CHAPTER-II

THE PROBLEM AND DESIGN OF THE STUDY
STATEMENT OF THE PROBLEM

In the rural areas of developing countries like India, the livelihood options are, more or less, traditional and land-based. They lack variety. Most of the people follow them, more as a part of life, rather than a commercial proposition. Owing to increase in population (one billion – Census of India, 2001), inelastic land supply, fragmentation of land over generations, lack of irrigation facilities, continuous failure of monsoons, unattractive procurement prices, high cost of inputs etc. make the cultivation unviable and loss-making.

In agricultural sector, the wage rates are very less compared to non-agricultural wage rates, so that the people, who are under below poverty line, slowly transform their working attitudes. Hence, the land-lords are not able to cultivate their entire land, because, hitherto before the landless and marginal farmers cultivated the lands of the landlords' on the basis of lease, and the payment was made either in cash or and kind. In addition, the poorer people purchased their food items (especially rice, sugar etc.) from the Public Distribution System. So they do not depend on the lands of the landlords' lands any more.

In 1970s, the rural infrastructural facilities were very poor. There were no good roads, no adequate supply of power for irrigation, scanty educational facilities, and absence of awareness about developmental activities, nor communication facilities, etc., for the poor people. Now the scenario is undergoing a change. Presently, every family concentrates on their children's education and family health. But the parents/peasants are not able to earn
sufficient money from agriculture to fulfill their needs. Hence there is a shift to
non-farm or other income-generating activities. Besides, all over the world, the
developing countries seem to concentrate much on the non-agricultural
economy as compared to agricultural economy. Slowly, all the developing
countries are moving in the same direction. In this context, the government
has to provide good communication/media to awaken the awareness of the
rural people about the developmental activities, which can sustain the
agricultural and non-agricultural economies.

The gender impacts of improved opportunities in the non-farm sector
vary. Women may become marginalized if they are excluded from new
opportunities and additional income generation activities, it was during in
olden days, when women only concentrated on house-hold work. Gradually,
the participation of women in economic activities, along with men, has been
increasing. It is a positive sign of participation of women in the process of
economic development.

Aiming at accelerating the process of agricultural and rural
development, a fairly good number of employment-oriented programmes and
schemes have been launched in the country by various governments. Initially,
the Integrated Rural Development Programme (IRDP) launched in 1980,
aimed at providing self-employment opportunities to the rural people during
the Fourth Plan period. The employment-oriented schemes such as:
TRYSEM, NREP, RLEGP etc., were the main components which were
brought under the umbrella of IRDP. Later, a number of allied programmes

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have been included for creating self-employment and wage employment opportunities for the rural poor. Prominent among them were: 'Supply of Improved Toolkits to Rural Artisans' (SITRA), Jawahar Rozgar Yojana (JRY), Employment Assurance Scheme (EAS), Development of Women and Children in Rural Area (DWCRA), Swarnajayati Gram Swarozga Yojana (SGSY) etc.

Recently, the Government of India has restructured the employment-oriented programmes and a new programme known as Swarnajayanti Gram Swarozgar Yojana (SGSY) was launched in April, 1999. The SGSY programme covers all aspects of self-employment such as organizing the rural poor women to form into 'self help groups' (SHGs) and providing the facilities of training, credit, technical know-how, and marketing. SGSY is a Centrally sponsored scheme. It has also been emphasized that SGSY programmes will be implemented with the help of District Rural Development Agency (DRDA) through the Panchayat Raj Institutions (PRIs).

Thus, taking into account, the limited capability of agricultural sector in providing gainful employment to increased number of rural labour force and to ensure sustainable incomes to the farming house-holds, it would be necessary to initiate a long-term planning approach towards the development of various potential non-farm economic activities. In its eagerness to help many people to cross the poverty line, Government has planned and implemented several income-generating activities in the tiny and small industrial sector (apart from micro-enterprises). But these programmes were
launched to help the individual beneficiaries without any focus on skill audit. And often the results are miserable. And the assets created are not nor able to generate the expected results and the beneficiary remains poor.

REVIEW OF LITERATURE

Vyas V.S. and George Mathai (1978) observed that the proportion of workers engaged in agriculture to total work-force has remained virtually unchanged despite all the efforts of diversification of rural occupational structure over the past thirty years. This continuing dominance of agriculture in the rural occupational structure can be explained first, by the weak linkages between the agricultural and non-agricultural sectors and, secondly, by the lack of residence on the part of such village industries as do exist to meet the demands of the more affluent sections of the peasantry. Further, they were of the view that even if there were to be a deliberate 'social' intervention in favour of allocating larger resources to agriculture, the labour absorption capacity of Indian agriculture would be limited and the path to rapid rural industrialization too is beset with many pitfalls. These problems and certain deliberate policy decisions, creation of physical and social infrastructure, changes in the present rural credit and pricing policies etc., that need to be taken into account in order to make a dent on rural unemployment, are discussed.

National Institute of Small-Scale Industry and Extension Training (NISIET) (1984), in the context of growing importance of rural industries for
rural development, had taken two case studies in two districts of Uttar Pradesh, one each from Tamil Nadu and West Bengal, in order to assess the contribution of non-farm activities to income and employment of the rural population, inter-relationship between farm and non-farm activities and to identify the industries with potential for growth. The study revealed that rural industries are primary source of employment and income. Income generated in these industries is too inadequate to help raise the beneficiaries above the poverty line. Many of the industries in West Bengal were local demand-based and in Tamil Nadu they were agriculture-based and NISIET suggested setting up of small-scale and tiny units under non-farm activity, manufacturing consumer goods for a cluster of villages.

Peter Kilby and Carl Lied Holm (1986) viewed that rural house-holds, comprising anywhere from 30 to 70 percent of the nation's population, were envisaged as having as their primary functions, the production of food and fibre for the home market and one or more crops for the export market. In addition to farm production, house-hold members might, as secondary activities, be engaged in certain amount of agricultural processing, transporting and marketing. Further, they stated that conventional statistical measures of employment and output do not exist for most non-farm activities and it is a problem to measure the size of this sector. The authors attempted to present a clearer delineation of the non-farm economy, its magnitude, its autonomy and how it changes overtime. Further, the authors presented evidence to show that non-farm activities not only make a major welfare contribution with respect to equity and income smoothing, but that many of
these activities add some more to Gross Domestic Product (GDP) than the substitute goods and services supplied by technically advanced capital-intensive enterprises. Finally, they argued that the sector is, more or less, passive than any other sector in the economy and that it has the potential to contribute to agricultural growth.

Samuel P.S. Ho (1986) examined the prospects for rural non-agricultural development in China in the light of the experience in other Asian developing countries. In his paper, he reviewed the Asian experience and some of the more significant issues relating to the growth, importance and composition of the rural non-agricultural sector. It then discussed rural non-agricultural development in China and finally, examined the prospects and policy options for rural non-agricultural development in China. It is argued that the future pace and direction of rural non-agricultural development will be strongly influenced by government policy towards agriculture, by the pace and the extent of economic reform currently under way and by the pattern of future urbanization. Further, it suggested that the prospects for rural non-agricultural development are not equally good among China's rural regions.

Vaidynathan, A. (1986) examined the inter-State and inter-district variations in total labour input in agriculture per unit of area and the reasons for these variations and also discussed the determinants of rural non-agricultural employment. He found that there existed quite a large number of regional variations in the ratio of non-agricultural to total employment in rural areas and an exploration of the reasons underlying these variations could
hopefully provide some basis for judging how far they are amenable to manipulation by policy.

Barbara Harris (1987) examined a set of firms, commodities, money and finance and labour and showed that industry is not, for the most part, rurally located, small-scale, labour-intensive and based on local raw materials and local markets. And also the implementation of policies designed to favour rural non-farm activity was found to divert resources away from priority targeted sector. Findings reveal the increasing importance of the national market and of regional integration and the likelihood of substantial flows of agricultural surpluses to the commercial, industrial and metropolitan economic sectors, a process supported by public sector mobilization and allocation of resources.

Sharma K L.'s (1988) paper examined the degree of interdependence between manufacturing and service sectors in the Kenyan economy using input-output tables for the years 1967, 1971 and 1976 and the results indicate that agriculture is becoming increasingly dependent on manufacturing for the use of technical inputs in the production process; whereas, the dependence of manufacturing on agriculture is declining. The total inter-industry linkages effects generated by the manufacturing sector are twice the effects generated by agriculture. The demand is the major determinant of the aggregate output growth, followed by the changes in technical coefficients. The composition of final demand has a negligible effect on output growth.
Mahendra Dev (1990) furnished evidence on some dimensions of rural non-agricultural employment at the all India level. The study analyses changes in the distribution of work-force in agriculture and non-agriculture at the all India level and in Kerala and Bihar. Distribution of rural and non-agricultural workers in major States has been discussed at a point of time. The analysis is based on NSS data for various rounds. Increase in the share of non-agricultural work-force was found to be a result of a decline of work-force in crop production. The growth rates of work-force by industry groups show that total agricultural work-force in the country grew at the rate of around 1.5 percent per annum while the rate of growth of non-agricultural work-force was around 4.7 percent per annum during the period 1972-73 to 1983. Little variations were found in the industrial distribution of rural work-force in Kerala and Bihar in between 1977-78 and 1983. The author found that there are many factors that determine inter-regional variations in the shares of non-agricultural employment. Agricultural development seems to have positive impact on the promotion of non-agricultural employment. The evidence on residual sector hypothesis is not clear with the cross-section data.

Rajasekhar, D. (1991) critically reviewed the existing studies on rural non-farm activity in India and found that 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 this sector are mainly focussed.
Studies conducted by Vibhooti Shulda and Kumar, B.L. (1992) revealed that there had been significant increase in non-agricultural employment, feminization of agricultural labour and income in agriculturally developed rural regions. 26 districts of Maharashtra State, for which comparable comprehensive and reliable data were available, found sufficient variability as to levels and patterns of industrial and agricultural development, urbanization and migration patterns, social and productive infrastructure.

