weitz-Shapiro Rebecca (2004) developed hypotheses concerning the incentives for political manipulation of one such fund—a workfare program in Argentina. In addition, some preliminary steps are taken to evaluate the role of international organizations on patterns of fund distribution as well as the effects of sub-national political regimes on program performance. The empirical analysis draws on both national and sub-national data and finds only limited evidence of political manipulation at both levels.

Quisumbing Agnes R. and Yisehac Yohannes (2004) used the Ethiopian Rural Household Survey to examine the gender dimensions of public works. The authors use three rounds of a panel conducted in 1994-95 to explore the determinants of participation in, days worked, wages, and earnings from wage labor, food-for-work (FFW), and self-employment. The authors then analyze public works data collected in 1997, together with program data collected in 2003. Program characteristics significantly affect participation, with differential effects on men and women. Participation, days worked, wages, and earnings vary according to the type of project. Relative to infrastructure projects, water, social services, and other projects decrease participation probabilities. Distance has a strong negative effect on women’s participation relative to men’s. Authors conclude that FFW in Ethiopia does not appear to be more “fair” than the wage labor market in general. Adding that it unrealistic to expect that

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public works will have a different work culture than society at-large, except for rare cases where affirmative action is actively pursued.

Mccord Anna and Dirk Ernst Van Seventer (2004)\(^\text{25}\) used south African Survey data alongside a social accounting matrix (SAM) to model the impact of a hypothetical labour-intensive public works programme of R3 billion. Over one-year such program would increase employment by 1%, the income of the poorest quintile by 2% and GDP by 0.1%. While these are positive outcomes, they are not significant in terms of South Africa’s overall economic and employment performance. PWPs may, however, contribute to a reduction in the depth of poverty, with improvements in education participation, nutrition, and have positive psychosocial benefits; nonetheless, the impact of a short-term programme may not be significant in terms of a reduction in headcount poverty or improvements in asset ownership material or financial. Also, participation in a PWP may not significantly improve labour market performance post-PWP, largely due to lack of demand for labour in the formal sector. The shortfall in PWPs’ ability to address chronic poverty likely lies in its short-term, wage-shock nature, which would be better suited to combating cyclical unemployment.

Tansel Aysit (2004)\(^\text{26}\) examined the factors which explain the employment choice and the wage differentials in the public administration, state owned enterprises and the formal private wage sector in Turkey. Selectivity corrected wage equations are estimated


for each sector for men and women separately. Oaxaca-Blinder decomposition of the wage differentials between sectors by gender and between men and women by sector are carried out. Results indicate that when controlled for observed characteristics and sample selection, for men, public administration wages are higher than private sector wages except at the university level where the wages are at par. State owned enterprise wages for men are higher than private sector wages. Similar results are obtained for women.

Ling Zhu and Jiang Zhongyi (2004)\textsuperscript{27} examined the impact on rural employment in China in poor areas of poor farmers engaging in labour-intensive infrastructure construction. The study also attempts specific evaluations on the alleviation of local poverty. After surveying relevant food-for-work research over the past decade, the authors randomly sample households in Danfeng County of Shaanxi Province and Mabian County of Sichuan Province, both poverty-stricken counties. Authors highlight that Danfeng and Mabian implemented rather different labour-intensive projects with distinctive organizational patterns in line with their specific conditions. Authors conclude with an analysis of food-for-work programs’ impact on poverty.

Chen (2003)\textsuperscript{28} reported that Southwest China Poverty Reduction Project had little impact on the proportion of people in beneficiary villages consuming less than $1/day — despite a public outlay of $400 million. Is that right, or is the true impact being hidden


somehow? the authors found out that impact estimates are quite sensitive to the choice of outcome indicator, the poverty line and the matching method. There are larger poverty impacts at lower poverty lines. And there are much larger impacts on incomes than consumptions. Uncertainty about the project’s impact probably made it hard for participants to infer the gain in permanent income, so they saved a high proportion of the short-term gain.

Galasso Emanuela and Martin Ravallion (2003)\textsuperscript{29} assessed the impact of Argentina’s main social policy response to the severe economic crisis of 2002. The program aimed to provide direct income support for families with dependents for whom the head had become unemployed due to the crisis. Counterfactual comparisons are based on a matched subset of applicants not yet receiving the program. Panel data spanning the crisis are also used. The authors found out that the program reduced aggregate unemployment, though it attracted as many people into the workforce from inactivity as it did people who would have been otherwise unemployed. While there was substantial leakage to formally ineligible families, and incomplete coverage of those eligible, the program did partially compensate many losers from the crisis and reduced extreme poverty.

Sabates Wheeler (2003)\textsuperscript{30} reported that women occupy a disadvantaged status in relation to work opportunities and are more likely to be excluded from social protection strategies. Focus on women through various forms of social insurance or safety net measures is justified by the greater vulnerability female-headed


household display, with data showing strong variations in the number of female HH and their association with poverty. For the contemporary general development agenda to address social protection and gender dimensions thereof, attention must be given to the nexus between social security and anti-poverty/pro-poor growth objectives. The authors conclude with program features conducive to female labour participation and the scope for extending social safety nets through such initiatives.

Khan Haider (2003)³¹ examined the macroeconomic impact of foreign aid to three Southeast Asian countries. This will be done not just for the sake of understanding the connection between foreign aid and economic development in Southeast Asia, though this is one of the goals. More important, however, is the goal of learning something about the donor policies, allocation of aid and some of the institutional factors related to the macroeconomics of aid so that African countries can benefit from the experience of the Southeast Asian economies.

Ruel Marie T. (2002)³² presented preliminary findings from an evaluation of the HCP carried out in 1998 in urban slums of Guatemala City. The evaluation included both an operations or process evaluation and an impact evaluation. Key findings of the operations evaluation are summarized, and preliminary findings of the impact evaluation on children’s dietary intakes are presented.


Aspects related to the targeting, coverage, and cost of the program are also discussed, and the patterns of childcare use by Non-beneficiary households and their costs are described.

Devereux Stephen (2002)\textsuperscript{33} this article highlighted the distinctions between three determinants of poverty low labour productivity, vulnerability, and dependency and two categories of anti-poverty interventions livelihood promotion and livelihood protection. Within this framework, social safety nets can be conceptualised as publicly funded transfer programmes with 'consumption is smoothing', rather than 'mean shifting', objectives. However the article hypothesizes that safety nets can have both 'protection' and 'promotion' effects. Three southern African case studies confirm that even tiny income transfers are often invested in income-generating activities, education, social networks, or the acquisition of productive assets, suggesting that social safety nets, far from being a merely residual welfarist intervention to alleviate transitory and livelihood shocks, can play a significant role in reducing chronic poverty.

Sumarto (2001)\textsuperscript{34} indicate that implementation of the programs was plagued by problems of targeting beneficiaries and delivering benefits to intended target groups in Indonesia. The programs suffered from the problem of under coverage, with a large number of the poor not being reached by the programs. At the same time, all of the programs faced the problem of leakage, as a large proportion of program benefits went to the non-poor. These problems point to the


difficulties in designing and implementing any program that provides cash or in-kind transfers in a developing country as large and diverse as Indonesia.

Haddad Lawrence and Michelle Adato (2001)\textsuperscript{35} to examined the ability of 100 or so public works projects in Western Cape Province, South Africa, to target benefits both direct and indirect to those living below the poverty line. They found out that public works projects generally outperform hypothetical untargeted cash transfers in this regard under a wide range of assumptions about underlying parameters.

Ravallion Martin (2001)\textsuperscript{36} found out that partial income replacement, amounting to one-quarter of the gross workfare wage within six months of leaving the program, rising to one half in 12 months in Argentina. The estimates are unbiased in the presence of a time-invariant error due to mismatching. Fully removing selection bias would probably yield lower income replacement. Test results based on a second follow-up survey suggest that valid inferences can be drawn about program impacts from our measures of income replacement.

