Chapter 6

Summary and Conclusions

Introduction

The body of knowledge on development, where overcoming poverty is the single most important problem, is perceivably no less clear today than it was earlier. Sectoral approaches, economic determinism, ideological posturing and lack of precise framework of concepts and measures have handicapped it. The understanding of poverty and the set of conditions associated with it are essential to the global effort to fight poverty. One important addition to knowledge is that much of the poverty is transitory in nature. People commonly suffer short-term income losses or reductions in expenditures that may push them below the poverty line for a relatively brief period of time. They recover, mostly without any assistance from outside. Chronic poverty, often having a gender dimension and other initial conditions, are characterised by vulnerabilities that require sustained support. Hence the proposition that employment assurance is at the core of anti-poverty strategy.

Having detailed the concepts, methods, and data throwing light on the relationship, the present study has attempted understanding the nature of relationship between rural non-farm employment and poverty by focusing on the impact of such activities, in the given contextual frame, on the lives of the poor. The present study also aimed at studying the nature of rural non-farm activities with village as a microcosm and factors influencing them at broader level including linkages with urban areas. It is also the concern of the present study to throw light on the factors conditioning the participation of poor in rural non-farm employment. The primary concern herein is to determine to what extent health, education, networks, caste and other socio-political factors constrain the participation of poor in rural non-farm employment. The assessment of institutional support to development through promotion of rural non-farm activities designed to provide security of employment and thereby alleviate poverty, their sustainability and impacts, which are core governance issues was also one of the aims of the study.
In this chapter, a summarisation of the findings in totality and certain conclusions that flow from the analysis are made. Considering the vastness of the issue in terms of geographical and sectoral dimensions, the present attempt is a microcosmic validation exercise that seeks to establish the specific contexts of the relationship. This is made in conjunction with recent evidence available in literature for each specific context. Research priorities on the subject going forward are also made as such typologies of contexts under different spatial, sectoral and temporal conditions need to be carried forward for validity of such context specific generalisation.

Since, the present research study is context specific and as such the first specific context of the study is in the choice of the geographical area of the study, the guiding factor is the extent of chronic poor and vulnerable and the economic backwardness of the district and the development block. Since the objective is to unravel the truth behind the proposition that in rural areas, it is rural non-farm employment that provides growth and development, this need to be tested in such rural areas which are backward in terms of economic indicators and which are geographically well apart from effects of urban sprawl. Consequently selection of district was made purposefully. In Tamilnadu, based on the available indicators Dharmapuri district and Pappireddypatti block within this district were selected purposively for the study. Census of India profiles employment in Dharmapuri district in Tamilnadu. The main findings of the present study are being presented in the following lines.

Poverty as lack of income is a condition that only describes it, to change it a lot more information on the causative factors are required. Ravi Kanbur and Lyn Squire\(^1\) aptly describe poverty in terms of a seamless web: “A Society faced with the task of providing social services to the poor may well wonder where to begin. The lives of poor are ringed with a tangle of vicious circles, with virtuous circles seemingly hovering out of reach. Economically marginalized groups tend to be socially marginalized as well, so that they are disadvantaged with respect to resources and power”. The Growth versus Equity paradox may possibly be only resolved by re-focusing the strategy of Development by bringing employment and empowerment
to the centre. New concepts emerge, linger and claim their place in development thought and actions or fade out. One such is the sustainable livelihoods framework. The sustainable livelihoods framework, which finds increasing acceptance in development literature, refers to five types of capital that rural residents access – physical, social, natural, financial, and human. It outlines the policies and institutions that define people's options for using that capital, the livelihood strategies that people use to transform assets into income, service and product streams, and the way that income and product streams are translated into welfare outcomes. The importance attached to rural non-farm employment, is to be evaluated in this context. The crux is in validating the proposition that rural non-farm employment is distress driven. This issue being a decision choice at the lowest level – households, needs to be resolved at that level.