Adams Richard, H. (1994) made use of three-year panel data to analyze the impact of non-farm income on income inequality in rural Pakistan. After pinpointing the importance of rural non-farm income for the poor, he decomposed total rural income among five sources viz., non-farm, agricultural, live-stock, rental and transfer and it showed that non-farm income represents an inequality decreasing source of income.

An attempt was made by Mridul Eapen (1994), to review the size and pattern of rural non-agricultural employment in the 70s and 80s in State of Kerala based primarily on estimates from the quinquennial labour force surveys of the National Sample Survey Organization (NSSO) as also the decennial censuses. The author concluded that part of the changes in rural employment in the 70s and 80s in Kerala were demand-induced and partly a strategy for survival in a situation where an increase in consumer demand could not be translated into a significant expansion of non-agricultural employment opportunities in rural areas even given the advantage of a rural-urban continuum in Kerala.
Crouchley Robert, Abell Peter, Somaslon Daborach (1994) studied the effect of a number of variables upon the aggregate time series in the UK of the self-employed to employed and self-employed to the unemployed. The period covered was from 1950 to 1990. The findings suggested that self-employment may be insensitive to inheritance tax, tax rates and corporation tax. There was some evidence of a "political effect" (positive for a conservative government) for men though not for women.

Mridual Eapen's (1995) paper made an attempt to analyze the growth of tiny enterprises in rural areas of Kerala region. His study was based on field experience in a northern district of Kerala, Palakkad, and this was very evident in the food and ready-made garments sector, both of which have witnessed a phenomenal growth of small units, very petty in nature, located within the house-hold, employing largely family labour, very often child labour – and using very little capital equipment, but relatively independent in terms of raw materials purchase and marketing of output. The author was particularly struck by some units engaged in making a varied range of snacks, tailoring and ready-made garments, products of bamboo and step-up transformers, and studied the nature and forms of these enterprises and their critical role in directly helping the rural poor. Finally the author concluded that micro-enterprises need to be supported by better access to institutional finance through rural banking, a strategy not likely to be encouraged by the increasingly market-oriented financial policies.
Shyliendra, H.S. and Thomas, P. (1995), in their empirical study in Western India, found that the growing population pressure, inability of rain-fed agriculture to absorb surplus labour and general economic development have brought about occupational diversification of a significant order. Broadly, two types of non-farm activities have emerged in the process. One is that of 'non-farm proper' which is largely the result of "pull" factors and second is that of 'non-farm migratory' which is largely the result of "push" or distress factors. Both these activities have now come to play a very significant role in the village economy touching about 90 percent of the house-hold and 48 percent of the labour force. Given the reality of rapidly growing population, inability of non-farm proper (NFP) activities to expand faster and the inability of any intervention to bring about any drastic occupational changes, the Non-Farm Migratory (NFM) activity is, therefore, likely to remain as one of the major sources of employment and livelihood in the near future in Mahudi as well as in all other neighbouring areas.

Sushila Srivastava, Brahm Prakash and Lal, S. (1995) examined the current status of women in non-farm rural employment and trends, constraints and prospects of participation of workers, particularly females in rural non-farm employment. Their study is based on secondary data collected from various census reports and other published sources. The results indicated that low proportion of females was employed in rural non-farm activities. They found that low female literacy rate, marriage at an early age, social values which militated against women in a male dominated society, unfavorable attitudes of employers, lack of organization, establishment of industries / factories in the urban areas, absence for women in the government / semi-
government / autonomous organizations and lack of incentives to rural women for self-employment were some of the major constraints responsible for their low participation in non-farm employment. Finally, they suggested that, the participation of rural women in gainful work can be increased considerably by educating them, imparting vocational training, forming co-operative societies, fuller utilization of plant capacities in the public and private sector, generating additional employment for them by public investment in infra-structure and providing incentives for self-employment, changing the attitudes of male members of the family to share responsibility for house-keeping, strict implementation of equal pay for equal work etc.

Ahmed Habib and Randolph Susan, M.(1995 ) examined the role played by liquidity constraints in determining non-agricultural employment, labour productivity and output among poor landless house-holds. The hypothesis that the provision of credit to poor non-agricultural house-holds on reasonable terms can greatly enhance labour use and output, thereby reducing poverty was empirically investigated using survey data from rural landless house-holds in Bangladesh. The findings of the study indicate that even small amounts of credit on reasonable terms can substantially enhance labour use and income for poor house-holds and that impact is greatest for the poorest house-holds.

An attempt has been made by Pravin Visaria(1995 ) in his paper, "Rural Non-farm Employment in India: Trends and Issues for Research", to provide an overview of the process of diversification of economic activities of the rural population of India. It explored the data available from the Censuses
and several surveys conducted by the National Sample Survey (NSS) since the 1950s. He analyzed the trend at the All-India level, by a brief discussion of the inter-State similarities and differences with respect to changes in the share of agriculture, manufacturing and construction in the work-force.

An attempt has been made by Sharma H.R., Prakash Mehta and Ashok Kumar Sharma(1995) to study the changes in the proportion of agricultural labour house-holds and to examine the trends in employment and wages over a period of time among different States, using data from various rounds of National Sample Survey relating to the years 1956-57, 1964-65, 1974-75, 1977-78 and 1983 and 1987-88. The results show that the proportion of agricultural labour house-holds with land remained practically unchanged in a majority of the States. The results further indicate that house-holds with land increased significantly in all the States between 1983 and 1987-88 which may be attributed to growing sub-division of holdings, reverse tenancy, etc. The employment days available in non-agricultural occupations for adult male labour remained constant in Uttar Pradesh, Maharashtra, Karnataka, Kerala and Orissa; whereas, it declined in five other States. A similar trend was observed in the case of female and child labour. Their study has shown that the daily money wage earnings in all the categories of agricultural labour house-holds increased noticeably between 1956-57 and 1964-65 particularly in Assam, Punjab and Uttar Pradesh. The rising trend continued over the entire period of study.
Alibudhi, H.N. and De, B.K. (1995) made an attempt to examine the existing structure of labour employment, the characteristics of available labour force and the factors affecting labour employment of the tribal house-holds in Teliamura block of West Tripura district of Tripura. They found in their study that most dominant sources of employment as per the number of earners from the total working population was exclusively agriculture for the entire tribal community. But taking the number of man-days worker into consideration agriculture does not provide enough employment opportunities for all the communities of the tribal house-holds in the study area. Human resource development and the strategy for man-power planning with adequate employment opportunities can be recommended as a suitable policy measure to solve the problem and reduce the tension in their study area.

Binoy, N. Verma and Neelam Verma (1995) examined the stagnation in agriculture in the eastern region and empirically tested the 'residual sector hypothesis' (Visadayanathan 1986). They explained the working of linkages of poverty with excess labour, its zero sum productivity and extension of this linkages from the farm to non-farm sector. Looking at the final results obtained, it seems that 'inter-linkages hypothesis' is reflected and the 'residual sector hypothesis' is more applicable in the Indian case.

Gangadhara Rao (1995) studied the trends and variations in rural non-farm employment, regionally, in West Godavari District in the State of Andhra Pradesh which has a spectrum of agriculturally advanced areas (delta) and relatively backward areas (uplands). It is hypothesised that the pattern of rural non-farm employment is conditioned by geographical nature and
agricultural development of a region. The author estimated the relative shares of agriculture and non-agriculture in total employment at regional and taluka levels in rural West Godavari and the variations in the pattern of rural non-farm employment under different geo-agro regions. As the results of analysis reveal large variations in the pattern of rural non-farm employment between different geo-agro regions, he suggested that variations in geo-agro base may be considered for formulating suitable employment generation programmes in rural areas.

Gangadhara Rao, G. (1995) examined inter-district trends in share, growth and composition of rural non-farm employment (RNFE) of women in West Godavari District in Andhra Pradesh for the period 1971-91. The share of RNFE of women increased in Delta taluk from 1971 to 1991; whereas, it declined in the Upland taluk and the Agency taluk. At taluk level, Narapur, Tamuku and T.P.Gudem occupied the first three positions among themselves. The growth of RNFE of women in Delta and Upland taluks was attributed to initial spurt and vast change in agriculture during 1980s and establishment of female-based agro-industries like cashew kernel processing, tobacco handling and fruit juice manufacturing industries. Female employment in Delta area was high in house-hold and non-house-hold manufacturing, transport, storage and communication; whereas, in the Upland area, the female employment was high in construction, trade and commerce. RNFE of women at inter-district level showed rising trends in all agro-economic conditions. Implementation of employment generation programmes by the
government and adoption of agro-climatic regional planning approach are the suggestions offered for the removal of disparities in women's earnings.

Hazell Peter, B.R. and Hojjati Behjat (1995) made use of farm survey data from Eastern province, Zambia to show that regional income multipliers, which are from agricultural growth, may be stronger than previously thought for Sub-Saharan Africa. However, the growth multipliers driven primarily by house-hold (consumption demands) and they arise largely within the agricultural sector itself because of strong marginal budget shares for non-tradable foods, policies and investments to promote the supply response and local marketing of non-tradable foods could greatly enhance the income and employment impact of agricultural growth.

Iyyam Pillai, S. and Jaya Kumar, N. (1995) analyzed the level of rural non-farm employment (RNFE) at district levels in Tamil Nadu and at taluk levels in Triruchirapalli district and identified its determinants. Their study finds out that districts and taluks with higher percentage of urban and literate population have got higher level of RNFE and vice versa and such districts and taluks have also positively influenced their neighbouring districts and taluks respectively. They considered four explanatory variables which could probably influence the level of RNFE in the State and in their study area viz., (i) percentage of area under commercial crops to total gross sown area, (ii) percentage of area under non-agricultural purposes to total geographical area, (iii) percentage of urban population to total population and (iv) percentage of rural male literates to total rural male population. The results
suggest that all the four variables have got positive influence on the level of RNFE. The results / facts indicate that the variables considered are more effectively influencing the level of RNFE at district level than at the State level and the regression co-efficient at urbanization alone is statistically significant.