Jalan Jyotsna and Martin Ravallion (2000)\textsuperscript{37} authors applied the recent advances in propensity-score matching methods (PSM) to the problem of estimating the distribution of net income gains from an Argentinean workfare program. Authors create a comparison group

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from which average incomes are compared with the average incomes of the participants to assess the direct income gains from the program. The average gain is found to be about half the gross wage. Over half of the beneficiaries are in the poorest decile nationally, and 80% are in the poorest quintile. The PSM estimator is viewed as a reasonably robust to a number of changes in methodology, including an instrumental variables test for selection bias after matching.

Renshaw Geoffrey (2000)\textsuperscript{38} reviewed the major factors which have shaped the evolution of employment in six central and eastern European countries since they began their transition to a market economy: the Czech and the Slovak Republics; Hungary; Poland; Ukraine and the Russian Federation. Concentrating on three issues in explaining employment behaviour overall economic stabilization, restructuring and the labour market and social security system, including the financing of welfare benefits, the author stresses interlinkages of the aforementioned areas. The author concludes that in these countries the share of government expenditure in GDP is so high as to be counterproductive; revenue raising has become increasingly difficult and at high levels of government expenditure the distortions arising from tax wedges are likely to outweigh the benefits of publicly provided goods at the margin. In particular payroll taxes at the high levels seen in the region are almost certainly having an adverse effect on employment.

Rahman Mohammad Habibur (2000)\textsuperscript{39} examines the linkage between conceptualisation of poverty parameters and formulation of anti-poverty strategies and programmes in a poverty-stricken


Bangladesh. It discusses the perceptions and responses of the state and NGOs in combatting poverty. Perceiving poverty from a 'down-to-earth' approach, the paper makes an effort to identify new parameters related to environment and access structure, and examines the implications of the parameters in Bangladesh. The paper also measures the degree of success and failure of the antipoverty schemes of GoB and NGOs.

Bassanini (1999)\textsuperscript{40} reported that problems of unemployment and low pay amongst the low skilled and those with little work experience are severe in many OECD countries. Employment-conditional schemes are policy instruments designed to increase the employment prospects of the low skilled as well as to support their living standard. In this paper a simple CGE model is developed to simulate the impact of the introduction of an employment-conditional scheme in four OECD countries. The simulated policy package is graduated on gross earnings with both "phase-in" and "phase-out" regions. The advantage of the CGE approach is to allow assessing the direct and indirect effects of the financing of the policy scheme on both labour demand and supply. The simulations suggest that employment effects on targeted households are significant while the impact on aggregate employment is modest. Furthermore, the cost-effectiveness of the policy package is found to depend crucially on the earnings distribution, the levels of taxes on labour and the existence of a severe unemployment trap.

Marquez Gustavo (1999) describes the various income transfer programs that operate through labor market mechanisms in 7 countries in the region. Each one of the alternative approaches face design problems of its own, is adequate to face different labor market situations, and is strongly influenced by the particular political and institutional context in which the program operates. Some questions and dilemmas that emerge from this comparative exercise are presented in the concluding section.

Fawcett Caroline and Sarah Howden (1998) identified the strategies to promote female participation in the workforce, largely through training initiatives. The paper discusses historic trends in female labor force participation and factors influencing the level of participation and differential statistics from men in the workplace (i.e. wages, employment type, education, and so on). The authors essentially provide a workshop for policymakers/program-designers on how programs can become gender sensitive and encourage equality of employment opportunities. The authors offer many recommendations for gender analysis at each stage of a program from creation to recruitment to implementation to follow-up, using successful elements of previous programs throughout Latin America to reinforce their recommendations.

Gornick Janet C. and Jerry A. Jacobs (1998) “explored the influence of government employment on the gender gap in earnings in

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seven countries. We addressed four questions on the effects of public-sector employment on the gender gap in earnings: (1) Do governments offer jobs that are comparatively high paying? (2) Does public employment benefit some workers, such as low-paid workers, more than others? (3) Are public-sector employment advantages explained by differences in worker characteristics and the occupational mix? (4) What is the effect of public employment—its extent and its pay structure—on gender gap in wages? The study results indicate marked variation across liberal, conservative, and social democratic welfare states, but reveal a number of uniformities as well. In most of the seven countries in our sample, public-sector workers earn more on average than workers in the private sector, and most earnings advantages are concentrated on the low end of the earnings distribution. The effect of public employment on the overall gender gap in wages is limited in most countries. We discuss the implications of these results for theory and research on gender and the welfare state.

Levy Economics Institute of Bard College (1998)\textsuperscript{44} presented a job opportunity program based on a concept of government as employer of last resort that will provide jobs for all who are willing and able, keep millions out of poverty while replacing income maintenance with socially productive work, will not interfere with private sector determination of labor demand, and will not be inflationary. Senator Daniel Patrick Moynihan discusses Social Security and other issues.

Khan Haider (1999)\textsuperscript{45} applied multiplier decomposition for a socioeconomic system represented by a Social Accounting Matrix. The


decomposition applied to South Africa reveals that growth in agriculture, services and some manufacturing sectors can alleviate poverty for the black African population. For sectoral growth to be effective, however, the need for appropriate skill acquisition for the poor must be addressed directly. Only long-term policies geared towards improving both economic growth and the human capital stock of the poor can lead to significant poverty alleviation.

James Jeffrey and Haider Khan (1997)\textsuperscript{46} examined the issue from the standpoint of manufacturing industry. We suggest that there are historical reasons why labor-intensive techniques tend to be more egalitarian in their impact than capital-intensive techniques. These hypotheses are tested by means of a disaggregated SAM for Indonesia and with the assistance of structural path analysis. In general the empirical analysis confirms our theoretical expectations.

Papadimitriou Dimitri (1997)\textsuperscript{47} focuses specifically on the issue of urban poverty and the changes in the urban-poor population, and relates these changes to changes in the economic and policy landscape that has evolved over the last fifteen years. Policy lessons drawn from other industrialized countries are also reviewed. At the end, consideration is given to various proposals for public action to alleviate the problems of the underclass, including community development that can be achieved via a network of community development financial institutions.


Khan Haider (1997)\textsuperscript{48} explored the connections between environmental damages, inequality, and poverty for Bangladesh. Starting with a new concept of national income and its distribution, which takes ecological damages into account; standard measures of poverty and inequality are modified by using the adjusted income distribution for their measurement. Under fairly conservative assumptions of modest environmental damages and a uniform distribution of the damages among the population, it is shown that both inequality and poverty worsen when environmental deterioration is taken into account. From a policy perspective, since there is no inevitable environmental Kuznets curve, developing countries like Bangladesh can enhance the poverty alleviation effects of growth by improving environmental equality through effective interventions.

Mosler Warren (1997)\textsuperscript{49} report that the current monetary system can sustain both full employment and price stability over the short and long run. It will be shown that: 1) Unemployment equates to the Federal budget deficit being too small, and 2) The value of a currency is determined by the prices paid by that government. The government has embraced two primary economic objectives: price stability and full employment. Ironically, it has chosen a monetary and fiscal policy that utilizes excess capacity, including unemployment, to maintain price stability, obviating the possibility of simultaneous achievement of both objectives. The focus of this analysis is on an entirely different option in which the government assumes the role of employer of last resort, eliminating involuntary


unemployment, and price stability is maintained by the government restraining the price it pays for the proposed supplementary ELR labor pool.

Kitson Michael (1997) estimated the cost of a public investment-led job creation programme for the United Kingdom. A programme creating an additional one million jobs at the current average wage would involve a net cost to the Treasury dramatically lower than the gross cost; £17 billion worth of spending would result in a net cost of around £7 billion. Given that even a partial restoration of progressive taxation would bring in more than half this net amount, improved living standards could be brought about relatively easily, provided dogmatic objections to public sector initiatives can be overcome.

Wray L. Randall (1997) proposed that the government can guarantee a zero unemployment rate, defined as all who are ready, willing, and able to work at the going wage will be able to find a job—only those unwilling or unable to work at the going wage would be left without work which are not normally counted as unemployed. At the same time, by setting this "going wage", the government will provide a price anchor that will impart some price stability to the system. "Inflation"—defined as persistent increase of some price index—could certainly co-exist with our proposed full employment policy, but would not be caused by the policy.