Initially, at the aggregate level, this issue was fused into the larger debate on growth and poverty (redistribution). Existence side-by-side of lower poverty and higher unemployment has clouded the debate. The higher real wages, lower-employment growth paradox is manifest in Tamil Nadu in the form of twice the average of daily earnings than the all India and relative lower employment shares. This necessitates a solution that does not imply a trade off is necessary to broad base the economic growth so that it is translated into higher incomes of the poor through higher employment availability.

Simultaneously, some disturbing trends in per capita consumption and expenditure are noticeable at the all-India level. Rural per capita total expenditure per month, from an initial position of Rs158 in 1970-71, after increasing steadily to Rs 213 by 1989-90 started declining sharply. It fell by 5 per cent to Rs 202 in 1990-91. It has since fluctuated between Rs 202-214, with the possible exception in 1997 when it reached the highest level of Rs 235. The annual growth rate fell to 1.2 per cent during the 1990s from 1.5 per cent during 1970-89. There is a definite spatial dimension with emphasis on rural areas or rural poor, as poverty remains concentrated in rural areas in India. Over 76 percent of the poor (around 200 million people) were in rural areas in 1999-2000. The level of poverty in India across selected time period is given in the Table 6.1 below:
Table 6.1
Percentage of Population below Poverty Line: All-India

<table>
<thead>
<tr>
<th>Year</th>
<th>Rural</th>
<th>Urban</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973-74</td>
<td>56.44</td>
<td>49.01</td>
<td>58.88</td>
</tr>
<tr>
<td>1983</td>
<td>45.65</td>
<td>40.79</td>
<td>44.48</td>
</tr>
<tr>
<td>1987-88</td>
<td>39.09</td>
<td>38.20</td>
<td>38.86</td>
</tr>
<tr>
<td>1993-94</td>
<td>37.27</td>
<td>32.36</td>
<td>35.97</td>
</tr>
<tr>
<td>1999-2000</td>
<td>27.09</td>
<td>23.62</td>
<td>26.10</td>
</tr>
</tbody>
</table>

Source: Government of India, Planning Commission

As shown by Datt and Ravallion 2, that growth in urban incomes has no effect on rural poverty, but also only a modest effect on urban poverty. On the other hand, rural growth reduces rural poverty and reduces urban poverty. The international community’s increasing awareness that the linkage between economic growth and poverty incidence is not clear-cut, together with the current domestic and international recognition of the need for national ownership of development programmes, has led to efforts to revise the roles of the State and civil society in formulating poverty reduction policies. It implies that the development policy should recognise this and integrate the strategy of maximizing the rate of growth with a set of policies that would induce the most pro-poor pattern of growth. There is sometimes trade-off between the rate of growth and the poverty alleviation measures and as such governance requires that this be settled in a way that all stakeholders or the ultimate stakeholders takes part.

Households' diversification strategies are critically dependent upon motivations, means, and expected outcomes. Dynamic Pull and distress Push are the two extremes. Casualisation of work, it has been observed, is near universal. Some worrisome trends in the labour market, which have persisted since the beginning of planning in India, are inadequate growth of productive employment in rural areas, casualisation of a mass of rural workers without a safety net, feminisation of agricultural labour with low wages and persistence of child labour.
A new system of work that is discernible is the contractual nature of work that explains the rise in real wages. Desai \(^1\) reports that "time wages have been replaced by piece wages for all major operations without much resistance". Bhalla\(^4\) echoes this finding noting a movement from long-term to piece-rate work in Haryana. Saith and Tankha\(^6\) suggest that the shift is not only from long-term to piece-rate work, but also from casual, daily-wage labor toward piece-rate labor. The primary evidence on the issue of wage differential clearly point to two distinct strands of rural non-farm employment- one that is refuge employment driven by the need for more income and the other by choice, which through higher wages might have resulted in movement out of poverty.