Parveen, K. Sardana, Veena Monocha and Gangwar A.C. (1995), examined the changes in the relative share of non-farm employment in the total employment and analyzed the determinants of output per worker in Haryana. The study was based on the data collected from Statistical Abstracts of Haryana for the period of 1970-71 to 1993-94. They found that the working capital investment in rural industries providing non-farm employment had increased significantly and the non-farm employment was found to be maximum in carpentry and blacksmith, limestone, bec-keeping and poultry; whereas, the decline in non-farm employment in oil and ghani and gur and khandasari was due to expansion of oil sellers and establishments of more sugar mills in the State. Finally, they found that the output per worker was declining in the rural industries in spite of the fact that the contribution of production was increasing. Evidently, it may not be possible to get more and more people employed in these industries. Therefore, they suggested that there is a need to evolve better technology for these industries to enable them to continue to absorb more and more rural labour force in these industries.

Sarita Agarwal (1995), in her study, found a declining trend in the employment and also her paper examined the causes for this low and declining trend in women's labour force participation.
Satyendra, P. Gupta's (1995) study was undertaken in Raipur district in Chhattisgarh region in the State of Madhya Pradesh with a view to examining the extent of employment in and income from on-farm and non-farm activities in different categories of farms. The study is based on data collected from 60 farmers from six villages of two blocks in Raipur district during 1993-94. It is revealed that the leased-in land was decreasing as the size of holding increased. The cropping intensity was found to be 144 per cent, 157 per cent, 142 per cent on marginal, small and medium farms respectively. The work done by male and female members on their own farms was increasing, the employment gained by them in other farms decreased with an increase in the size of holding. On an average, the employment gained by them at their own farms was 90.47 and 74.58 labour days, which accounted for 65.45 per cent and 76.30 per cent of the total work done in agriculture respectively. The average wage rate in agriculture was estimated as Rs.23.36 and Rs.16.25 per day for male and female labour respectively; whereas construction, along with private and government services, provided a good opportunity of employment to marginal farmers, carpentry and government jobs were the main sources of employment for medium farmers. Small farmers were only engaged either in construction work or in government jobs. The contribution of non-farm employment to the total employment was estimated at more than 50 percent; however, per person total employment could not be increased beyond 123 days in a year. Moreover, the involvement of female members in non-farm activities was very less. It is suggested that the per person total employment may be increased if some small-scale and / or cottage industries could be
established at village level where female labour could also get some non-farm employment in addition to existing on-farm employment. The on-farm employment can also be increased if the area under rabi cultivation and the productivity of different crops could be increased on these farms. The implementation of wage rates announced by the government is also needed in order to improve the economic conditions of these farmers.

Sharma, B.R. Kanwar, R.S. and Sharma, S.R. (1995), analyzed the pattern of farm and non-farm employment and income in different farming systems existing in Himachal Pradesh. The study was based on the data collected from various research studies conducted by the Agro-Economic Research Centre (AERC), Himachal Pradesh University, Shimla during the years 1990-93 in various agro-climatic regions of the State. In their study, three main farming systems, namely, remittance-supported mixed farming in the low hills, and fruit-based farming commonly found in high hills were considered for detailed analysis. The study revealed that there existed a significant difference in the extent of non-farm employment in different farming systems under study. The proportion of non-farm employment in total employment was about 33 percent in remittance-supported farming system, 49 percent in vegetable-based farming system and 51 percent in fruit-based farming system. The share of wage labour was relatively higher in the case of remittance and vegetable-based farming systems, while services and other activities in the non-farm sector accounted for a major share in total employment in the case of fruit-based farming system. An inverse relationship was observed between the farm size category and the proportion
of employment generated from the non-farm sector in the remittance and vegetable-based farming systems. On the other hand, the income generated from the non-farm activities accounted for about 6 per cent in remittance-based farming system, 45 per cent in vegetable-based farming system and about 53 per cent in the case of fruit-based farming system. The analysis of returns per labour day in farm and non-farm activities revealed that it was relatively higher in the case of non-farm activities as compared to the farm activities. The returns per labour day in non-farm activities worked out to about Rs.39/-, Rs.44/- and Rs.66/- in remittance-supported, vegetable-based and fruit-based farming systems respectively.

Singh J.P. and Trupti Mohanti (1995) examined, in-depth, the employment pattern of the tribals (Juangs and Bhuniyas) of Keonjhar District in the State of Orissa, based on data collected from 270 tribal house-holds - 136 Juangs and 140 Bhuniyas - selected from 18 villages of three blocks. The results revealed that the most dominant source of non-agricultural employment fell outside the region. The sample house-hold workers in both the communities were employed exclusively in agriculture and, on an average, they had for 87 and 97 days per worker and those employed exclusively in non-agricultural activities worked only for 57 and 63 days respectively. They used multiple regression analysis to study the relationship between employment and various factors responsible for employment. Finally, they concluded that the impact of different developmental programmes undertaken by the Tribal Development Agency (TDA) was quite distinct so far as employment generation was concerned. They pointed out
that extension of financial assistance to the house-holds in the accessible
villages would not increase the employment potential of all the tribal house-
holds. The employment potential would be higher if proper avenues are
created to provide employment opportunities to the work-force of the house-
holds in inaccessible areas.

survey in Ghaziabad district of Uttar Pradesh covering a sample of 100 rural
labourers, stratified into two strata of 'without' and 'with land', selected
randomly from ten villages of Simbhaole block in the district. The study
revealed that the rural labour force in both the strata ('without' and 'with land')
got the maximum employment in wage labour in general and farm labour in
particular. Though activities related to non-farm wage work accounted for
about one-fourth of employment days, non-farm wage employment provided
sustenance to the rural labour in periods of their idleness. Self-employment in
crop and milk production activities is also found to be important, which
accounted for 19 per cent of the total employment days. Despite all the
measures taken by the Government for generation of rural employment since
the seventies, the rural labours got employment for 77 per cent of the days
only, which restrains amelioration of their economic condition. Therefore,
measures should be taken to ensure creation of more employment days in the
non-farm sector. Further, dairy development, particularly through 'operation
flood' scheme should be extended to provide them independent source of
employment, which can ensure full employment for the rural poor and help
improve their economic condition.
Vidyulata, Punia, R.K., Chahal, V.P. (1995) in their study with a sample of 275 women trained under 'Training of Rural Youth for Self-Employment (TRYSEM)' Scheme and a matching sample of equal size from the same locale, found that the number of beneficiaries (43.63 percent), who were trained in employment relating to income-generating activities, was relatively larger than the non-beneficiaries (33.81 percent). It was found that in income-generating activities of an entrepreneurial nature, the number of beneficiaries in self-employment was more (43 percent) than the non-beneficiaries (32 percent). Similarly, the number of beneficiaries in wage employment, on the basis of skill, was larger than the non-beneficiaries. Self-employed beneficiaries, on an average, utilized 202 man-days in income-generating activities; whereas, non-beneficiaries utilized about 133 man-days indicating utilization of more time by the beneficiaries which might have been at the cost of other activities and their leisure time. The major problems being faced by the self-employed beneficiaries were poor remuneration, inadequate finance and insufficient skills. The programme helped in providing training and skills for adoption of non-farm self-employment to the rural women but its achievement had not been to the desired extent. There is an urgent need to look into the appropriateness of training, qualitative aspects of training and the strategy for motivating entrepreneurs.

Vijverberg Wim, P.M. (1995) examined the relationship between the educational attainment and the income from family enterprises from various angles. In Ghana, educational attainment of the entrepreneur has a small
positive effect, which represents primarily a contribution to locative efficiency. The size of the effect is close to the rate of return estimated for Ghanaian employees. Educational attainment of the family members of entrepreneurs has a significant positive effect, reflecting the idea that as family members share financially in the firm's outcome, they volunteer services from their human capital stock.

Virender Kumar and Guleria, J.S. (1995) compared the structure of employment in the agricultural and non-agricultural enterprises in Himachal Pradesh and examined the changes in the pattern of employment in the non-agricultural sector in the different districts of the State over a period of ten years from 1980 to 1990. The study showed that the total number of enterprises increased over the period with a simultaneous increase in the non-agricultural enterprises, though the increase in agricultural enterprises was not much. With the increase in the number of non-agricultural enterprises, the employment of persons usually working has also increased over the period. A reverse trend was observed in the case of agricultural sector. Amongst the non-farm enterprises, the manufacturing sector emerged as the most important though its share decreased over the period. Wholesale and retail trade was next in importance. These three enterprises accounted for 85 percent of the total owned enterprises in 1980-81 as against 73 percent in 1990-91. The same was the case in majority of the districts of the State. Community, social and personal services emerged as the major source of employment. It is concluded that as the number of non-agricultural enterprises and the employment of usual labour force have shown an
increase over the period, these enterprises need more development in terms of management etc., to attain full utilization of the increased labour force and to avoid the under-employment of labour.

According to Wahiduddin Mahmood (1996) the rural non-farm (RNF) sector in Bangladesh provides employment to a large and growing proportion of the country's labour force. He suggested that the process of labour shift from agriculture to the RNF sector represents a precarious balance of the "push versus pull" factors that might have kept rural poverty situation from deteriorating, without making much improvement in the situation either. The expansion of low-productivity self-employment has been the major contributing factor in the sectoral transformation of the rural labour force. While the provision of such non-farm employment has been crucial for absorbing the growing numbers of landless rural workers, the labour shift may have created some degree of overcrowding in the low productivity non-farm activities, thus undermining the growth of overall productivity and income levels in the RNF sector. In future, if the RNF sector is to play a more dynamic role, there will have to be probably some shift of emphasis towards relatively larger-scale and higher-productivity RNF activities, which are better, able to respond to income-elastic market demand.