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Buvinic and Marya (1996)\textsuperscript{52} discussed the success and shortcoming of micro-credit for women, before turning to a discussion of social funds and ELR oriented PWPs. The review of the experiences in Bolivia, Chile and Peru suggests that demand driven social investment funds are not necessarily more effective at addressing poor women’s strategic needs than supply oriented emergency employment programs. The participation of women in the emergency employment programs depends on these programs’ design features, whereas women’s participation in the social investment funds depends on the nature and capacity of the executing agencies that access these funds.

Graham Carol (1996)\textsuperscript{53} highlighted gender considerations in program design, or lack thereof, and differences in criteria that help or hinder female participation. Like many of the programs reviewed, however, gender takes a secondary role here, with the main focus revolving around structuring programs in such a way that balances top-down funding commitments with bottom-up decision making and having the whole process be transparent. Author assumes programs should aim to target the poorest and not simply the poor; the needs to construct gender sensitive ELRs is argued as a selection criteria for reaching the poorest.


Ahmed (1995)\textsuperscript{54} noted that pervasive poverty and undernutrition are fundamental problems in Bangladesh. With the rural landless constituting roughly 50 percent of rural households, there is a close relationship among poverty, landlessness, and unemployment. It is therefore logical to expect that the public development strategy in Bangladesh would include programs designed to generate employment, particularly in rural areas, to reduce poverty. The food-for-work (FFW) program and the rural maintenance program (RMP) are two nationwide programs that play an important role in the reduction of rural poverty, primarily through creation of employment opportunities.

Tesfaye Teklu (1995)\textsuperscript{55} presented a review and assessment of the experience of labor-intensive public works programs in Botswana and Tanzania. The Botswana case represents a more advanced experiment with labor-intensive public works programs in Sub-Saharan Africa, with regular programs expanding in times of drought to generate temporary employment for households experiencing drought-induced income shortfalls. Tanzania's LIPWP represents major donor-driven experimentation in Africa to generate employment and create assets. The review focuses on the link between labor-intensive public works and household food security. Income generated through creation, utilization, and maintenance of public goods is linked to improved household food security.


Basu (2006)\textsuperscript{56} developed a theory of employment guarantees when labor markets are imperfect and when the credibility of government policy announcements could be in doubt. The basic feature of an EGS is that any individual who satisfies a set of specified criteria is guaranteed public employment at a given wage if they want it. Thus, the two factors that define the guarantee are the wage and the ease of access. The problem for the planner is to choose these to maximize a social welfare function. If the labor market is perfectly competitive, then the introduction of an employment guarantee scheme is bound to have efficiency costs, and can only be justified through its positive distributional consequences – this has been the framework for most of the theoretical and empirical analysis of employment guarantee schemes. The paper then considers the issue of credibility and solves for an incentive compatible employment guarantee scheme in rational expectations equilibrium. It is shown that the outcome with a planner who cares only about efficiency can be less efficient than the outcome with a planner whose social welfare function also gives weight to poverty!

Hirway Indira (2004)\textsuperscript{57} reported that the employment guarantee plan announced in the common minimum programme has been designed to protect the interests of the poor by detailing the rules of the guarantee and imposing penalties for non-compliance. It has also


drawn heavily on the Maharashtra Employment Guarantee Act, which has been in operation for 30 years. However, two major drawbacks of the proposed programme are its unrealistic underlying assumptions and short-term vision. The provisions of the employment guarantee programme should be strengthened to achieve the objectives of poverty reduction, construction of productive assets and promoting mainstream employment.

Krishnaraj (2004)\(^5^8\) examined the concept, design and delivery system of the India’s EGS, so as to assess its effectiveness against poverty and pinpoint its limitations. Authors discuss logistical details, from planning and funding to implementation to work crew designs to payments, before taking issue over the empirical case for many of the touted benefits of India’s EGS. Despite well designed funding, poverty alleviation is not explicitly mentioned as the objective anywhere in the act of 1077, allowing the EGS to function largely as a relief programme for the transitional effects of adverse agro-climatic conditions. Consequently, EGS has failed to take on the root causes of poverty. Authors conclude that unless unskilled participants are provided with training to encourage their participation in the formal labour market, the EGS will merely remain a drought relief programme. The failure of the scheme on this count is one reason why the poor, especially women, even today, continue to depend heavily on the EGS for employment and income after three decades of its existence.

Ronconi (2004)\textsuperscript{59} explored targeting, poverty and employability effects of workfare from May 2000 to May 2002 based on the permanent household survey (EPH). The program was pro-poor although we observe the one third of participants were members of households located in the top 50\% of the income distribution in Argentina. The difference in different estimates suggests that the income of participants increased during treatment - particularly for women, indicating beneficial short run poverty effects. However, the long run effects of the program are not obvious. The authors present evidence suggesting that - for a large fraction of participants-the program generated dependency and did not increase their human capital. Other participants appear to have benefited from participation.

EPWP (2004)\textsuperscript{60} the Expanded Public Works Program aims to increase employment in the infrastructure sector by increasing the labour-intensity of government funded infrastructure programmes. The infrastructure sector has been identified as the largest employment generator in the EPWP with a target of at least 900000 work opportunities to be created over the first five years. The programme will focus on infrastructure amenable to the construction, rehabilitation and maintenance by Labour Intensive methods provided by National Departments, Provinces and Municipalities. The success of the programme will depend upon substantial training and capacity development.


building within the sector. Interventions have been put in place as part of this sector plan to address training and capacity building needs.

Subbarao Kalanidhi (2003) discussed the rationale behind workfare programs in the context of social risk management and goes on to give an overview of workfare programs in Africa and Asia with respect to such design features as wage rates and labor intensity and to how they were selected and implemented. Using available estimates and evaluations, the evidence on whether these programs have achieved their goals and are cost-effective is presented. Finally, the paper concludes with summary lessons from experience.

Swamy Gurushri (2003) discussed the determinants of access of women to the direct and indirect benefits from public employment schemes, with a focus on gender warranted on several grounds: first is moral; second, evidence on intra-household resource allocation shows that a woman’s participation in the labor force and her control over resources is associated with substantially larger improvements in child welfare, and, women’s health and status; third, some evidence suggests that women may be more severely affected in times of crisis, being often the first to be fired and the last to be hired. Using Ravallion’s list of features as a criteria for well-designed employment programs, the paper observes wide variation in female participation rates in public employment schemes across and even within countries. The vast range is attributable to many factors, namely, the

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social, cultural and economic factors that determine gender relations and allocation of time and tasks in the household.

Ravallion Martin (2003)\textsuperscript{63} provides a critical overview of recent theoretical and empirical work that has called into question the extent of these tradeoffs in poor countries. It is argued that these aggregate trade-offs are often exaggerated; indeed, they may not even be binding constraints in practice, given market failures. There appears to be scope for using carefully designed transfer schemes as an effective tool against both transient and chronic poverty. However, the same factors that weaken the tradeoffs also suggest that efficient redistributive policies might look rather different to the programs often found in practice.

Ravallion Martin (2002)\textsuperscript{64} emphasized the need to protect social spending from cuts, and to protect pro-poor spending in particular. But does this happen in practice during fiscal contractions? The paper presents evidence for Argentina. Using aggregate time series data the paper first finds that social spending was not protected historically, although more “pro-poor” social spending was no more vulnerable. Turning next to new data for an externally financed workfare scheme introduced in response to a macro crisis, the paper finds that this program was far better targeted than other social spending. However, it appears that the program still had to assure that a small but relatively well-protected share of its benefits went to the non-poor.

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Joshi Anuradha and Mick Moore (2000) explored the options, point out the advantages and disadvantages of the more direct methods, and make a case for the indirect or parametric approach: creating an enabling institutional environment, that encourages poor people, social activists and grassroots political entrepreneurs to invest in pro-poor mobilization. The authors then presented a language for understanding the various dimensions of this enabling institutional environment, and use it to examine two contrasting, successful cases: rural water supply in Nepal, and the Employment Guarantee Scheme in Maharashtra, India.

