Chapter No. VI

Summary of the Findings, Suggestions and Conclusions for the improvements of Rural Non-Farm Activities
Summary of the Findings, Suggestions and Conclusions

Rural Non-farm Activities (RNFAs) play an important role in developing countries such as India. The term ‘Non-Farm’ covers all the non agricultural activities, which include manufacturing activities, mining and quarrying, transport, trade and services in rural areas. Further, the seasonal and contractual employment, which is unconnected with farming activities, is a part of Non-Farm Employment (NFE). These activities provide subsidiary employment to small and marginal agricultural households especially during the slack season and these activities can be reduced income inequalities and rural urban migration. The Non-Farm Sector (NFS) is, therefore, method of tackling the problem of rural poverty and rural unemployment.

Interest in rural non-agricultural (non-farm) development has been growing among policy makers and development economists. One reason for this is that economic development based on large-scale, urban-concentrated and capital-intensive industries has not had desired impact on employment and equity. Thus, the development of rural non-farm activities (RNFA) forms a part of a general development.

A related reason is the realization that in many developing countries in Asia that there are “severe limitations on the capacity of the agricultural sector to absorb the existing supply of rural labour and to satisfy even minimum subsistence requirements of a large proportion of the rural population” increasingly, economists are realizing that their original hope for the “Green Revolution” (i.e. biological-chemical innovations) to solve both production and employment problems in rural areas (as it did in rural Japan) is no longer tenable. This realization comes, in part, because of the rapid growth in the rural population, which has greatly increased the number of people that needs to be absorbed, and in part because of the growing evidence that “the direction of government polices and flow of likely innovations are likely to strengthen the current trends towards low labour absorption in agriculture” Given agriculture’s limited capacity to absorb labour, rural non-farm activity assumes increased importance as an alternative or supplementary source of rural employment and income. Another reason for the current interest is the realization that in many
parts of the world, rural non-farm activity is surprisingly important and dynamic. Given its importance and its apparent responsiveness to economic opportunities, rural non-farm activity merits special attention in the design of rural and also urban development strategies.

The rural non-farm activities constitute an important category of income for the poor in developing countries which are characterized by problems such as mounting population pressure, diminishing land frontiers, small and fragmented landholdings due to declining land-man ratio and a high incidence of unemployment.

The non-farm activities provide supplementary employment to the small and marginal rural households, especially during the slack season. Thus, in determining the total employment and income status of small and marginal households, non-farm activities have a place of great significance in a rural society. Here we concentrate on issues such as relevance and positive effects of non-farm activities, size and growth of this sector, factors determining non-farm employment in India and problems faced by his sector and mainly consider the published and easily accessible studies on non-farm sector in India.

NEED FOR THE STUDY

Geographically, Anantapur district is the largest district in the state of Andhra Pradesh. It is located in the rain-shadow zone. As such it accounts for the lowest rainfall in the state. The average annual rainfall is 540mm. This amount of rainfall is too small to raise any crop in the district. Even this scanty rainfall is highly uneven and irregular in its distribution in the district. On account of this, droughts and famines are a recurring feature. The three out of five years happened to be drought/famine years in the district. There are no perennial rivers flowing across the district. In a situation like this, agriculture does not hold much prospects. Hence, for the sustainable livelihoods people in the rural areas have to depend on non-farm sectoral activities and people in the urban areas have to depend on in-formal sectoral activities in the district.
Statement of the Problem

The district of Anantapur has become a by-word for frequent droughts and famines; three out of every five years experienced a severe droughts and famines and thus creating an acute scarcity for food and fodder. As such agricultural holds a limited prospects in the district; People are forced to find out different activities to eke out livelihoods. The study aims to list out a host of non-farm activities and assess their role in the provision of sustainable livelihoods to the people in the district and thus preventing them from migrating to nearby urban Centers which have already overburdened with the social overhead capital.