According to Zaid Bakht (1996), rural manufacturing is the most important RNF both in terms of current size and growth performance in Bangladesh. While the overall cottage industry sector experienced negative growth in value added during the 1980s, there has been differential
performance within the sector. Most of the dominant cottage industries stagnated; but growth has been quite pronounced in non-traditional industries involving larger employment size and higher capital intensity. These industries cater towards urban markets and higher income groups in rural areas, and are located mostly in semi-urban and urban areas. The structure of small industries has also changed in favour of non-traditional industries that are located more in the semi-urban and urban areas and have larger employment size and higher capital intensity. Average labour productivity in a large part of RNA is still lower than the going agricultural wage rate. However, the productivity level has shown a rising trend over the past decade for a significant proportion of the activities. One also observes a strong positive link between productivity and growth of individual industries. This implies that the subsistence nature of the sector is on decline - a process that can be accelerated through right kind of policy support.

Binayak Sen (1996) focused on the growth performance of the rural non-farm sector since the early eighties and on the distributive implications of the rural non-farm growth in Bangladesh. The review of the performance of the RNF sector over the decade since 1983-84 points that there had been positive growth in RNF sector and per capita non-farm income has grown at a rate of 2.8 percent during 1983-91. For the poor house-holds, the share of non-farm income in total house-hold income has increased from 26.3 to 34.6 percent in eight years period and it was accompanied by near-matched decline in the share of wage income. Further, it was found if the agricultural sector displays intensive pattern of growth (i.e. growth with rising labour
productivity) while it is the extensive pattern, which characterizes the RNF growth process. The labour productivity in crop agriculture has increased according to the 62 village panel survey of Bangladesh Institute of Developmental Studies (BIDS). This has created the scope for releasing workers at the house-hold level to perform non-agricultural tasks. On the whole, the BIDS Survey also indicates that the labour productivity has changed little in the RNF sector during the period under condition. The non-farm house-hold no longer appears to be the worst category of the poor and movement to rural non-farm occupations has been poverty-reducing on balance, during this period. In terms of poverty ranking, the RNF house-holds occupy an intermediate position between the farmers and the agricultural labourers. According to 1988-89 and 1991-92 House-hold Expenditure Survey (HES), the incidence of poverty among non-farm occupations ranges from 40-50 percent compared to 67-72 percent observed for the agricultural labourers. And it was observed that the participation of RNF sector helps income mobility of land-poor and acts in the direction of moderating overall inequality in rural income distribution.

Jeemol Unni (1996) observed that, a house-hold may diversify its activities by increasing the number of workers in the house-hold or by the participation of each member in more than one economic activity. Based on simple multiplication, it was found that while older men tend to specialize in agricultural activities, better educated men specialize in non-agricultural activities. Diversification, in terms of multiple activities per worker, is encouraged by access to land, except at a very high value of land and other
assets. Younger and less educated men and women have also engaged in multiple activities. It was concluded that the chances of diversification into more than one economic activity are higher among agricultural workers. And seasonality in agriculture, uncertainty and risk in production also create a greater need to diversity. The author also finds, in far away and less developed villages, diversification is likely to be low due to uncertain incomes from one economic activity.

Further, Jeemol Unni (1996) analysed some recent trends in the changes in the work-force structure and juxtaposed these with changes in the real wage rates in the agricultural and non-agricultural sectors. In the context of the macro scenario, which emerges, the author analyzed micro level data on incomes accruing to rural house-holds from these two sectors. The macro evidence suggests a continued shift of the male work force in rural areas away from the agricultural sector and towards non-agriculture. However, the trend seems to have been reversed for women. Moreover, the tendency of real wage rates to rise in the agricultural sector up to mid-eighties had not been sustained in the nineties. Against this macro scenario, the role of the non-agricultural sector in providing incomes and livelihoods to rural house-holds was studied using micro-level data, while non-agricultural employment strengthens the base of rural livelihoods; it also increases the degree of inequality in incomes. Thus, overall, it appears that non-agricultural activities, while contributing to the inequalities in the distribution of income, have played a major role in raising the income levels of some house-holds.
Kumar, B.L. (1996) attempts to examine the long-term changes in the structure and composition of labour force in medium sized village i.e., Bhuvel, located in agriculturally developed Kheda district of Gujarat State, which has shown very positive trends in irrigation, crop changes and agricultural modernization. His study revealed the five major changes that were effected viz., 1) a reduction in the proportion of agricultural workers and increase in the non-farm employment, 2) increasing feminization of agricultural labour 3) replacement of tenant and permanent labour by wage labour, 4) within wage labour, the growth of temporary and casual labour, and 5) inflow of migrant labour.

Murthy, C.S.'s (1996) paper seeks to identify the factors that dampen the enhancing effect of agricultural prosperity on rural non-agricultural employment through a case study of a delta village in Andhra Pradesh during the period 1979 to 1990. The survey village had sizeable population of 7138 persons. Yet the rural non-agriculture sector was not growing in significance and the decline in house-hold industry (hand-loom weaving) had dealt a severe blow to the prospects of RNAE in the village. Both theoretical postulates and empirical studies showed that agricultural prosperity could cause an increase in RNAE. But it can also depress RNAE because: (i) it subdues the demand for some of the rural manufactures that were a source of growth of RNAE, (ii) it makes unviable holdings viable and wages buoyant, thereby making those who would otherwise have left cultivation to stay put in cultivation, and (iii) the social, cultural and economic backwardness cause the
Schedule Castes (SCs) to stay away from RNAE, especially when the prospects of securing employment in agriculture was bright.

Pravin Visaria's (1996) paper reviewed the trends in the structure of the Indian work-force in terms of industry, occupation and status during the period 1972-73 to 1993-94, on the basis of the five quinquennial surveys conducted by the National Sample Survey Organisation. He examined the reported level of employment in the economy in terms of worker-population ratios (WPRs) as well as the incidence of unemployment by gender and rural-urban residence. The 1993-94 Survey reported a rise in the male worker-population ratio in both rural and urban areas of the order of one percentage point, relative to 1987-88, but the rural female worker-population ratio has changed very little. The incidence of unemployment has declined since 1987-88 according to three alternative concepts (usual, weekly and daily status), although the rate for rural males in terms of person days shows a decline. The industrial distribution shows stability in the share of workers engaged in agriculture, a decline in the share of manufacturing and a rise in the share of the services sector. The States distribution shows a decline in the share of the self-employed and a rise in the percentage of casual labourers. And also the author found that if the wage rates rise, this process would not adversely affect the living standards of the poor and resource-poor house-holds in rural India. Policies have to stress the gains in productivity through technological advance to neutralize the continuing growth of population and work-force.

Ramesh Chand (1996) analyzed the effect of agricultural diversification through fruits and vegetables and other relevant socio-
economic factors on farm and non-farm rural employment and investigated the nature of relationship between the non-farm employment and level of agricultural progress ushered in by agricultural diversification in Himachal Pradesh. His study was based on district and State level secondary data, derived from the 1981 and 1991 Census and other official sources, and primary data pertaining to 225 house-holds from three Panchayats representing different levels of development of off-season vegetables in Solan block of district Solan. Solan district and Solan block are relatively more advanced in vegetable production in the State. He concluded that, agricultural growth initially may result in decline in share of non-farm employment but as the growth gets perpetuated and broad-based; it results in faster growth of non-farm employment and raises its share in total employment. The experience of Himachal Pradesh indicates that agricultural diversification through vegetables and fruits in the hill regions is very effective strategy to promote non-farm and on-farm employment.

Shahidur, R. Khandker (1996) found that the sources of RNF financing can be broadly classified into formal, informal and micro finance. Besides, formal finance constitutes collateral-based institution such as commercial and agricultural banks; micro finance includes targeted credit programmes such as Grameen Bank BRAC, and other NGOs and Co-operatives and informal finance includes friends, relatives, money-lenders, acquaintance and so on. The data showed that house-holds with more than 50 decimals of land and house-holds with less than 50 decimals of land that are not part of any targeted credit programme use mostly their own savings to set up an RNF
activity. The fixed and working capital requirement of RNF activities renders self-financing difficult for many rural house-holds and hence, programmes such as the Grameena Bank etc., that provide credit and organizational help are likely to promote RNF production. Data analysis conforms that these programmes have increased overall village-level RNF participation. Finally, the supply of affordable credit for the expansion of RNF production must be supported by appropriate skill development, market promotion and other organizational policy measures.

Sona Verma and Praveen Kumar (1996) examined the structure of employment in Bangladesh's rural non-farm (RNF) sector and its potential to generate sustainable employment, especially when compared to employment opportunities in agriculture. Further, they considered the role of labour policies, if any, in facilitating sustainable growth of productive employment in the rural areas and concluded that the RNF sector in Bangladesh has grown in importance during the late 1980s. It has been contributing a rising share of employment and value added. While the rural non-farm sector is less productive than its urban counterpart, it generates full-time, sustainable employment in small-scale industry. Productivity of a number of activities is higher than the going agricultural wage rate. The house-hold component of the RNF sector still largely consists of low-productive activities and continues to employ a third of the rural labour force engaged in the sector. The RNF sector has barely begun the process of generating wage employment; future potential for wage employment will depend largely on the expansion of rural industries. Labour market policies have had very little impact on the RNF.
sector so far, since a large part of the sector consists of house-hold activities, which remain a part of the informal economy. The introduction of a national minimum wage may, however, adversely affect the sector by increasing the size of its informal component. With increased actualization of the labour force, Government attempts to improve the rural roads network would improve the efficiency of sub-contracting, which would benefit the sector.