Datt (1994) offers an answer for rural public employment in the state of Maharashtra in India. An econometric model of intra-household time allocation is proposed, and the paper offers a consistent estimator, recognizing that the model entails that both regressands and endogenous regressors will be censored. The empirical implementation indicates that workfare projects induce significant behavioral responses, though the predominant time displacement is such that the net income gains remain large. Employment on the projects led to a reduction in poverty, of almost the same magnitude as a uniform and undistorting allocation of the same gross budget.

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STUDY ON NATIONAL RURAL EMPLOYMENT GUARANTEE PROGRAM

Hirway Indira (2006) reported that effective implementation of NREGP requires that labor-intensive works be planned on a continuous basis; that the right kind of assets are undertaken to promote the development of the local/regional economy; and that the labor-absorbing capacity of the mainstream economy be raised to generate benefits for the poor, as well as to promote pro-poor economy growth. The past experiences of wage employment programs in India, however, suggest several challenges ahead, including: strengthening the planning component of the program; ensuring supply of labor on EGS works; promoting equity in the ownership of the assets; and using assets to improve long run employment generation. Despite challenges, the author is optimistic of the Act’s poverty alleviation potential.

Gaiha Raghav (2004) reported that overall participation in the Employment Guarantee Scheme (EGS) in Maharashtra fell sharply over the period 1980-97. Some of this reduction was due to expansion of irrigation facilities leading to expansion of farm employment. Alongside, expansion of non-farm employment led to a further reduction in the demand for the EGS. Although there was a slight rise in participation in subsequent years, it was dampened by a change in the composition of the EGS. Specifically, substitution of community assets as alternative employment options are few and far between, the dependence on the EGS is unavoidably high for those who are able to

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participate in it. If the overall participation rates are low, it is partly a consequence of the nature of projects undertaken and low outlays and not so much a result of slackening of demand for the EGS.

**National Rural Employment Guarantee Programme**

Erlend Berg, Sambit Bhattacharyya, Rajasekhar Durgam and Manjula Ramachandra (2012)\(^6^9\) tested the impact of the Indian government’s major public works programme, the National Rural Employment Guarantee (NREG), on agricultural wages. The rollout of NREG in three phases is used to identify difference-in-difference estimates of the programme effect. Using monthly wage data from the period 2000-2011 for a panel of 249 districts across 19 Indian states, the authors found that on average NREG boosts the real daily agricultural wage rates by 5.3 per cent. It takes 6 to 11 months for an NREG intensity shock to feed into higher wages. The wage effect appears to be gender neutral and biased towards unskilled labour. It is positive across different implementation stages and months. It remains significant even after controlling for rainfall; district and time fixed effects; and phase-wise linear, quadratic, and cubic time trends. The validity of our identification strategy is confirmed by placebo tests. The authors argued that since most of the world’s poor live in rural areas, and the poorest of the poor are agricultural wage labourers, rural public works constitute a potentially important anti-poverty policy tool.

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Raghbendra Jha and Raghav Gaiha (2012) evaluated India’s National Rural Employment Guarantee Scheme (NREGS) according to four criteria: a) average number of days of employment per household, b) percentage of households completing 100 days of employment under NREGS, c) percentage of expenditure against total available funds, and d) percentage of work completed. Performance across all four criteria has been disappointing and, except for percentage of households completing 100 days of employment, has actually deteriorated over time. It is difficult to escape the conclusion that the NREGS has not performed well. The paper makes a number of policy suggestions to improve the performance of the NREGS.

D.S. Bhupal (2012) reported that rural unemployment the Mahatma Gandhi National Rural Employment Guarantee Act guarantees 100 days of wage employment in a year to adult members of a rural household on demand. Either work has to be provided within 15 days or an unemployment allowance if work is not provided for any reason. Based upon the data collected from 5 districts of Haryana and secondary data downloaded from the website, this paper examines as to how far the scheme has been able to address the issue of unemployment of different sections. The findings suggest that food security has improved, different sections are engaged gainfully and the assets are useful. But many more things need to be done.

70 Raghbendra Jha and Raghav Gaiha (2012) India’s National Rural Employment Guarantee Scheme as it is - Interpreting the Official Report ASARC Working Papers from Australian National University, Australia South Asia Research Centre.

examined the relationship is assessed between possessing information on, gaining access to and the efficacy of delivery of India's national rural employment guarantee scheme (NREGA) in three states. The results suggest that the link between information, access and the delivery of the scheme is not straightforward. Information can increase the propensity for the programme to be accessed by those who are not its primary target population, and can enhance efficacy of delivery to such beneficiaries. Lack of information, on the other hand, decreases the ability of citizens, particularly the acutely poor, to benefit from the scheme.

Usha Rani Ahuja, Dushayant Tyagi, Sonia Chauhan and Khyali Ram Chaudhary (2011) investigated the impact of implementation of MGNREGA in two districts one agriculturally-advanced (Karnal) and the other agriculturally-backward Mewat in Haryana. Besides demographic characteristics, the paper has investigated the difference in the employment status, income, landholding size, herd size and other assets of the sample farm households in these two districts by taking 120 farm families, 60 from each district. The impact of MGNREGA within a district has also been studied in terms of income and employment security, migration, debt repayment, extent of participation in MGNREGA works, socio-economic status, etc. by seeking information from 30 participating and 30 nonparticipating households in MGNREGA works in each district. A significant difference has been found in the extent of employment under

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MGNREGA works in agriculturally-advanced Karnal (13.7%) and agriculturally-backward Mewat (24.6%) districts. The study has observed that despite being a source of employment, MGNREGA has not been able to check the migration from the developed region because of higher market wage rates at destinations. The study has concluded that farmers owning large size of landholdings and more number of animals are not much interested in participating in MGNREGA works.

Pulak Mishra, Bhagirath Behera and Narayan Chandra Nayak (2010)\textsuperscript{74} examined the varied impacts of the National Rural Employment Guarantee Scheme (NREGS) as a development delivery institution for the tribal communities vis-à-vis other social groups across the Indian States, using the framework of new institutional economics. A number of State-specific, socio-economic institutional factors seem to be responsible for these variations. The article therefore suggests institutional reforms and convergence of the development initiatives of the Ministry of Tribal Affairs with the NREGS in order to realise the optimal potential of the scheme, and, in particular, to ensure greater livelihood opportunities for these marginalised groups and their entitlement to productive resources with greater socio-economic and political empowerment.

S. Dey (2010)\textsuperscript{75} looks at the performance of the NREGS from three perspectives - it examines the targeting aspect of the programme, the efficiency of the implementing PRI bodies and the impact of the program on various outcomes at household level.


\textsuperscript{75} S. Dey (2010) “Evaluating India’s national rural employment guarantee scheme: the case of Birbhum districts, West Bengal” No 490, ISS Working Papers - General Series from International Institute of Social Studies of Erasmus University (ISS), The Hague
study is based on primary data collected from 500 randomly selected households, 2249 individuals and 70 schemes located in 13 Gram Panchayats in Birbhum District of West Bengal, India. On the basis of this primary data, the study reveals that at least in Birbhum District the programme is far more likely to be accessed by poorer households. At the same time there is a clear and substantial impact of left political inclination in terms of enabling access to a greater number of days of work under the scheme. In terms of the efficiency impact, the analysis reveals a clear violation of the formal clauses and the spirit of the NREG Act and thereby undermining the potential of the programme in terms of providing a safety net. In terms of the impact, the study finds no statistically significant impact on economic outcomes at household level but does find a statistically significant and substantial relation between reduction of stress related to joblessness and access to the NREGS.

Katharina Raabe, (2010) used a new participatory research method, referred to as Process-Influence Mapping, to shed light on these issues and related governance challenges, using the implementation of NREGA as an example. The Process-Influence Mapping tool helps identify the specific features of the NREGA implementation process that limit the program’s effectiveness and create scope for the misappropriation of funds. The insights gained can be used to identify policy options for reforming the administrative process of NREGA implementation so as to create an effective social safety net.