The facts that stand out from the detailed analysis of the primary data is the returns to work in rural non-farm employment for self-employment in certain activities (low-level activities, casual unskilled wage labour, self-employment) yield lower returns than wage labour, the relative regularity of the non-farm work, preponderance of allied sectoral activities that are classifiable under agriculture and allied sectors in the National Accounts Statistics and the lack of enthusiasm in sizeable majority of agricultural households to participate in rural non-farm employment. As per the normative wage defined, the participation in rural non-farm employment ought to fetch Rs 46 per day. The fact this is not obtaining in 72 percent of the households in the sample villages is ample evidence of the distress nature of diversification. The evidence for distress diversification is clear-cut in the households that are characterised by higher dependencies and disadvantaged being female headed or otherwise.

While the real wage rates have grown both for agriculture and rural non-farm employment, the fact that this has been associated with lower availability or piece-meal work and complete casualisation of work, ordinary choices available to poor households are relatively more a distress option than a dynamic one. This also helps in resolving the higher real wages and lower employment growth paradox. The higher wages are accompanied by changes in the condition of work over time. It is here the piece rate of casualised work needs to be read in consonance with lower mandays of employment as measured by time rate of work. There are also exceptions that need to be explained in terms of access to rural non-farm employment.
The fact that poor households have different other endowments that affect them adversely, despite higher wage rate obtaining, necessitates analysis of poor households in terms of income. At the aggregate level, Lanjouw and Shariff using National Council of Applied Economic Research data find that nonfarm income in rural India contributed, on an average about one third of total household income in 1993-94, as compared with 55 percent from cultivation and 8 percent from agricultural wage labor. It is apparent that this sector is an important source of income for the poor at the aggregate national level. They analyse the data at the level of income by quintiles and find that the importance of this sector is fairly widespread across quintiles. In contrast, agricultural wage labor income contributes only a negligible amount to total income among the top quintile, but it is fairly high for the lower quintiles. For the poorest quintile in rural India, agricultural wage labor income contributes as much as 28 percent of total income, casual nonfarm wage income accounts for about 16 percent of total income. This drops to 15 percent for the second quintile and continues to fall across quintiles, to only 2 percent for the top quintiles. Regular nonfarm wage income shares, they find, rise sharply with the income quintiles - from only 4 percent among the poorest quintile to as much as 21 percent for the richest. At the all-India level, casual wage income accounts for about 6 percent of all incomes and regular wage income contributes 17 percent to total income. Own enterprise income shares are highest for the 2nd and 3rd quintiles (around 16 percent) and lowest for the top quintile. On the whole, own-enterprise income contributes about 11 percent to total income. These patterns prove according to the authors the proposition that nonfarm sector as a heterogeneous collection of activities that includes both productive and nonproductive occupations. A regional profile of rural non-farm income shares as observed by Lanjouw and Shariff, are highest in the states of Himachal Pradesh, the Northeast, West Bengal and Tamil Nadu. Tamil Nadu with an average share of income from nonfarm sources at 46 percent is composed of 20 percent in lowest quintile and 50 percent in the richest quintile”. Chadha analysed the state-wise picture on employment growth rates. Treating a post-reform decline in the rate of growth of employment up to 1.0 percentage point as a marginal setback, he finds a mixture of up- and downswings. Andhra Pradesh, Himachal Pradesh and Tamil Nadu emerge as the most confirmed trouble spots, as they suffered a high degree of post-reform setback, both in agriculture and overall employment. While the generalizations could be made on the all India scale with reference to rural non-farm employment, context specific study has been attempted in the present study in Dharmapuri district of Tamil Nadu.
The profile of the study area reveals that Dharmapuri district is predominantly rural, dependent on agriculture as a typical backward district is and the relatively well-connected with the rest of the state. The profile of the sample villages has also been made and the data on basic socio-economic profile given. The particulars for analysing the relationship between rural non-farm employment and poverty are also detailed.

After having observed the study area in the light of the findings of the earlier studies, there is a need to test the hypothesis that participation in rural non-farm employment is driven by distress. Detailing the results of data with conceptual framework for testing the hypothesis is in order:

The existing pattern of occupation in the sample population and villages do not reflect upon the relative preferences. This is because of purposive nature of the size the sample of households in rural non-farm employment and agriculture. Otherwise the share of rural non-farm employment in total employment for the poor in the Block and Revenue villages is very low. Dynamic rural non-farm employment for rural people, evidenced elsewhere like business process outsourcing, work in small and medium enterprises, micro enterprise with adequate returns and regular employment opportunities, especially for the poor is rare and almost non-existent. While at the individual level, some households have made progress by opting for better-paid work, to characterise the exceptions, as dynamic rural non-farm employment would be incorrect generalisation. Subsidiary status of employment highlights the non-availability of decent employment and lends support to the distress diversification.