Sudha Deshpande (1996) analysed the rates of growth of population and workers and their participation rates by sex in rural and urban India and examined the pattern of labour absorption in the non-farm sectors and the shares of the unorganized employment in each industrial category of the non-farm employment and such changes are discussed at State level. The author identified determinants of level of non-farm employment viz., per capita income, level of urbanization and productivity per worker in agriculture at that year in 1991 using cross-sartor analysis.

Amitabh Kundu (1997) analyzed the trend and types of employment for males and females in urban and rural areas at the national level using available secondary data and analyzed the rate of urbanization.

According to Reinert Kenneth A. (1998), a key component of rural development is the growth of production linkages between the farm and non-farm sectors. The growth of these linkages contributes to the development of agricultural clusters and to the increased articulation of the rural economy.
The implications of labour force growth, and agricultural pricing on rural non-farm development were explored. The results suggest that agricultural clusters and the (dis)articulation of the farm and non-farm sectors are important aspects of rural development.

Arene, C.J. and Aneke, G.C. (1998) studied the socio-economic conditions of return migrant woman in the informal labour markets - both farm and non-farm in the Anambra State of Nigeria and examined the determinants of access to each market. Its findings indicate that the labour markets are not internally homogeneous and consist of employees and self-employed (own account) segments. Human capital and demographic characteristics play a major role in determining access to farm and non-farm sectors. Age as a demographic variable is significant in determining access to the employee and self-employed segments in the farm sector. Among the recommendations of the study are investments in human capital and poverty alleviation measures.

Parthasarathy, G., Shameem and Sambi Reddy, B. (1998) made an attempt to compute data on rural non-farm employment for several Asian countries for 1970 and 1989 and spelt out the conditions under which a rapid shift to rural non-farm employment had been feasible. They compiled the NSS data for five time points covering 1972-73 to 1993-94 for all-India and States for rural male and total labour force. And also they examined the factors such as rate of growth of food-grains production, and incidence of rural poverty and urbanization influencing the share of rural non-agricultural employment in the Indian context by using cross sectional NSS data for 1987-88 and 1993-94.
and threw light on the issue of distress induced non-agricultural employment. They found that, in developing countries, which have recorded rapid alleviation of rural poverty, there was a rapid shift of labour force from agriculture to non-agriculture. In the countries which experienced rapid decline in the share of agriculture, it is plausible that the factors such as consistently high rate of overall agricultural growth, technology which facilitates high employment for a given output, a broad-based agricultural growth generating demand for non-agricultural goods and infrastructural development which facilitates location of non-agricultural industries were contributed to shifts in agricultural labour force to non-agriculture. In India, a decline in the share of agriculture and corresponding increase in the share of non-agriculture inspired hope of sustaining growth of non-agriculture. In India, the degree of urbanization influenced the magnitude of non-agricultural workers overall. They found that the state-wise data on growth rates of non-agriculture showed high degree of instability. Finally, they suggested that policy measures were needed to translate output into employment by promoting larger investment in land, both public and private, particularly by small farmers.

Abusaleh Shariff and Anil Gumber (1999) analyzed the level and pattern of employment by age, sex and place of residence, structure of employment, inter-industry variations in employment and wages and explored the nature, education and wages linkages, primarily based on the NSS quinquennial data, on employment and unemployment for the period 1972-73 to 1993-94. The study indicates that in India, the employment elasticity of output growth is less than one and it is a matter of great concern that over the
last two decades the figure has shown a decline from between 0.58 and 0.56 during 1973-83 to 0.43 and 0.38 during 1983-94. The decline in employment elasticity is much greater in the core non-agricultural sectors. The employment growth rate in India has remained above two per cent; it thus almost coincided with the population growth rate. Except the period, 1983-88, which included the drought year of 1987-88, the growth rate of employment was 1.59 per cent, which increased to 2.41 per cent during the post-reform period, 1988-94. And also found that, the growth rate of employment among males has been much higher than among females and much faster in urban than in rural areas. The post-reform period does not show any dramatic change in the employment pattern. One of the contributory factors for the marginal increase in female work participation rate was the share of child labour, which is being substituted by adult females, primarily due to positive initiatives taken towards the universalisation of primary education and elimination of child labour. And they examined that there was a continuous change in the structural distribution of work-force with the share of employment in the primary sector falling. However, the shift of labour from agricultural to non-agricultural sector was rather slow. And in the post-reform period 1988-94, the employment growth rate in agriculture improved; whereas, it declined in the non-agricultural sector.

Bhagirathi Panda’s (1999) paper makes a modest attempt to study at the macro-level the nature, extent and determinants of Rural Non-farm Employment (RNFE) in State of Arunachal Pradesh. The study was based on decennial census data and covers the period 1971-91. The author found that transport, storage and communications, construction, non-household manufacturing and trade and commerce have become the dynamic sectors of
employment generation and agricultural growth; urbanization, education, infrastructural development and distress diversification have been accepted as the well-known determinants of the level of RNFE. The analysis revealed that except for agricultural growth in 1991, the other variables i.e., urbanization and literacy, have not been found to have any determining effect on the level of RNFE in both the years - 1981 and 1991. Finally, the increase in the percentage share of RNFE has a lot to do with exogenous factors such as the effect of State policy on (a) the various sub-sectors of the rural non-farm sectors directly and (b) on administration and social sector indirectly.

Sharma, H.R., Virender Kumar and Sharka, R.K.(1999) analysis showed that rural non-farm employment in Himachal Pradesh had shown a rising trend since 1971 and further, there had been continuous decline in the proportion of rural workers employed in house-hold industries, indicating structural changes incrementally in favour of non-crop activities. The BSCIC's list of enterprises suggests that food and allied product sub-sector, followed by engineering workshops created maximum employment and attracted maximum investment. Another set of sample data on semi-urban industries indicated that share of investment for (existing) enterprises was highest for job printing, dyeing and finishing, narrow fabric spinning and weaving, perfume, cosmetics and toiletries. Analysis of commodity structure of the export basket revealed that despite significant increase in the value of non-farm exports in real terms, their share in total export is falling. Conversely, changing composition of non-farm exports indicated marginalization of traditional products and emergence of such non-traditional items as fish, frozen food and related products, and silk fabrics. Irrespective of the nature of the indicators, it appeared that traditional house-hold-based rural processing activities were
failing to show any growth signals, while the large part of the growth in RNA was taking place in the peri-urban areas. The small processing activities in the conventional rural areas were possibly under serious strain to compete and survive.

Misra K. N. (2000) examined the impact of female labour force participation on rural poverty and non-farm employment by combining the data for 15 major states in India at three points of time— the early seventies, the early eighties and the early nineties. It may be differentiated from the existing studies on the following three main counts: (i) The impact of female labour force participation on rural poverty and non-farm employment was examined for the first time along with price and non-price factors like wages, productivity, unemployment, distribution of holdings, availability of labour etc., (ii) Having analyzed systematically the determinants of rural poverty, non-farm employment, female labour force participation, male and female real agricultural wages, which were quite inter-related to each other, it might be possible to identify more appropriately the inter-linkages among them which were important for drawing policy implications and (iii) The extent to which female workers were being displaced by male workers in the pace of technological development had also been examined by decomposing their changes in different states with a view to know the areas where greater efforts were required for creating more jobs for female, thereby helping to reduce rural poverty. The main conclusions would be summed up as follows: (i) the impact of female labour force participation on rural poverty was quite significant: it accounted for about 10 percent of inter-state labour force participation and it may not help to this extent in reducing rural poverty in the
rear future because females not only tend to withdraw from labour force in the process of economic development but were also displaced by male; (ii) the contribution of female labour force participation in explaining inter-state variations in non-farm employment had so far been negative, indicating thereby that the states with higher female participation have lower non-farm employment. Although the non-farm employment turned out to be non-significant in explaining inter-state variations in rural poverty, it has shown strong potential to raise the real agricultural wages which have shown significantly positive impact on rural poverty; (iii) the implications of significantly negative co-efficient of fertility and real agricultural wages in explaining female labour participation have also to be recognized; (iv) since female workers belong to low income house-holds, their participation in economic activities other than house-hold and agriculture depend to a great extent on employment opportunities created by the public investments along with the measures for improving health, education and utilities. This would go in the long wage in developing the labour market for women in rural India.

Parthasarathy, G. and Shameem's (2000) paper focused on the trends in the non-agricultural proportions in the State of Andhra Pradesh. It may be noted that percentage of non-agriculture in Andhra Pradesh was closer to average of all-India and the rate of growth was also close to average of all-India. There were considerable variations district-wise in the share of non-agriculture in total employment. The percentages vary from a low of 18.28 in Anantapur District to a high of 34.54 in Rangareddy district in 1981 and region-wise both 1981 and 1991. Telangana records the highest percentage
of non-agricultural employment followed by Costal Andhra and Rayalaseema. And also they found that the share of employment in service sector in rural areas was more than 4 times the share of house-hold industry in Andhra Pradesh. They sum up the findings that the results present a bleak picture of the possibility of growth in non-agriculture at the present stage of development. Infrastructure index and banks, even where they were significant did not contribute to non-agricultural growth. At best, infrastructure index had positive effect only on rural manufacturing sector. In rural areas of Andhra Pradesh agriculture and agro-processing industry has better prospects of growth than non-agriculture at the present stage of development.