Katharina Raabe, et.al (2010) “How to overcome the governance challenges of implementing NREGA” No 963, IFPRI discussion papers from International Food Policy Research Institute (IFPRI)
Shylashri Shankar, Raghav Gaiha and Raghbendra Jha (2010) used household level data to address the issue of corruption in the NREG program in three states: Rajasthan, Andhra Pradesh and Maharashtra. The authors discovered that at the entry level, information about the NREG has the effect of increasing the entry of non-poor while the acutely poor, who possessed neither TVs nor cell-phones, nor attended public meetings nor were connected to social networks did not know and therefore did not participate in the program. At implementation level, information enabled those who possessed it to avoid being short-changed by the administration. The non-poor benefited more from the NREG in all three states, and the ethnographic evidence from Andhra Pradesh and Maharashtra show that the non-poor even misused the program. The picture from Rajasthan shows that, while the entry level capture by the non-poor is relatively low, compared to the other two states, the corruption at the level of implementation is higher. Here, lack of information on the part of the beneficiary reduces the monitoring potential and effective implementation and enables corruption. The results from the three states back the rationale for the importance of a right to information and suggest that the government should invest more in advocacy campaigns about their programs, particularly in the poorest areas.

Raghbendra Jha, Raghav Gaiha and Manoj K. Pandey (2010) explored the important but relatively neglected issue of real income transfers, net of the opportunity cost of time, under India’s National Rural Employment Guarantee Scheme. The authors used

77 Shylashri Shankar, Raghav Gaiha and Raghbendra Jha (2010) Information and Corruption: The National Rural Employment Guarantee Scheme in India ASARC Working Papers from Australian National University, Australia South Asia Research Centre
78 Raghbendra Jha, Raghav Gaiha and Manoj K. Pandey (2010) Net Transfer Benefit under National Rural Employment Guarantee Scheme ASARC Working Papers from Australian National University, Australia South Asia Research Centre
representative household level primary data for three states, Rajasthan, Andhra Pradesh and Maharashtra to depict various individual and social characteristics of the population in these states as well as those of the participants in the NREGS. The authors modelled the stochastic dominance comparisons of the log of per capita monthly expenditures of participants with and without alternative employment opportunities in the absence of NREG as well as the determinants of such opportunities. The distribution of such net transfers across household characteristics as well as the distribution of benefits across villages in the three states are also discussed. In general net transfers under the NREGS are quite modest.

Raghbendra Jha, Raghav Gaiha and Manoj K. Pandey (2010) 79 provide systematic evidence on the employment impact of the National Rural Employment Guarantee Scheme in three Indian states: Rajasthan, Andhra Pradesh and Maharashtra. They modelled this as a two stage Heckman procedure where we model selection for NREGS in the first phase and the determinants of hours worked in the second. A number of significant insights into the employment impact of the National Rural Employment Guarantee Scheme are obtained.

Raghav Gaiha, Vani S. Kulkarni, Manoj K. Pandey and Katsushi S. Imai (2009) 80 measured of the performance of the National Rural Employment Guarantee Scheme (NREGS) in India - a nation-wide

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79 Raghbendra Jha, Raghav Gaiha and Manoj K. Pandey (2010) Determinants of Employment in India’s National Rural Employment Guarantee Scheme ASARC Working Papers from Australian National University, Australia South Asia Research Centre

80 Raghav Gaiha, Vani S. Kulkarni, Manoj K. Pandey and Katsushi S. Imai (2009) National Rural Employment Guarantee Scheme, Poverty and Prices in Rural India ASARC Working Papers from Australian National University, Australia South Asia Research Centre
poverty alleviation programme which was introduced in 2005. The focus is on excess demand at the district level. Some related issues addressed are (i) whether excess demand responds to poverty, and (ii) whether recent hikes in NREGS wages are inflationary. The analysis confirms responsiveness of excess demand to poverty. Also, apprehensions expressed about the inflationary potential of recent hikes in NREGS wages have been confirmed. More importantly, higher NREGS wages are likely to undermine self-selection of the poor in it. So, in order to realise the poverty reducing potential of this scheme, a policy imperative is to ensure a speedier matching of demand and supply in districts that are highly poverty prone, as also to avoid the trade-offs between poverty reduction and inflation.

Raghbendra Jha, Raghav Gaiha and Shylashri Shankar (2008) conducted a study on three villages in Udaipur district, Rajasthan, India. Three villages viz Dhundiya, Karanpur and Prithvisingh Ji Ka Khera were covered. Total number of households interviewed in December, 2007, was 340. Here the focus is on participation in NREG of different socio-economic groups and the determinants of the participation of these groups. It is discovered that the mean participation was 59 days and that targeting was efficient with other labour, self employed in agriculture, SC and ST as well as those with smaller landholdings benefiting the most from the program. Thus the performance of the National Rural Employment Guarantee program has been far from dismal.

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Raghbendra Jha, Raghav Gaiha and Shylashri Shankar (2008) conducted a survey of three villages in the Chittoor district, Andhra Pradesh, India. These villages are Kaligiri, Obulayyapale and Reddivaripalle and were surveyed in December 2007. In contrast to Rajasthan, SC and ST participated in higher numbers in AP, but in both states these groups participated for slightly lower spells than the residual group of 'Others'. We find that AP performed better than Rajasthan in terms of targeting poorer caste and income groups such as SC, ST and landless households. The number of days worked on average was much higher than suggested by other assessments.

Raghbendra Jha, Sambit Bhattacharyya, Raghav Gaiha and Shylashri Shankar (2008) found out that the size of landholdings is a negative predictor of participation in the National Rural Employment Guarantee Program (NREGP). In state level analysis this pattern survives in Rajasthan but reverses in Andhra Pradesh, where existed a positive relationship. This paper examines whether this sign reversal in Andhra Pradesh is indicative of program capture in Andhra Pradesh and better targeting in Rajasthan. The authors compared land inequality, political interference, and geographical remoteness across the two states and concluded that program capture may be an issue in Andhra Pradesh, largely because of these reasons.


83 Raghbendra Jha, Sambit Bhattacharyya, Raghav Gaiha and Shylashri Shankar (2008) “Capture of Anti-Poverty Programs: An Analysis of the National Rural Employment Guarantee Program in India” ASARC Working Papers from Australian National University, Australia South Asia Research Centre
General Studies

Christopher Blattman, Nathan Fiala and Sebastian Martinez (2012) evaluated one of Uganda's largest development programs, which provided thousands of young people nearly unconditional, unsupervised cash transfers to pay for vocational training, tools, and business start-up costs. Mid-term results after two years suggest four main findings. First, despite a lack of central monitoring and accountability, most youth invest the transfer in vocational skills and tools. Second, the economic impacts of the transfer are large: hours of nonhousehold employment double and cash earnings increase by nearly 50% relative to the control group. The authors estimated the transfer yields a real annual return on capital of 35% on average. Third, the evidence suggests that poor access to credit is a major reason youth cannot start these vocations in the absence of aid. Much of the heterogeneity in impacts is unexplained, however and is unrelated to conventional economic measures of ability.

Alan de Brauw and John T. Giles Additional contact information (2012) examined the impact of reductions in barriers to migration on the consumption of households in rural China. The authors found that increased migration from rural villages leads to significant increases in consumption per capita, and that this effect is stronger for poorer households within villages. Household income per capita and non-durable consumption per capita both increase with out-migration, and this increase is greater for poorer households. We

84 Christopher Blattman, Nathan Fiala and Sebastian Martinez (2012) Employment Generation in Rural Africa: Mid-Term Results from an Experimental Evaluation of the Youth Opportunities Program in Northern Uganda No 1201, Discussion Papers of DIW Berlin from DIW Berlin, German Institute for Economic Research

also establish a causal relationship between increased out-migration and investment in housing and durable goods assets, and these effects are also stronger for poorer households.