Objectives of the study

The present study takes the following as its objectives:

1. To find out the extent, composition and growth of Rural Non-Farm employment in Andhra Pradesh during post-reforms period;

2. To study the work participation rates and occupational changes in an highly drought-prone and famine district of Anantapur in Andhra Pradesh;

3. To examine the entrepreneurial abilities of the sample respondents in the rural non-farm sector;

4. To assess the impact of institutional support for the development of rural non-farm activities in the study area;

5. To study the linkages between the natural resources endowment and the growth of non-farm employment in the district; and

6. To suggest suitable measures for development of different rural non-farm activities to tackle the problems of unemployment poverty and rural exodus in the district.
Hypotheses of the study

The study takes following as its hypotheses:

1. There is no significant growth in the Rural Non-Farm employment in A.P during post reform period.

2. There is no significant change in the work participation rates and occupational structure in the drought prone and famine district of Anantapur during the period under reference.

3. The entrepreneurial abilities of the sample respondents are not sufficient for the development of Rural Non-Farm Sectors in the district.

4. There is inadequate institutional support for the growth of Rural Non-Farm Sector in the district.

5. The natural resource endowment available in the district does not support the growth of Rural Non-Farm Sector Activities.

METHODOLOGY

Data Base

The study makes use of both primary and secondary data. Primary data would be collected by canvassing a pre-tested interview-schedule among 300 sample respondents and secondary data would be collected from the published and unpublished documents from the office of the DIC, Anantapur. Statistical Abstracts of India, A.P and Anantpur district. Further, Five Year Plan documents of both India and A.P would be consulted in addition to ASI reports and NSSO data.

Sample Design

The study has selected 10 widely prevailing category of rural activities: Tailoring, Weaving, Dairy, Carpentry, Repair/Service works, Flour mills, Coffee/Tea stalls, Grocer shops, Brick laying activities and Fruit and Vegetables vending. For
each activity 30 respondents would be consulted to record their responses. In all, 300 sample households would be covered for the study. The sample respondents would be consulted in three mandals spread over three Revenue Divisions in the district. The sample design selected for the study has been shown in Table-1.

**Table 6.1**

**Distribution of Sample Units**

<table>
<thead>
<tr>
<th>S.No</th>
<th>Activity wise</th>
<th>Anantapur (Bukkarayamudram)</th>
<th>Dharmavaram (Bathalapalli)</th>
<th>Penukonda (Somandepalli)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tailoring</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>2</td>
<td>Weaving</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>3</td>
<td>Dairy</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>4</td>
<td>Carpentry</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>5</td>
<td>Repair/Service works</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>6</td>
<td>Flour Mills</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>7</td>
<td>Coffee/Tea stalls</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>8</td>
<td>Grocer shops</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>9</td>
<td>Bricklaying Activities</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>10</td>
<td>Fruit and Vegetables vending</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
<td><strong>300</strong></td>
</tr>
</tbody>
</table>

Personal interviews would be conducted with 300 sample respondents through canvassing a well designed and pre-tested schedules. The data and information thus collected would be entered in a computer and the data analysis would be done by using simple Statistical tools such as percentages and averages. The data generated did not necessitate adoption of sophisticated Quantitative Techniques to analyse the field survey data.
Limitations of the study

As already stated that the district is geographically the largest one in the state; more than 300 sample households could not have been undertaken owing to time and resource constraints on the part of scholar. The only rationality that can be attributed is that district as a whole is a homogeneous block. Hence, the sample decided to arrive at reflects the reality. Since, it is a region specific study the findings of the study are strictly confined to Anantapur district alone.

Chapter Design of the study

Thesis would be presented in six chapters:

First Chapter - Introduction-Theoretical background of the study and Rural Non-Farm Sector in India: an overview

Second Chapter - Review of literature and Research Design of the study.

Third Chapter - The socio-economic and geographical dimension of the study area.

Fourth Chapter - The Agro-Economic profile of the sampled mandals in Anantapur District.

Fifth Chapter - Empirical study relating to employment generation through the non-farm sector activities as means of sustainable livelihoods in the sampled mandals in the district.

Six Chapter - Summary of the findings, conclusions and suggestions for the improvements of Rural Non-Farm Activities.
It is accepted world over that the agricultural sector, by itself, is incapable of creating additional opportunities of gainful employment in the wake of burgeoning population. Hence the vital importance of expanding the base of the rural non-farm activities as a source of employment generation. The rural non-farm activities (RNFAs) constitute an important category of income for the poor in the developing countries, which are characterized by problems such as mounting population pressure, diminishing land frontiers, small and fragmental and-holdings due to declining land-man ratio and a high incidence of unemployment. The non-farm activities provide supplementary employment to the small and marginal farmers who constitute a major segment of the total agricultural population of rural India.