An attempt was made by Koteswara Rao (2000) to study the changes in the pattern of employment in the non-farm sector in India over time. The database for his study was various rounds of National Sample Surveys and Census data on employment and unemployment. Broadly, he concluded that rural non-farm sector in India had witnessed a steady expansion during the last two decades. The work-force in rural areas was gradually shifting from low productive agricultural jobs of various types partly in rural areas themselves and partly in urban areas. Nearly one-fourth of rural male and about one sixth of rural female workers were engaged in different types of non-agricultural activities. The mode of employment was also undergoing significant changes. Further, the declining self-employment in agriculture as well as in non-agricultural sector, increase in wage labour and its rising pace of casualisation were the emerging realities of the eighties. And also he emphasized that non-farm sector in India did show that the growth of this
sector depends upon agricultural development, infrastructure, urbanization, rural incomes, population pressure, land-man ratio, commercialization of agriculture.

Parth Pratim Sahu (2000) emphasized that unorganized manufacturing sector which accounts for a major share of the manufacturing employment had shown a decline in its potential for employment growth. His estimates suggested that most of the decline, if not the entire, had come from own account enterprises. Within unorganized manufacturing segment, the mode of employment was undergoing significant changes. While employment in own account enterprises and non-directory establishments was on the decline both in rural and urban areas, employment in directory establishments had shown a clear tendency of increase, albeit at a slow pace. On the whole, it was evident that, the unorganized manufacturing sector as a whole witnessed a major employment set back. Towards economic liberalization, he stressed that it might be crucial for the Government to play an important role in providing adequate and suitable infrastructural support, fiscal and financial inducement, provision of marketing out lets and information about improved technology appropriate to match the emerging pattern of demand in urban areas and international markets.

Sain's (2000) paper examined the nature of changes in rural non-farm employment in the country as whole, State and Union Territories levels and also emphasized the factors relating to occupational shifts from agricultural to non-agricultural employment. The principal database was National Sample
Survey Organization's quinquennial surveys. The main reasons accounting for the occupational shifts at micro-level from agricultural to non-agricultural jobs were: (i) a sharply declining employment potential in regions with high output growth. Sources of growth turning to be labour substituting in the high agricultural growth regions. Technological and organizational changes in agriculture were largely responsible for this. (ii) diversification of the rural economy into non-agricultural activities under the process of development, (iii) improvement in literacy and vocational training converting the rural under-employed into openly unemployed seeking jobs outside agriculture. Finally, he observed that employment elasticity for rural non-farm sectors of industry being reasonably high and technological and secular processes favouring their growth, the rural non-farm sectors of industry deserve a better and more comprehensive promotional policy in the years to come.

Satyendra P. Gupta (2000) conducted a micro-level study on various possibilities of employment and income at different categories of farmers at Raipur District in Chhattisgarh region of the State of Madhya Pradesh. His analysis revealed that whereas the work done by male and female members at their own farms was increasing, the employment gained by them at other farms decreased with an increase in size of holding. Female involvement was not at all in non-farm works due to long distance to be covered to get these works. The policy implications he drew from his analysis suggested that (i) the on-farm employment may be increased sufficiently if the area under rabi cultivation could be increased at these farms, (ii) the involvement of female members in non-farm activities was less and it may be increased by setting up some small scale and/or cottage industries at village levels, (iii) the crop
productivity at these farms is very low and it can be improved successfully if the irrigation infrastructure could be created on these farms. This will not only raise the level of employment but also increase the incomes at these farms. (iv) Efforts must be made to ensure that the annually increased wage rates must be effectively implemented in order to improve the economic condition of the marginal farmers/agricultural labourers of this region.

Kishor C. Samal's (2000) micro-level study in Orissa, stressed that the growth of rural non-farm sector was desirable, by reducing both dispersion of land and rural assets/common property resources by land reforms and dispersion in rural income by expansion of primary and secondary education, for the alleviation of poverty and employment generation in the rural areas.

Senthilnathan (2000) conducted a micro-level study about the role of non-farm employment in economic viability of small farms in the districts of Coimbatore, Erode, Trichirâpalli, Madurai, Dindigal and Puthukottai, which constitute Sub-Zone-II of the Agro-Climatic Zones in the State of Tamil Nadu. The major findings were: the employment pattern of house-hold members in the small farms showed that, non-farm employment played a considerable role while it was very much pronounced in dry lands. Non-farm sources of income contributed up to 43 per cent in dry land, followed by garden land (11 per cent) and wet land (5 per cent) of total income of the house-hold. Economic viability of small farms showed that small farms are viable in general with a viability ratio of 1.06. But when the non-farm income was not included in the total farm income they turned non-viable (ratio in 0.8528); and
this was observed in dry lands also. In wet lands, even after including non-farm income, the small farm was not viable. Only the garden land small farmers were viable without inclusion on non-farm income.

An attempt made by Kulkami and Samir R. Samantara (2002), to analyse the implications of the two-way relationships between labour-intensity and capital-output ratio in the broad groups under rural non-farm sector by using cross-section data. The analysis indicated that manufacturing activities comprising brick making, carpet making, zari works, mat weaving, garment making, general engineering, etc., generated the highest level of additional annual employment on a recurring basis, followed by agro-based activities (rice milling, oil expelling etc.), trading/business and services. The results based on the classification of activities into sex size categories of investment revealed an inverse relationship but not a monotonic one, between investment size category and level of employment generation for most of the investment size categories. The analysis of employment elasticity indicated that a moderate rise in investment might lead to a significant rise in employment in most of the activities. Further, it revealed much greater effectiveness of expansion of the rural non-farm sector through liberal bank financing by rural financial institutions for solving the rural employment problem in the context of rural dynamism and spatial spread of rural non-farm sector. Authors re-emphasized the potential of non-farm value addition activities in generating rural employment.
Biswajit Chatterjee and Amit Kundu's (2002) paper examined the rural non-farm employment in India, in the context of globalization. In the era of globalization, when the demand as well as the price of the agro-processed products increases, more and more agro-processed firms can be set up in the rural areas. This will have a long-term impact. Initially, due to the forward as well as backward linkages, the expansion of an agro-processing firm in a village economy can play a significant role in boosting the local economy. At the time of its expansion, it could recruit local labourers at a wage higher than those paid to labourers in the agricultural sector. These fortunate laborers can now earn more while staying in the same locality, which will automatically help them to combat poverty and improve their standard of livings. In this way, the authors emphasized that the overall poverty could be reduced.

Nirankar Srivastav and Amresh Dubey (2002) used the unit record level data on employment and unemployment, collected by the NSSO in the 38\textsuperscript{th} Round (1983) and the 55\textsuperscript{th} Round (1999-2000) across 71 comparable rural NSS regions to re-evaluate the relationship between non-farm employment and poverty and urbanization in rural India. They examined the changes in the occupational structure in the rural non-farm sector during the period 1983 to 1999-2000. The analysis suggested that the variation in the level of non-farm employment had a significant negative relationship with poverty incidence. It had a strong positive association with agricultural wages and the degree of urbanization that had strengthened over time. This implied that the increase in the share of non-farm employment in the rural areas was more of a demand-driven phenomenon. It seemed that the poor were not
direct beneficiaries of non-farm sector development in recent years as the increase in the proportion of the non-farm sector was favouring employment that required skill and education. This made a strong case for the development of human and physical capital of the poor so that they can benefit from the growth of non-farm activities.

Peter Lanjouw and Abusaleh Shariff (2002) made an attempt to assess the contribution of the non-farm sector across population quintiles defined in terms of average per capital income. He focussed that education, wealth, caste, village level agricultural conditions, population densities, and other regional effects influence the access to non-farm occupations.

NEED FOR THE STUDY

Owing to the limited capability of agricultural sector in providing gainful employment to increasing rural labour force and ensuring sustainable income to the rural people, it would be necessary to initiate a long-term planning approach towards the development of various potential non-farm economic activities.

The Census data indicates that there is a change in the occupational mobility the in drought-prone region of Rayalaseema in the State of Andhra Pradesh. Rayalaseema comprises four districts viz., Chittoor, Cuddapah, Anantapur and Kurnool. Among the four districts, the mobility of the rural workers was very high in the Chittoor District as data furnished in Table-2.1, reveals that there was a decline in the percentage of workers in agriculture
and a corresponding increase in the non-agricultural activities between 1981 and 1991. Percentage of workers in agriculture and allied activities decreased from 83.11 per cent (male) and 92.48 per cent (female), to 80.06 per cent (male) and 92.04 per cent (female) respectively while those engaged in non-agricultural sector increased from 16.89 per cent (male) and 7.51 per cent (female) to 19.94 per cent (male) and 7.94 per cent (female) respectively. But in the secondary sector, the labour force decreased. The traditional household activities were not able to face the competition from the urban modern units; whereas, in the territory sector, an increasing trend was noticed. The male work-force increased from 8.61 per cent to 12.37 per cent, while female work-force increased from 3.93 per cent to 4.83 per cent between 1981 to 1991.

It has further been observed that in the live-stock and allied activity sectors, the female labour force increased from 1.7 per cent to 2.05 per cent between 1981 to 1991. Obviously, women concentrate more on dairy activity, which creates additional income in slack seasons, especially to marginal and small farmers.

In the primary sector, the male work force declined in all the four districts and Rayalaseema region also. It is very interesting to find that, the female work-force increased in Cuddapah and Kurnool districts and the percentage of female work-force in the primary sector increased from 87.94 per cent to 90.92 per cent and 91.16 per cent to 92.41 per cent in 1981 to 1991 in Cuddapah and Kurnool districts respectively. It may be attributed to
the fact that the two districts have good irrigation facilities compared to the
remaining other two districts, viz., Chittoor and Anantapur districts of the
region.