Corrado Giulietti, Guangjie Ning and Klaus F. Zimmermann (2012) explored the determinants of self-employment among rural to urban migrants in China. It is found out that self-employed migrants are positively selected with respect to their unobserved characteristics; their wages are substantially higher than what they would have obtained had they chosen paid work. Furthermore, even after accounting for the substantial heterogeneity across cities, industries, occupations and after correcting for the migration selectivity bias, the wage differential is found to be an important determinant of self-employment. Research limitations/implications – The finding that market imperfections do not constrain the self-employment choice of migrants does not imply that reforms designed to eliminate institutional barriers are undesirable. The paper analysed the determinants of self-employment using a recent survey based on a sample of rural-to-urban migrants in China. The key findings indicate that migrants who choose self-employment are positively selected in terms of their unobservable characteristics.

Jana Fritzsch, (2011) summarised theoretical insights and presents an integrated conceptual framework reflecting the drivers of employment shifts. The empirical analysis draws on a survey of 1,077 farm households in rural Bulgaria, Hungary, Poland, Romania, and Slovenia.


87 Jana Fritzsch, Judith Möllers and Buchenrieder, neé Schrieder, Gertrud et.al (2011) No 134, IAMO Discussion Papers from Leibniz Institute of Agricultural Development in Central and Eastern Europe (IAMO)
Raghbendra Jha, Raghav Gaiha, Manoj K. Pandey and Shylashri Shankar (2011)\textsuperscript{88} models the impact of such transitions on earnings of workers as well the determinants of such transitions. Several policy conclusions are also advanced.

Corrado Giulietti, Guangjie Ning and Klaus F. Zimmermann (2011)\textsuperscript{89} focused on the determinants of self-employment among rural to urban migrants in China. Two self-selection mechanisms are analysed: the first relates to the manner in which migrants choose self-employment or paid work based on the potential gains from either type of employment; the second takes into account that the determinants of the migration decision can be correlated with employment choices. Using data from the 2008 Rural-Urban Migration in China and Indonesia (RUMiCI) survey, a selection model with endogenous switching is estimated. Earnings estimates are then used to derive the wage differential, which in turn is used to model the employment choice. The procedure is extended to account for migration selectivity and to compare individuals with different migration background and employment histories. The results indicate that self-employed individuals are positively selected with respect to their unobserved characteristics. Furthermore, the wage differential is found to be an important driver of the self-employment choice.

\textsuperscript{88} Raghbendra Jha, Raghav Gaiha, Manoj K. Pandey and Shylashri Shankar (2011) Switches into and out of NREGS — A panel data analysis for Rajasthan \textit{ASARC Working Papers} from Australian National University, Australia South Asia Research Centre

\textsuperscript{89} Corrado Giulietti, Guangjie Ning and Klaus F. Zimmermann (2011) Self-employment of rural-to-urban migrants in China No 8473, \textit{CEPR Discussion Papers} from C.E.P.R. Discussion Papers
Christopher Blattman, and Sebastian Martinez (2011) evaluated one of Uganda's largest development programs, which provided thousands of young people nearly unconditional, unsupervised cash transfers to pay for vocational training, tools, and business start-up costs. Mid-term results after two years suggest four main findings. First, despite a lack of central monitoring and accountability, most youth invest the transfer in vocational skills and tools. Second, the economic impacts of the transfer are large: hours of non-household employment double and cash earnings increase by nearly 50 percent relative to the control group. The authors estimate the transfer yields a real annual return on capital of 35 percent on average. Third, the evidence suggests that poor access to credit is a major reason youth cannot start these vocations in the absence of aid. Much of the heterogeneity in impacts is unexplained, however, and is unrelated to conventional economic measures of ability, suggesting we have much to learn about the determinants of entrepreneurship. Finally, these economic gains result in modest improvements in social stability. Measures of social cohesion and community support improve mildly, by roughly 5 to 10 percent, especially among males, most likely because the youth becomes a net giver rather than a net taker in his kin and community network.

Anjani Kumar, Sant Kumar, Dhiraj Kumar Singh and Shivjee (2011) studied rural employment diversification in India and across major states using NSSO data at household level for the period 1983 and 2009-10. Factors affecting rural employment diversification

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towards non-farm sector have also been studied. Analysis has shown that the non-farm sector has consistently grown over time and employed nearly one-third of the rural workforce in 2009-10, as compared to merely one-fifth in 1983 at all-India level. The similar trend is seen across major states as well, though the pace and pattern varied widely. In providing employment to rural workforce, increasing dominance of crop production, followed by animal husbandry was observed across major states during 2009-10. The share of fishery and forestry was negligible in providing employment to the rural workforce. The study has revealed that the increasing rural non-farm employment has positive and significant effect on reducing rural poverty at all-India level. A positive link between income and employment has also been observed in diversifying towards horticultural activities.

Arnab K. Basu (2011)\textsuperscript{92} modelled the impact of such employment guarantee schemes in the context of an agrarian economy characterized by lean season involuntary unemployment as a consequence of tied-labor contracts. Specifically, the authors examined labor and output market responses to a productive rural Employment Guarantee Scheme (EGS) and determine the optimal compensation to public work employees consistent with the objectives of (i) productive efficiency in agriculture and (ii) welfare maximization of the laborers. Our framework provides a theoretical framework for the evaluation of a number of conflicting observations and empirical results on the impact of an EGS on agricultural wages, employment and output, and underscores the importance of the relative productivity of workers in the EGS program vis-a-vis their

\textsuperscript{92} Arnab K. Basu (2011) Impact of Rural Employment Guarantee Schemes on Seasonal Labor Markets: Optimum Compensation and Workers' Welfare No 5701, IZA Discussion Papers from Institute for the Study of Labor (IZA)
counterparts engaged in agricultural production in determining the success of these programs.

Corrado Giulietti, Guangjie Ning and Klaus F. Zimmermann) Additional contact information (2011) focused on the determinants of self-employment among rural to urban migrants in China. Two self-selection mechanisms are analysed: the first relates to the manner in which migrants choose self-employment or paid work based on the potential gains from either type of employment; the second takes into account that the determinants of the migration decision can be correlated with employment choices. Using data from the 2008 Rural-Urban Migration in China and Indonesia survey, a selection model with endogenous switching is estimated. Earnings estimates are then used to derive the wage differential, which in turn is used to model the employment choice. The procedure is extended to account for migration selectivity and to compare individuals with different migration background and employment histories. The results indicate that self-employed individuals are positively selected with respect to their unobserved characteristics. Furthermore, the wage differential is found to be an important driver of the self-employment choice.

Wusheng Yu and Hans G. Jensen (2010) suggest that recent policy changes have achieved the declared policy goals of increasing grain production and boosting farm income. Much of the increase in grain production and farm income can be attributed to higher per unit return to arable land, land reallocation to grain production and extra agricultural employment triggered by the policy changes. Based on


the assumption that China's public assistance to agriculture and farmers will continue and rise, two hypothetical future scenarios are simulated.

Erik Jonasson (2010)\textsuperscript{95} analysed the role of government effectiveness in the determination of informal employment. A theoretical model is developed, in which local governance and worker skill level are assumed to influence the decision of the worker whether to seek employment in the formal or informal sector. The model is assessed empirically using data from Brazil, where almost half of the urban labour force is employed informally. The empirical analysis supports the predictions of the model and suggests that informal employment is lower in regions with better governance and higher average education.

Raghbendra Jha, Sambit Bhattacharyya and Raghav Gaiha (2010)\textsuperscript{96} examined the nutritional status with respect to the two macronutrients as well as various micronutrients of rural households in three Indian states: Andhra Pradesh, Maharashtra and Rajasthan. The authors found that, by and large, there are serious deficiencies in regard to consumption of various nutrients in all three states. With this as a background we model the impact of two policy interventions (NREG and PDS) on nutrient intake.