The rural non-farm economy has emerged as a major employer of labour in the developing world. In India, the percentage of work-force engaged an agriculture and allied activities declined from 72.1 percent in 1951 to 65 percent in 1991, while those engaged in manufacturing and allied activities went up from 9 to 11 percent during the same period. Employment in the non-farm sector has been growing at the rate of 7.2 percent per annum during 1977-78 to 1999-2000. Achievement of the goal of full employment was, thus, crucially dependent on growth of employment in the RNFAs. According to NSS data, the percentage share of the rural male workers had increased up to eighties. But between 1987-88 and 1993-94, the share of rural male workers remained almost stagnant. The percentage share of rural female workers recorded an even lesser growth during the past two decades. In the two decades, the female workers increased only by 3.5 percent as against a corresponding increase of 9.2 percent in respect of male workers. During 1987-88 and 1993-94, the share of non-agricultural workers (22 percent) in the total work-force remained the same and showed a slight increase for the males. On the whole, the difference in the share of non-agricultural sector in the absorption of total workers declined after 1987-88. The decline was more significant in the case of females.

The rate of growth in non-agricultural employment found a declining trend particularly between 1987-88 and 1993-94. The rate of growth of rural non-agricultural workers, which was 5.07 percent per annum between 1972-73 and 1977-78, decreased to 0.33 percent between 1987-88 and 1993-94. The decline in the rate of growth was witnessed not only in non-agriculture areas, but also in the agricultural sector too.
The significance of the non-farm sector is even more pronounced in the drought prone region. The present humble attempt to make a micro-level study in Anantapur district of the drought prone Rayalaseema region in the state of Andhra Pradesh, it is hoped, to throw light on the dynamics of rural non-farm activities in the rural economy.

In view of the growing importance of non-farm sector in the overall process of employment as experienced in various states in India, the main focus of the present study is to examine the structure, performance and problems existing in the functioning of a few selected ten non-farm activities in providing sustainable livelihood conditions in the most backward and an highly drought prone area of Anantapur district of Rayalaseema region in Andhra Pradesh. The study also attempts to suggest measures for the future development of the rural non-farm sector involving financial institutions other development agencies of the government and NGO’s.

In the drought affected Anantapur district of Andhra Pradesh, three sampled mandals viz., Bukkarayasamudram from Anantapur Revenue Division, Bathalapalli mandal from Dharmavaram Revenue Division, Somandepalli mandal from Penukonda Revenue Division were selected purposively to study the existing income generating activities and more especially to suggest a few profitable/popular income generating activities for replication in other sub-regions of the district.

Based on the records from the district Industries Center (DIC), government of India, Government of Andhra Pradesh, some of most popular activities are short-listed. They are viz., Tailoring (30), Weaving (30), Dairy (30), Carpentry (30), Reoair/Service works (30), Flour Mills (30), Coffee/Tea stalls (30), Grocer shops (30), Bricklaying Activities (30), Fruit&Vegetables Vending (30). Though there are other varieties of enterprises, they are very small in number and may not be suitable for replication elsewhere, for more than one reason. The sample respondents/enterprises were drawn by using Probability Proportional Sampling Procedure (PPSP). The total size of sampling is 300.
The major findings of the study based on field survey data

Organization and performance of Rural Non-Farm Sectors in the study area

- It is found that 61 percent of the Rural Non-Farm Entrepreneurs (RNFEs) fall in the age group of “youth”; 24 percent in the age group of 36-45 years and 16 percent belong to age group of 46 years and above.

- The educational status of RNFEs is quite depressing: 27 percent of them are illiterates and it was only one percent of them had technical education.

- The caste composition of the RNFEs reveals that BCs dominated with 54 percent followed by 43 percent OCs and SC/STs put together is only 3 percent.

- It is gratifying to note that slightly over 90 percent of the RNFEs live in Semi Pucca and Pucca houses while 10 percent of them lived in huts.

- Nearly, 55 percent of the RNFEs did not possess any piece of dry land and 64 percent of them did not a piece of wet land.

- Nearly, 32 percent of them RNFEs could get income in the range of Rs 10,000-40,000 from their dry lands, while 25 percent them derived annual income in the range of Rs 10,000-40,000 from their wet lands.

