Abstract

The study, primarily based upon the primary data generating through a census survey of 24 villages (8118 households) and representative survey (400 households) chosen through scientific technique, provides empirical bases to the contribution of rural non-farm (RNF) employment in: (i) absorbing growing rural labour force in remunerative occupations; (ii) reducing rural poverty and inequalities; (iii) raising skills and entrepreneurial capacities; and (iv) arresting migration flows to the towns /cities for gainful employment in Punjab. The study found that RNF sector in the state is highly heterogeneous and a mix of traditional and modern occupations. Most of RNF workers were the males and were either self-employed or government/private services. Casual employment also cornered a significant share. However, quality RNF employment is largely with the Jat Sikh land-owning households because of high level of education, political clout, etc. And, those with low education and skill levels found to be employed in low earning RNF activities; mostly locally or nearby towns.

The study revealed that better educational attainments of RNF workforce and availability of rural infrastructure had promoted RNF activities in the state. There is a need to increase women participation in RNF activities to higher levels. For productive and rewarding RNF sector, investment in human capital is a pre-requisite. Better transport and uninterrupted power supply to villages - shops, flour mills, repair shops, furniture making units, agro-processing units, etc. - would go a long way in creating year-round RNF employment within the villages.

Public spending on improving rural education, health, roads, and agricultural research must be increased. Nationalized banking and other formal credit institutions involved in credit delivery must be broadened and deepened to decrease dependence on informal resources like the traders, ahritiyas, private companies, etc. who are notorious for charging exorbitant rates of interest. Moreover, there is need to establish a separate RNF directorate with adequate statutory powers and finances to promote RNF sector in the state.