In the secondary sector, both male and female work-force gradually
deprecated in all the four districts between 1981 to 1991; whereas, in the tertiary
sector except in Cuddapah and Kurnool districts, the female work-force
deprecated; and in the other two districts, both male and female work-force was
increasing in the same period. The overall work-force in the non-farm sector in
Chittoor and Anantapur districts and the Rayalaseema region were increasing
among the male and female work force. In Cuddapah and Kurnool districts, it
was reverse. From the data, it can be concluded that, the shift of male work-
force from the agricultural to the tertiary sector, while that of female work-force
from agriculture to secondary and tertiary sectors was significant.
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Source: Census of India -1981,1999
The State/Central Governments have been providing a significant amount of budgetary support for implementing various rural employment-oriented programmes during the last 30 years. The implementation pattern of Self-Help Groups (SHGs) (through District Rural Development Agency/Swarajyanti Gram Swarozgar Yojana/DRDA/SGSY) in rural areas of the Chittoor District and its impact on the creation of additional non-farm employment opportunities are quite encouraging. The official documents of the DRDA, Chittoor, claimed that in all 8,565 SHGs have been so far formed and 1,15,058 individual members have been provided with the benefit of self-employment opportunities during 1991-2001 (vide, Table-2.2). The highest number of SHGs was found in the sample Renigunta Mandal (354) followed by Madanapalli (249) and Nagiri (165) Mandals. Among the total coverage, the representation of women constituted as high as 45,929 Backward Caste members, followed by Schedule Caste (36528), Other Caste (27,415) and Schedule Tribe (5186). In fact, a very high majority of the work-force was engaged in the animal husbandry and its related activities in sample Madanapalli Mandal (61.17 percent) and non-food processing activities in Nagiri Mandal (68.48 per cent) and Renegunta Mandals (55.95 per cent).

It has further been pointed out that the Madanapalli Mandal registered high share of financial assistance (i.e., 3.31 per cent), followed by Renegunta (2.97 per cent) and Nagiri (1.54 per cent) Mandals.
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<th>ST</th>
<th>BC</th>
<th>OC</th>
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Source: District Rural Development Agency (2001), Chittoor
Thus, the contribution of DRDA /SGSY (convergence of self-employment programme) in promoting non-farm employment opportunities for the rural labour force is quite inadequate. As against the total eligible workforce of 12.45 lakhs in the Chittoor District, only 1.1 lakh were accommodated by DRDA. These figures are much more discouraging at the Mandal level. Hence the other prospective entrepreneurs have to look for other sources of financial support for self-employment. For this, a careful selection of appropriate activity for self-employment is desirable on the part of prospective entrepreneurs.

India is land marked by regional differences in regard to agro-climatic conditions and levels of development. Hence the vital importance of making region-specific studies. The present micro-level study is confined to Chittoor District in the drought-prone Rayalaseema region in the State of Andhra Pradesh. The main focus of the study is to make an in-depth study of selected non-farm economic activities and to suggest the replicability of some of the successfully functioning enterprises/activities in other sub-regions of the District so that the District, which is prone to recurrent drought, can provide alternative employment opportunities to the people trapped in poverty and unemployment. The study makes a humble attempt to close the research gap pertaining to studies on rural non-farm economic activities in the District in particular and the region in general. It is hoped that some of the findings of the study may help the policy makers and programme implementers of the District to pay attention to the replicability/promotion of some of the enterprises/units.
as sustained source of employment creation and income generation in the region.

Keeping into consideration the growing contribution of non-farm sector in the overall process of rural employment, especially in terms of providing employment opportunities and avenues of income to the labour-force and thus, bringing in improvements in the economic condition of rural livelihoods, as experienced in various States of India, the main object/focus of the present study centered around in examining the structure, growth, developmental potential and kinds of problems existing in the functioning of a few selected seven non-farm activities and finally to investigate about the possibility and measures to be initiated for developing such non-farm activities so that the persistent serious problems of unemployment and poverty in the rural areas, more particularly in drought-prone regions, may be reduced to a considerable extent. The study also attempts to examine the existing structure, trends in growth and the nature of participation of different communities in non-farm employment available in these selected seven rural non-farm activities in the selected mandals of the Chittoor District.
MAJOR OBJECTIVES OF THE STUDY

The present study had been undertaken keeping the following specific objectives in view, viz.,

1. To study the inter-regional sector-wise work participation rates in the Rayalaseema region of the State and the sample inter-mandal variations in the study area (i.e., Chittoor District).

2. To study the socio-economic profile of the entrepreneurs of the seven sample enterprises;

3. To study the structure of gender composition, location, form of organization, infra-structural facilities, wages and capital structures as influencing income and labour and the sample enterprises and to examine problems confronted by them;

4. To make location-wise analysis of the three sample Mandals (from which the seven sample enterprises were selected) with reference to distribution of sample entrepreneurs according to their age, caste, educational levels, housing pattern, land pattern, farm income, occupational shift, motivational factors, labour employed, credit support and the impact of the enterprises on the sample entrepreneurs.

5. To suggest, in the light of the empirical study, a model of the enterprises, which may be replicated in the rest of the Mandals of the District in particular and the drought-prone Rayalaseema region in general with similar conditions;

The present study is more diagnostic/exploratory in nature and hence no specific hypotheses are formulated or tested.
SAMPLE DESIGN

In the drought affected Chittoor District of Andhra Pradesh, three sample Mandals viz., Madanapalli Mandal from Madanapalli Revenue Division, Nagiri Mandal from Chittoor Revenue Division and Renigunta Mandal from Tirupathi Revenue Division were selected purposively to study the existing income-generating activities and more especially to suggest a few profitable/popular income-generation activities for replication in the District.

Based on the records from the Director of Small-Scale Industries, Government of India and Government of Andhra Pradesh, some of the most popular (more in number) activities are short-listed. They are viz., Dairy, Weaving, Timber, Repair/Services, Rice Mills, Oil Mills and Stone Crushers. 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 break–up of selected sample respondents, according to the sample Mandal for which they were drawn is presented in Table-2.3.

TABLE-2.3
BREAK-UP OF SAMPLE RESPONDENTS/ENTERPRISES BY MANDAL-WISE

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<td>Renigunta</td>
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<td>18</td>
<td>18</td>
<td>54</td>
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<td>10</td>
<td>9</td>
<td>29</td>
</tr>
<tr>
<td>Timber</td>
<td>18</td>
<td>18</td>
<td>18</td>
<td>54</td>
</tr>
<tr>
<td>Repair/Service</td>
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<td>29</td>
</tr>
<tr>
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<td>18</td>
<td>18</td>
<td>54</td>
</tr>
<tr>
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<td>18</td>
<td>18</td>
<td>54</td>
</tr>
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<td>Stone-crushing</td>
<td>11</td>
<td>11</td>
<td>10</td>
<td>32</td>
</tr>
<tr>
<td>Total</td>
<td>103</td>
<td>102</td>
<td>101</td>
<td>306</td>
</tr>
</tbody>
</table>

123
DAIRY UNITS

Fifty four dairy units were selected from the three sample Mandals, as individual entrepreneurs were managing them – not as a combined effort. Moreover the scheme is also popular, throughout the Mandals – basically because it is women-dominated, traditional enterprise with increasing demand for milk. The milk routes are automatically formed.

WEAVING UNITS

Twenty nine weaving units (family as a unit) were selected based on probability proportional sampling procedure (PPSP). The market is a bit tricky in the sense that raw material is provided by the master craftsman and after paying the wages, he will take up responsibility of marketing the final product. But everybody cannot take up these income-generating activities, as they were caste-based or still confined to the villages and as such some families are encouraged to continue in the villages. And therefore some families can be encouraged to continue in the same profession, by providing raw material, machinery etc. As it is not location specific, it is replicable elsewhere also by others.

TIMBER UNITS

Again, based on PPSP, 54 timber units were selected for this study. Being nearer to forest, the raw material is available throughout the year and with some experience and capital (either own or borrowed) some of the entrepreneurs started these units. Though it may not be possible to replicate elsewhere, the profits etc are studied in this self-employment units.
RICE MILLS

Rice mills are basically land-based, agricultural produce-tied activity. The mills need sufficient raw material made available throughout the year. Mills are running in the 3 Mandals with competition and they have got adequate and timely supply of inputs. Hence 54 of them were selected from the 3 Mandals.

OIL MILLS

Likewise, 54 oil-mills were selected from the 3 Mandals. The oil mills also work full, in season, with the continuous supply of the local oil-seed (ground-nut). Owing to high investment, it cannot be a one-man venture but should successfully be a group activity. Now-a-days there are governmental schemes, to provide upto 80 per cent of the capital requirement in terms of cash, machinery etc. The study of the oil mills, it is hoped, may provide interesting facts, for replication with suitable modification.

STONE – CRUSHING UNITS

Stone - crushing is exclusively a land - based activity. Rocky terrain of the land and recurrent droughts drive the people to take up this activity. As the demand for the small stone (gravel) in on the increase, many people, who are leaving their traditional occupation, can be retained in this activity, if the Government provides the support through schemes such as Adarana.

REPAIR / SERVICE UNITS

It is easy to set up a repairs/service unit (32 in number) with small capital and some knowledge of repairing machines like motors, pump-sets, tractors, scooters, and automobiles. What they need is a shed and a few
tools. But those who are engaged in such sample enterprises are leading hand to mouth existence. Though many people opted for the IGA, 29 units were taken up for the study. It is easy for replication. But the market is fluctuating. The services are not rewarded uniformly.

COLLECTION OF DATA

A. COLLECTION OF SECONDARY DATA

Secondary data relating to the structure of employment in India, in the State of Andhra Pradesh, Districts of Rayalaseema Region i.e., Chittoor, Cuddapah, Ananthapur and Kurnool and sample Mandals of the Chittoor District were collected from Census data of India (1961, 1971, 1981 and 1991) and District Hand-books. The information regarding the various non-farm activities of the District was compiled from the records maintained at local offices at the District levels such as District Statistical Officer, DRDA, DIC, Deputy Director of Labour, Handloom and Textile Board and Khadi and Village Industries Board and SFC. In addition, related data were collected from Hand-books, Journals, Reports, District Gazettes and newspapers.