- It is reported that 56 percent of the RNFEs previous occupations happened to be daily wage earners; 34 percent of the agricultural workers; and 9 percent of them were cultivators.

- It is interesting to note that Cent percent of the RNFEs took up the present line of the activity based on the motive ‘to earn more money’ and an equal percentage of them stated to attain the status of self-employment and independent living as the chief motivational factor for engaging themselves in the current line of activity.

- 90 percent of the RNFEs reported to have switching over to the current line of activity as it solved the unemployment problem that they were facing.

- Man cannot live by bread alone. This fact is evidenced amply when 75 percent of the RNFEs opined that the current line of activity enhanced the social prestige.

- It is rather depressing to note that a least of 25 percent of the RNFEs reported that banking sector influenced them to pursue the current line of activities.
It is significant to mention that more than 75 percent RNFEs felt the need of financial assistance. As against this, only 19 percent of them could avail a meagre bank financial assistance to set up their units. 8 out of 10 sampled units received bank financial assistance, vide Table 5.12.

More than 75 percent of the RNFEs raised financial assistance from private individuals in their respective places.

All the 10 selected activities fully catered to the employment needs of 300 households including both male and female members all through the year, except bricklaying activity industry which is largely a seasonal activity that has to be carried on during non-rainy season days.

In the case of activities such as, Weaving, Dairy, Flour mills and Grocer shops the number of working days happened to be above 300 days in a year.

All the sample respondent households have expressed satisfaction for a significant and sustainable rise in levels of income that they could derive from the chosen line of 10 category of activities which are found to be in large numbers in the district. The study underscored the substantial rise in the income levels among the sample RNFEs compared to their earlier occupations.

A majority of the households expressed their satisfaction of attaining higher standard of living conditions through which the could enhanced their incomes by their engagement in the non-farm activities in the district and their consumption expenditure also reflected same in table 5.24.

The rural non-farm enterprises required relatively low level of investment on machinery. As such 34 percent of the units could be set up with the investment expenditure per unit upto Rs 20,000 and 30 percent of the units could be grounded with the investment expenditure, per unit, in the range of Rs 20,000-40,000 and 36 percent of the units established with the investment expenditure, per unit, of Rs 40,000 and above.

60 percent of the non-farm enterprises incurred fixed capital upto 1.5 lakh towards home cum works spot; 18 percent of the units incurred fixed capital in the range of Rs 1.5 to 2 lakh; 11 percent enterprises invested fixed capital in the range of Rs 2-5 lakh.
Working capital plays a crucial role in the case of rural non-farm enterprises. 68 percent of the sample enterprises mobilized working capital upto Rs 1 lakh per unit while 32 percent could mobilize working capital in the range of Rs 1-2 lakh per unit.

Nearly, 75 percent of the households could save an amount ranging from Rs 10,000-40,000 while 15 percent of them could save over Rs 40,000 per annum from the current stream of the incomes.

It is a matter of satisfaction to state that women reservation of 33 percent is completely followed in the case of rural non-farm sector where 33 percent of the women actively engaged in non-farm sectors in the study area.

More than 75 percent of the sample units was for established between 1995-2000 in the study area.

It is significant to mention here that 60 percent of the grocer shops, cent percent of the bricklaying units obtained licenses while 84 percent sampled units did not obtain any sort of license or permission from the government all due to the effect of the New Economic Reforms introduced by the Government of India in July 1991.

Nearly 93 percent of the rural non-farm enterprises had fixed locations while 43 percent of the carpentry sample units and 28 percent fruit & vegetable vending units have shifting locations.

The four categories of works: Carpentry, Coffee/Tea stalls, Bricklaying units, Fruit & Vegetable vending units have been operated in the open air or under the sky and the remaining six categories of selected works operated and under the roofs, out of which 33 percent of the sampled units operated in the residential homes and remaining 27 percent of the sampled units operated the rented accommodation.

Except fruit & vegetable vending works remaining 270 sampled units need electric power for operation.

It is significant state that no governmental agency not provided tool-kits to any one of the RNFEs. Similarly, no training was imparted to anybody in the study area. However, 52 percent of the RNFEs could arrange training programmes on their own with the private parties within and outside the district.