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\textsuperscript{95} Erik Jonasson (2010) Government Effectiveness and Regional Variation in Informal Employment No 2010:13, Working Papers from Lund University, Department of Economics
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\textsuperscript{96} Raghbendra Jha, Sambit Bhattacharyya and Raghav Gaiha (2010) Social Safety Nets and Nutrient Deprivation: An Analysis of the National Rural Employment Guarantee Program and the Public Distribution System in India ASARC Working Papers from Australian National University, Australia South Asia Research Centre
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Hai Fang, Karen Nisa Eggleston, John A. Rizzo and Richard J. Zeckhauser (2010)\textsuperscript{97} examined the data on 2,288 married women from the 2006 China Health and Nutrition Survey to study how off-farm female employment affects fertility. Such employment reduces a married woman's actual number of children by 0.64, her preferred number by 0.48, and her probability of having more than one child by 54.8 percent. Causality flows in both directions; hence, we use well validated instrumental variables to estimate employment status. China has deep concerns with both female employment and population size.

Agapi L. Somwaru, Xinshen Diao, Fred Gale and Francis C. Tuan (2001)\textsuperscript{98} examined the rural labor market in China based on the country's first national agricultural census. The analysis highlights distinct differences of employment by age, gender, educational level, size of the household, and size of land holdings. The authors used a generalized polytomous logits (GPL) framework to analyze the patterns of rural labor employment, capture the dynamic trends of the rural labor force, and gauge rural migration. The estimation results, based on more than 4 million records of rural persons, indicate that the land size followed by the education level and age are the main factors affecting the chances of rural labor force by employment categories.


\textsuperscript{98} Agapi L. Somwaru, Xinshen Diao, Fred Gale and Francis C. Tuan (2001) China's Employment And Rural Labor Migration No 20459, 2001 Annual meeting, August 5-8, Chicago, IL, from American Agricultural Economics Association (New Name 2008: Agricultural and Applied Economics Association)
Cornilius Chikwama (2010)\textsuperscript{99} examined the widely held view that earnings from rural wage employment can help farm households overcome constraints on farm investments. It uses a panel dataset of 359 randomly selected farm households from three resettlement areas in Zimbabwe over the period 1996/97 to 1998/99. It finds no evidence to support the hypothesis that income from rural wage employment contributes towards increasing farm investment for the sampled households, and it attributes this to very low savings rates on rural wage employment income. Further, it finds that levels of farm investment increase with the amount of labor and land used in farm production in the previous year, and for households with male and older household heads.

Zohra Bouamra Mechemache and Jad M. Chaaban (2010)\textsuperscript{100} This used original longitudinal firm and plant level datasets on the French cheese industry to assess the impact of the Protected Designation of Origin (PDO) label on rural employment. The data is used to test the impact of the PDO label on equilibrium market structure in the downstream cheese processing segment, and to establish backward linkages this segment has on upstream plant-level employment and the number of dairy farmers. Our results show that the PDO label has increased the equilibrium number of firms at the national level, because the introduction of this label has created market segmentation which reduced barriers to entry. In turn, this higher number of cheese firms resulted in more employment in dairy farms and processing plants at the district level.


Maja Micevska, Dil Bahadur Rahut (2009)\textsuperscript{101} analyzed the determinants of participation in nonfarm activities and of nonfarm incomes across rural households. A unique data set collected in the Himalayan region of India allows us to deal with the heterogeneity of rural nonfarm activities by using aggregations into categories that are useful both analytically and for policy purposes.

Maria-Magdolna Vincze and Kinga Kerekes (2009)\textsuperscript{102} analysed the main characteristics of the rural labour force. Finally we synthesize the opinions expressed by 33 consultants working at the Offices for Agricultural Consultancy from different counties in Transylvania about the estimated short term evolution of rural employment and the impact of CAP on Romanian rural areas.

Erik Jonasson and Steven M Helfand (2008)\textsuperscript{103} analyzed the determinants of non-agricultural employment and earnings in non-agricultural jobs. The empirical analysis is based on the Brazilian Demographic Census, allowing for disaggregated controls for the local economy. Education stands out as one of the key determinants of employment outcome and earnings potential. Failure to control for locational effects, however, can lead to biased estimation of the importance of individual and household-specific characteristics. The empirical results show that local market size and distance to

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\textsuperscript{101} Maja Micevska, Dil Bahadur Rahut (2009) Rural Nonfarm Employment and Incomes in the Himalayas Working Papers from eSocialSciences


\textsuperscript{103} Erik Jonasson and Steven M Helfand (2008) Locational Determinants of Rural Non-agricultural Employment: Evidence From Brazil No 200802, Working Papers from University of California at Riverside, Department of Economics
population centers have a significant impact on non-agricultural employment prospects and earnings.

Maja Micevska and Dil Bahadur Rahut (2008)\textsuperscript{104} analyzed the determinants of participation in nonfarm activities and of nonfarm incomes across rural households. A unique data set collected in the Himalayan region of India allows us to deal with the heterogeneity of rural nonfarm activities by using aggregations into categories that are useful both analytically and for policy purposes. The authors conducted an empirical inquiry that reveals that education plays a major role in accessing more remunerative nonfarm employment. Other household assets and characteristics such as land, social status, and geographical location also play a role.

Erik Jonasson and Steven Helfand (2008)\textsuperscript{105} analyzed the determinants of non-agricultural employment and earnings in non-agricultural jobs. The empirical analysis is based on the Brazilian Demographic Census, allowing for disaggregated controls for the local economy. Education stands out as one of the key determinants of employment outcome and earnings potential. Failure to control for locational effects, however, can lead to biased estimation of the importance of individual and household-specific characteristics. The empirical results show that local market size and distance to population centers have a significant impact on non-agricultural employment prospects and earnings.


\textsuperscript{105} Erik Jonasson and Steven Helfand (2008) “Locational Determinants of Rural Non-Agricultural Employment: Evidence from Brazil” No 2008:3, Working Papers from Lund University, Department of Economics
Aliye Ahu Gülümser Akgün, T. Baycan-Levent and Peter Nijkamp (2008) evaluated rural self-employment in the EU countries, while comparing them with self-employment in Turkey. The study focuses on self-employment trends in the agricultural sector on the basis of changing motivations and participations of males and females. The data used for comparison and evaluation are based on Eurostat and Turkstat data. The results show that agricultural employment and self-employment exhibit a slight decrease over time and that the impact of this decrease in male and female employment differs among countries. The results also show that the motivation of Turkish women towards self-employment is higher than that of European women and of Turkish men.

Carlisle A. Pemberton and Mary A. Mgonja (2007) found that the agricultural development problems in the Caribbean and SSA are very similar, especially, declining export demand for products, adverse trade policies and the actions of nature, causing damage to agricultural production. The simulations performed showed that in both regions, even a 4% annual increase in agricultural output has the potential for annually increasing agricultural employment by over 6%, even with an annual technical progress of 1.5% in the case of SSA and 2% in the case of the Caribbean.

106 Aliye Ahu Gülümser Akgün, T. Baycan-Levent and Peter Nijkamp (2008) Changing trends in rural self-employment in Europe and Turkey No 22, Serie Research Memoranda from VU University Amsterdam, Faculty of Economics, Business Administration and Econometrics

Peter Frederik Lanjouw, Abusaleh Shariff and Dil Bahadur Rahut (2007) made an attempt to assess the contribution of the nonfarm sector across population quintiles defined in terms of average per capita income. The correlates of employment in the nonfarm sector and the direct impact of a growing non-farm sector on agricultural wage rates in rural India have also been examined. The study is based on rural data from 32,000 households belonging to 1765 villages across all parts of India collected by the National Council of Applied Economic Research in 1993-94. Analysis shows that non-farm incomes account for a significant proportion of household income in rural India with considerable variation across quintiles and across major Indian states.

Aliye Ahu Gülümser Akgün, Tuzin Baycan Levent and Peter Nijkamp (2007) focused on self-employment trends in agriculture sector on the basis of changing motivations and participations of males and females. The data and information used for comparison and evaluation are based on Eurostat and Turkstat data. The results of our study show that agricultural employment and self-employment exhibit a slight decrease over time and that the impact of this decrease in male and female employment differs among countries in Europe. The results of our study show also that the motivation of Turkish women towards self-employment is higher than that of European women and of Turkish men.