B. COLLECTION OF PRIMARY DATA

Primary data were collected from the sample RNFA house-holds. The survey of the sample house-holds was conducted between August 1998 and February 1999. To get the required information, a well-structured questionnaire had been designed with probing questions so that answers are unambiguous.
TOOLS OF ANALYSIS

Apart from simple statistical tools such as averages and percentages/other tools such as composite index and discriminant analysis were made use of.

SCOPE AND LIMITATIONS

Owing to time and resource constraint, the present study seeks to make an in-depth study of the working of seven sample non-farm economic activities in the selected mandals of the District. It does not make a comparative study of the working of similar units in other Districts of the region. Precisely, the present study is mainly confined to the Chittoor District in the drought-prone Rayalaseema region of the State of Andhra Pradesh. Further, it is a one point of study, which was considered for one time. The results of the study are specifically applicable to the study, but may not be generalized to the whole of the region. However, some of the findings may hold well in regions of similar agro-climatic and resource – based conditions.

OPERATIONAL DEFINITIONS OF KEY CONCEPTS

The definitions adopted for various concepts used in the study area furnished below:

AGRICULTURAL LABOURERS

Agricultural labourers are those persons who are employed on another person's land to perform various tasks in connection with the agricultural operations. Thus, all those labourers who work for wages whether in kind or cash or in both in agricultural operations are considered as agricultural labourers. However, in the study area, the wages were paid in cash only.
CASUAL LABOURERS

Labourers who have not been in continuous employment and are not working for a single landlord / unit / owner all the days regularly on the day preceding to this enquiry are considered as casual labourers.

EMPLOYED PERSON

Any person who performs some work for remuneration or profit during the period of enquiry is to be considered as an employed person. Persons who are working on some job but temporarily absent during the course of enquiry due to illness or injury or leave or due to temporary suspension of work on account of bad weather also come under the category of employed persons and also persons of the age of 14 years and above during the period of enquiry, if found assisting the operations on farm / non-farm and those working for at least 1/3 of the normal working day though unpaid on account of being a member of the family of the cultivators / workers, will be treated as employed.

WAGES

Wages refer to payment made in cash or in kind received as remuneration for any work done or services rendered during the period of enquiry. They may be in cash or in kind or in both.

ATTACHED LABOURERS

Labourers who have been in continuous employment under some contract or on some particular understanding during the major part of the year preceding the date of enquiry are considered as 'attached' labourers.
CASUAL LABOURERS

Labourers who have not been in continuous employment and are not working for a single landlord / owner all the days regularly on the day preceding to this enquiry are considered as casual labourers.

AGRICULTURAL LABOUR HOUSE-HOLD

A house-hold, which derived more than 50 per cent of the total annual income from wage employment in the preceding year, is considered as agricultural labour house-hold.

CONTRACT LABOURERS

'Contract Labourers' are those labourers who combine into a group to enter into an agreement with the landlord / owner to perform a type of work and share the remuneration received from the land-lord as per the agreement arrived at by them before entering into the concerned work.

PERQUISITES

Certain allowances, which are given as a matter of routine, out of custom, to the workers in addition to the wages paid, whether the wages are paid in cash or in kind or in both are known as perquisites. They include many things like clothes, vegetables, tobacco, tea, pan, grain, etc. All such allowances include things, which are given to the workers as consideration for past or present services.
UNEMPLOYMENT

All persons above the age of 14 years during the period of enquiry, who are not doing any work or job and are seeking a work or job for remuneration or profit, are considered to be in a state of unemployment.

HOUSE-HOLD INCOME

House-hold income constitutes the earnings of all the earners and earning dependents who are the members of the house-hold in addition to the share of the income of the family accruing from agricultural sector and non-agricultural sector.

CONSUMPTION EXPENDITURE

It consists of expenditure on non-durable and durable consumption items, services (education, health care, convenience and entertainment) and marriages and other social ceremonies. The wages received in kind by the casual and permanent agricultural labourers are included in the total consumption of the house-holds for estimating house-hold consumption.

According to 1991 census - "Work is defined as participation in any economically productive activity. Such participation may be physical or mental in nature: Work involves not only actual work but also effective supervision and direction of work. It also includes unpaid work on farm or in family enterprise”.

MAIN WORKERS

Those who had worked for the major part of the year i.e., 6 months or 183 days are termed as main workers.
MARGINAL WORKERS

Those who had not worked for the major part of the year i.e. those who had worked for less than six months (183 days) in the year are termed as marginal workers.

CULTIVATOR

A person is considered working as cultivator, if he or she is engaged either as employer, single worker or family worker in cultivation of land owned or held from Government or held from private persons or institutions for payment in money, kind or share. Cultivation includes supervision or direction of cultivation.

AGRICULTURAL LABOURER

A person who works on another person’s land for wages in money, kind or share is regarded as an agricultural labourer (AL). He or she has no risk in cultivation but he or she merely work on another person’s land for wages. An agricultural labourer has no right of lease or contract on land on which he or she works.

HOUSE-HOLD INDUSTRY

House-hold Industry (HHI) is defined as an industry conducted by the head of the house-hold himself and / or by the members of the house-hold at home or within the village in rural areas and only within the precincts of the house where the house-hold lives in urban areas. The larger proportion of workers in house-hold industry consists of members of the house-hold including the head. The industry is not run on the scale of a registered
factory, which would qualify or has to be registered under the Indian Factories Act. House-hold Industry relates to production, processing, servicing, repairing or making and selling of goods.

WORKERS

'Workers' refers to all those who work in any field of economic activity other than cultivation, agricultural labour or house-hold industry are 'other workers'.

EMPLOYMENT AND UNEMPLOYMENT

The NSSO have adopted three different approaches to measure employment and unemployment. The three approaches are:

(i) Usual Status Approach: Usual status approach with a reference period of 365 days preceding the date of survey.

(ii) Current Weekly Status: Current weekly status approach with a reference period seven days preceding the date of survey.

(iii) Current Daily Status: Current daily status approach with each day of the seven days preceding date of survey as the reference period strictly speaking, this approach attempts classification of person days and not persons.

RURAL/URBAN BOUNDARIES

Appropriate definitions of rural and urban areas have more to do with location and the structure of economic activity than with less substantive characteristics such as population size or settlement density.
OFF-FARM AND NON-FARM ACTIVITIES

Specifically, off-farm activities can be regarded as including those, which are not directly related to the farming operations of a household on its own account. It follows that off-farm activities can only be undertaken by those who already have a farm or land holding of some sort. An important implication of this interpretation is that off-farm activities include agricultural work on farm owned or principally operated by others. In contrast, non-farm activities can be taken as excluding work of any sort in agriculture, whether on own account or for others. In this sense, a more accurate term would be non-farming activities. By implication, house-holds, which may never be engaged in agriculture, should be regarded as being involved wholly in non-farm activities. Instead, it will concentrate on income-earning opportunities outside agriculture, including such questions as the diversity of activities that are or could be undertaken and the supply of non-agricultural skills in rural areas.

FORMAL AND INFORMAL SECTORS

In general, the term informal sector connotes small-scale activities, which are set up and operated without being registered as business enterprises; which do not adhere to the legal framework governing business operations, and which lie beyond the reach of minimum wage regulations. As such, majority of non-farm opportunities available in the rural areas are and will be within the informal sector. However, it would be neither accurate nor useful to restrict a discussion on rural non-farm activities to informal enterprises per se.
RURAL INDUSTRY AND RURAL INDUSTRIALIZATION

Rural industrialization usually implies spatial extension of the formal sector in the sense of creating work places based on organizational structures and production relations derived from modern, largely urban factories and plants. To focus attention entirely on rural industrialization is to miss such important activities as the provision of personal and community services, employment in public works and small-scale home-based production. It would also tend to obscure consideration of the needs of many of the rural poor for income-earning opportunities outside agriculture on a temporary or part-time basis.

THE CONCEPTS OF OCCUPATION AND INDUSTRY

"Occupation refers to the kind of work done by the person employed (or performed previously by the unemployed) irrespective of the branch of economic activity or status (as employer, employee, etc.) in which the person should be classified. The 'industry' of an employee is that branch of gainful economic activity in which he is engaged to produce goods and services. His 'occupation', on the other hand, is the name of the function, which he performs in that particular, branch of gainful work, which is his industry. Thus, industry shows the specific sector of activity in which the person is engaged within the whole economic framework; whereas, occupation indicates precisely the nature of his role in that sector. In Indian literature, distinction between the two concepts of 'industry' and 'occupation' has not always and invariably been indicated in a clear and unambiguous manner. The term occupation has the sanction of time-honored and widespread usage in India in
respect of the classification of working population. In practically every context, the term actually used is 'occupation' while the term that should have been used in order to conform to international standards is 'industry'.

In Census terminology, 'industry' means a branch of economic activity and "refers to the kind of establishment in which the person works (or worked, if unemployed)". Generally speaking, it also "refers to the type of product produced or the kind of service rendered by the establishment".

CHAPTERISATION

The thesis is divided into six chapters. The first chapter provides the theoretical background of the problem under study. It makes an over-view of the rural non-farm sector. The second chapter reviews the literature on RNF sector and describes the research design. The agro-economic profile of the District (the study area) and the sample Mandals is presented in the third chapter. The fourth chapter presents the socio-economic profile of the sample respondents / entrepreneurs, profile of the sample enterprises in respect of the organizational and capital structure and infra-structural facilities, distribution of sample units according to income and employment levels and enterprise / unit-specific problems. The fifth chapter presents the results of location-wise analysis of the three sample Mandal's, for which the sample units were selected, with reference to the socio-economic profile of sample entrepreneurs / respondents and the impact of the enterprises on the sample respondents. The sixth chapter presents the summery of findings and conclusions and suggests a model of enterprises which may be replicated in the rest of the sub-regions / Mandal of the District in particular and the region in general.
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