42 percent of the RNFEs suffered by congested premises at their works spot.
Nearly, 20 percent of the RNFEs faced the problem of scarcity of raw materials and 13 percent of them also suffered losses on account of poor quality of raw materials.

The main problems faced by the RNFEs: Lack of technical knowledge-job-skills, Economic backwardness, Lack of awareness of Trade skills, Lack of Institutional support, Shortage of power and Shortage of Quality Raw materials.

Suggestions

In the light of the major findings of the study, the following measures are suggested for the fast growth and development rural non-farm activities in the most backward and highly drought-prone district of Anantapur in the region of Rayalaseema of Andhra Pradesh.

1. The government has to constitute an expert committee consisting of an Agronomist, an Economist, an Industrialist and a Statesman to prepare a road-map for the all round development of the district.

2. The government has to ensure good governance involving corrupt-free officials to effectively implement all the developmental programmes in letter and spirit in the district.

3. The government has to gear-up its machinery – DIC, DRDA, Revenue and Banks – to identify a strategic and appropriate local specific economic activities to be developed and promoted for the upliftment of the people in the rural areas who, largely, hither to remained not included in the process of socio-economic development. Besides the NGOs need to be incentivized to create sufficient awareness among the rural people to actively participate in the RNFEs for it paves a way for their socio-economic development.

4. The institutional support rendered to the rural non-farm sector was not enough as evidenced by the present study. Hence, it is suggested that the institutional agencies have to identify viable enterprises, train-up the rural
youth through the imparting required job-skills and banks are to be directed to provide easy access to financial assistance to the RNFEs without insisting on collateral security in disbursing loans either to investment purposes or meeting the working capital needs to manage and maintain rural non-farm activities in the district. This particular recommendation acquires importance as only 19 percent of RNFEs availed themselves of a meager financial assistance from the banks; more than 80 percent of the sampled RNFEs could not get access to banks financial assistance as per the observations of the present study.

5. The DIC and DRDA have to conduct periodic training programmes to impart job-skills to take up newer lines of activities with innovative techniques to meet the changing tastes and fashions of the people.

6. As it is observed in the study that the BCs dominated with 54 percent of the sampled rural non-farm activities and SCs and STs put together was only three percent of the sampled RNFEs. This calls for a special package scheme to assist these vulnerable sections of the society in Anantapur district. They need to be trained and provided liberal financial assistance through banks to pursue the rural non-farm activities and thus improve their socio-economic conditions.

7. The government can arrange to get stitch all uniforms to various departments including Police, Military and School uniforms from the tailors (including women tailors) This could certainly generate an additional employment to five lakh rural people who could be train up as good tailors in a span of 10-12 months. This is a potential sector in addition to silk handlooms in meeting the largescale employment needs of this backward district.

8. Government may also shift government printing presses from the busy cities to Anantapur district to meet the employment needs of the educated youth here.
9. In the present study a considerable percentage of RNFEs seemed to have worked in congested premises as their work-places. In this context, government may construct ‘Artisan Complexes’ in all the mandal headquarters to provide an adequate space to set up rural non-farm activities by the entrepreneurs.

10. The RNFEs, except, fruit and vegetable venders, have been facing an acute power shortage. This has not allowed the activities to reap full benefits. Hence, the government has to provide sustainable power supply to the rural non-farm enterprises.

11. Since rainy days extending between 30-40 days in a year, these is a high potential for tapping of solar-energy and needed technology may be imparted to manufacture solar batteries. This not only helps to overcome energy crisis under which the district is currently reeling but also provides a lot of employment to educated technocrats generated by more than 12 engineering colleges in and around Anantapur city.

12. Presently, more than 200 hectares brought under horticulture and floury-culture. If the horticulture is extended to cover another 300-400 hectares, could generate a lot of employment opportunities in the non-farm sector. Where carriages could be pressed into service to transport fruits and flowers to far-off markets and a lot of local man power could be utilized profitably as venders of fruit and flowers.

**Conclusion**

As suggested earlier, if the expert committee draws up a road-map, identifying innovative channels of rural non-farm activities and if executed properly, with all institutional assistance the rural development is sure to usher-in through the promotion of rural non-farm activities as the district is endowed with many economic resources, except adequate water resources, including minerals and quality diamonds.