Wages in some of the component sectors of rural non-farm employment (Profession and contract wages) are much higher than the wages prevalent in agriculture. However, it is equally true that in certain other sectors (Low level activity, micro enterprises, petty trade and casual wage labour), wages are much lower than agriculture. The latter option being more predominant alludes to possible distress nature of diversification by such households and the former option prior to relaxation of the definition of rural non-farm employment, is even smaller by comparison.
As a natural corollary to wage differentials, incomes earned in Principal status employment also reflect the same pattern in the absence of alternative sources of income. The poverty prevalence ratio is comparably high (79 percent) even in the households with rural non-farm employment as principal status in the sample villages as against households engaged in agriculture (90 percent). In fact, the ratio is skewed against rural non-farm sector in the lower income ranges. In the income ranges above poverty, rural non-farm sector has a distinct advantage.

While the pattern of employment, wages and incomes explain the present pattern of poverty across sectors, the availability of opportunities for employment (better-paid) is another factor that could throw light on the potential for lifting poor out of poverty. It has been reported that employment opportunities of employment, outside agriculture and traditional artisanal work are very few for the poor. This needs to be examined in terms of access.

Regularity of work is a key factor in the individual decision choices. While a section of the respondents participate in the communication cabling contract work (which tantamount to temporary migration), other households had not been keen to take it up despite availability, inter alia, due to the net differences in wages being low. The persons, who opt for such work, prefer the regularity of work it offers. In fact, the people who prefer rural non-farm sector activities even though wages are lower prefer to continue doing the same work, as there is regular work and flow of incomes. There is a definite trade-off involved in the decision choice of employment between higher wages and regularity of work.

Household composition plays a significant part in the decision choices for employment and also in the effort at overcoming vulnerabilities and poverty. Households with higher dependency ratio have a distinct disadvantage in overcoming poverty, given the work force. However the size of the workforce in the households provides a base for diversification and many agricultural households diversify to rural non-farm sector to hedge risk.

Another dimension that throws light on the relationship is the diversification decision choices by the households engaged in agriculture and rural non-farm
employment. While the households with rural non-farm employment prefer to continue in such work, the households engaged in agriculture also exhibit a revealed preference for the sector they work in.

Based on the above analysis of the data, the following generalisations may be made:

- As far as the relationship between participation in rural non-farm employment and poverty is concerned, as seen from the household decisions, wages, incomes, quality of work and potential for decent work, there is evidence to support the hypothesis in such contexts where poor households participate in low level activities, petty trade, casual wages and certain micro enterprises.

- There is contrary evidence, though to a lesser extent, that participation in rural non-farm employment provides better wages, incomes and regularity of work, particularly in categories of employment that are classified as salaried profession.

However, such generalisations based on factual information needs to be weighed against counterfactual and analysed in the contexts of the issues that affect the access of poor to better-paid rural non-farm employment. Information on counterfactual involves explaining how such households that participate in rural non-farm employment have already crossed the poverty line, even as households that depend upon agriculture remain within poverty line and vice-versa. This is necessitated, as the debate on the nature of diversification is important not only from the academic knowledge, but more important from the perspective of understanding the dynamics of employment options for larger anti-poverty developmental efforts.

With regard to the relationship between rural non-farm employment and poverty, through primary data on wages, types of employment, regularity of work etc., though there are certain exceptions, the fact that rural non-farm employment opportunities coming in the way of poor have not been very significantly high wage ones. In fact, the
low wages prevalent in this sector, apart from the gender dimension, have to do with more with the lack of decent work.