Thomas Reardon, Prabhu L. Pingali and Kostas G. Stamoulis (2006) presented and justified three main hypotheses concerning the impacts of that penetration. (1) The direct effect is that the modern retailers and modern-sector processed products directly compete with, and present potentially major challenges to, the processed foods, farm inputs, and commercial services already being undertaken in the RNFE sector by the rural poor among others. (2) The indirect effects is that modern sector firms tend, once they have "modernized" their procurement systems, to prefer larger suppliers. (3) The production and consumption linkage effects of the above impacts on RNFE firms, laborers, and farmers, all else equal, probably implies greater demand for non-tradeable goods and services in the RNFE that correspond to the demand patterns of the upper stratum of rural consumers.

Buchenrieder, nee Schrieder, Gertrud and Judith Moellers Authors registered in the RePEc Author Service: Judith Möllers (2006) summarized and link existing theories and to introduce some new aspects with regard to modelling NFRE and employment diversification. NFRE dynamics are closely interrelated with the institutional framework and its incentives and constraints. The behaviour of rural decision-makers also depends on fundamental


determinants such as norms and attitudes. The Sustainable Livelihood Framework (SLF) and the demand-pull and distress-push concept focus on the motives and the context in which diversification strategies evolve.

Hung T Pham (2006)\textsuperscript{112} examined the potential effect of the trade policy reform on nonfarm employment in rural Vietnam during the period 1993-2002. It proposes two trade openness indices that allow changes in the trade policy at the macro level to be transmitted to rural households. The results reveal that the trade policy reform does have a material impact on rural nonfarm employment. While a more liberalized agricultural sector encourages nonfarm diversification, a lower protection level in the nonfarm sector discourages individual participation in nonfarm income-generating activities.

Rajendra P. Mamgain (2004)\textsuperscript{113} presented the theoretical and empirical evidence on employment and livelihoods for rural households and a macro picture of the economy of Uttaranchal is presented. The former analyses the composition and trends in the growth of state domestic product, land use, cropping pattern and industrial development and the latter examined the growth in population, labour force and workforce in detail along with educational development in the state. It has been argued that despite the scarcity of productive assets like land in the mountain region in

\textsuperscript{112} Hung T Pham (2006) RURAL NONFARM EMPLOYMENT UNDER TRADE REFORM EVIDENCE FROM VIETNAM, 1993-2002 MPRA Paper from University Library of Munich, Germany

\textsuperscript{113} Rajendra P. Mamgain (2004) Employment, migration and livelihoods in the Hill Economy of Uttaranchal MPRA Paper from University Library of Munich, Germany
Uttaranchal women’s participation in the workforce is very high—a common feature which they do so to support the livelihoods of their households.

Cornilius Chikawama (2004)\textsuperscript{114} showed that rural wage employment income can only assist in raising farm investment if it can be saved at positive rates and households face high-unemployment, i.e., they have idle labour. When there is no unemployment in the household or when unemployment is very low, increased availability of rural wage employment will in fact lead to “deagrarianisation”. Although the study finds evidence for high-unemployment from a 3-year panel data set of 359 households in 3 Resettlement Schemes in Zimbabwe, it finds no evidence that existing rural wage opportunities contribute towards raising households’ farm investment.

Prasada Mecharla (2002)\textsuperscript{115} examined the factors which affect rural non-farm employment in two villages; using primary data from the Indian state of Andhra Pradesh, it analyses the reasons for the variations between an agriculturally-developed village and one which is less developed. The survey, conducted during 1993-94 covered a total of 465 households in Veeravalli and 354 households in Anandapuram villages of two districts of A.P. This paper seeks to test ‘distress diversification’ against ‘agricultural growth linkages’ as


\textsuperscript{115} Prasada Mecharla (2002) “The Determinants of Rural Non-Farm Employment in Two Villages of Andhra Pradesh [India]” No 12, PRUS Working Papers from Poverty Research Unit at Sussex, University of Sussex.
explanations of employment of the propensity of rural people to be involved in the RNFS. The data analysis by a detailed household survey on the nature and determinants of the rural non-farm employment supports the hypothesis that growth linkages are the main explanation for high shares in, and the growth of, ‘modern’ RNFE, and distress diversification for ‘traditional’ RNFE.

Prasada Mecharla (2002)\textsuperscript{116} made an attempt to examine the nature of rural non-farm employment (RNFE) in Andhra Pradesh (AP) using the district level data gathered from the secondary sources. It seeks to identify the determinants of inter-district variations in the shares and growth of RNFE across a cross-section of 7 categories of rural non-farm employment for 22 districts in AP. The basic objective is to test the hypothesis of ‘distress diversification’ against ‘agricultural growth linkages’ in order to explain the propensity of rural people to be involved in the RNFE. Econometric models have been used to explain the district level variation in the RNFE by pooling the data for 1981 and 1991 for various sub-sectors in AP. The analysis reveals that variations in irrigation, farm size, literacy, urbanisation, commercialisation, infrastructure and poverty are significant determinants of RNFE.

Michael Kiehl and Stefano Panebianco (2002)\textsuperscript{117} investigated the continuity and the driving forces of the urban-rural employment shift in Western Europe. Based on a comparable area typology for the three

\textsuperscript{116} Prasada Mecharla (2002) “Determinants of Inter-District Variations in Rural Non-Farm Employment in Andhra Pradesh: A District Level Data Analysis” No 13, PRUS Working Papers from Poverty Research Unit at Sussex, University of Sussex.

\textsuperscript{117} Michael Kiehl and Stefano Panebianco (2002) The urban-rural employment shift in Western Europe - an empirical analysis of the employment and population development in Britain, Germany and Italy ERSA conference papers from European Regional Science Association.
The case study states Britain, Germany and Italy, the study finds out that since the 1970s rural areas have overall been performing much better than urban areas. In contrast, for the 1990s the thesis of an urban-rural shift of jobs and population cannot be verified without qualifications. Even though there are rural regions that are outperforming the conurbations in terms of employment and population growth, the overriding trend has been a polarisation within the rural areas as well as within the conurbations. Concerning the determinants of rural growth, the study identifies two possible explanations.

Jason R. Henderson and Kendall McDaniel (2000) Throughout the 1990s, scenic rural areas have experienced faster employment growth than their counterparts. But, rural employment growth relies on a much broader set of county characteristics than just scenic amenities. Analysis provides insight into the role of scenic amenities in rural employment growth, generally and at the sector level.

Nurul Islam (1997) showed an empirical evidence on the nonfarm sector and analyzes policies for its future development. It examines the linkages between the farm and nonfarm sectors and between the nonfarm sector and urban enterprises, and considers ways the government can promote rural employment.

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J.V. Meenakshi and Thomas T. Poleman (1994)\textsuperscript{120} examined the impact of agricultural prices and technology on farmer incomes and then assesses its growth linkage implications for rural employment and wages. Based on the irrigated rice economy of Andhra Pradesh and the rainfed jowar economy of Maharashtra, the study concludes that technical change has been the dominant source of increases in farmer incomes; the role of prices has been decidedly secondary. Furthermore, employment linkages are evident, but only with extremely high rates of growth and good resource endowments: this implies that expectations from growth linkage processes on a wide scale are unrealistic.

Edna A. Reyes (1991)\textsuperscript{121} analyzed the nature and role of rural nonfarm employment in development. It also traces the growth of nonfarm activities in the Philippines and determines the extent of their contribution to the transformation of the rural sector. In particular, it describes the structure of nonfarm activities in the rural sector and how this structure changes overtime. It also assesses the impact of nonfarm employment on the rural economy in terms of changes in the structure of labor utilization, production/output and household income. Further, it determines the increasing commitment of rural workers to nonfarm work and identifies possible bottleneck that may hamper the growth of nonfarm activities.


\textsuperscript{121} Edna A. Reyes (1991) Role of Rural Nonfarm Employment in Philippine Development No WP 1991-04, Working Papers from Philippine Institute for Development Studies