From the analysis of the issues regarding access based on primary data, there is a need to document the facts regarding constraints to access to rural non-farm employment. Except in the cases of households having members with professional skills, the association between higher skills and higher returns in rural non-farm employment is not very apparent. In the case of professional skills, the fact that employment can only be found outside the village, involving commuting and temporary migration, necessitates relaxing the conceptual frame. The counterfactual that some of the households were able to learn skills on the job, and were willing to try a new vocation outside their traditional generational one, discount attaching much value to skill barriers. Nevertheless, it is true that professional diploma or training might fetch higher returns elsewhere, the comparisons here are made in the local contexts. The returns to a skilled worker, though very high in rural areas are constrained by local demand for such work.

While very high levels of education were strongly correlated with higher incomes and movement out of poverty, the educational level differentials actually observed in the sample villages is insufficient to conclude that they constrained participation in rural non-farm employment. This is highlighted by the value attached to education, which implies trade-offs between employment and education, education and affordability and education and expectations of future returns to education (low in the local context). The respondents were specifically asked about their awareness of success stories of movement out of poverty through education (role model) and the response was mostly negative. While the value attached to education shows a positive upward bias in the case of the next generation, the role models of success has been few and far between in such poor families.

Health and nutritional standards affecting work force participation is at best marginal, though proper health care delivery may reduce costs. In the sample villages, access to health care was not a major issue as they were all well covered by Primary Health Centres. Generational barriers to change in occupational pattern are discernible and are compounded by lack of clear-cut wage differential in many jobs under rural non-farm employment. The disadvantaged sections of the society broadly continue to experience poverty on account of the poor initial endowments and overhang of tradition.
The vulnerability of the households, both agricultural and in rural non-farm employment sectors is on account of a myriad of factors. The coping strategy and mechanism of coping include accessing social networks as a solution to temporary crises that surround the poor. However, the networks did not seem to offer any great information sharing or referencing as envisaged in the literature, as such opportunities are rare. Self Help Groups that have come up in large numbers in the villages, do serve the basic function of providing cheaper credit, actively enhance opportunities for subsidiary occupation by women, increase general awareness and provide a platform for the voices of people. There are noticeably some barriers to the participation in these groups as the weekly contributions are high for very poor households and sometimes membership is driven by sole motivation for getting cheaper loans.

Governmental intervention has taken the form of anti-poverty measures, providing access to food, health and nutrition and sustaining livelihoods through creation of employment opportunities. The intervention is a mixed bag of successes and failures. Personal vision is perhaps the single most crucial factor for movement out of poverty and the relatively small success stories in the movement out of poverty is anchored on the resolute personal vision. While the equality of opportunity as a necessary condition can be provided under the intervention by Government, it is the creation of an enabling environment which is a sufficient condition that is required to transform the opportunities into outcomes.

The contextual analysis of the relationship between rural non-farm employment and poverty reveals that though there were certain constraints to access, predominantly the poor look for regularity in work and apart from the tradition based rural artisan work, there were very few categories of employment that were on offer in rural areas and even the persons with relatively better skills had difficulties speak of relative lack of opportunities. If the concept of rural areas is relaxed to include commuting and temporary migration, then relatively equal or better work opportunities are available.

The assessment of the impact of institutional interventions presents a mixed bag of successes and many serious shortcomings. One of the major schemes that affect the poor households across the country is the Targeted Public Distribution System (TPDS) that seeks to ensure access of food to the poor. Successive
evaluations of the schemes had indicated that where awareness and participation were pronounced, the scheme was relatively successful in terms of off take and distribution of food grains. Associations of the poor could play a major role in the process of selection of beneficiaries, ensuring quality delivery and overcoming many ills of the present system with more transparency and public accountability in the hierarchical model of delivery. Elite capture of the schemes meant for poor is a well-documented fact flowing from the body of literature on the subject. The process of democratic decentralisation can be meaningful if the voluntary associations of the poor are involved in the identification and execution of schemes meant for their welfare. It is thus a responsibility of the benevolent and truly democratic state to try and operationalise civil society organisations by pilot efforts at public-private partnership in the process of delivery of schemes.

Much of the poverty and vulnerabilities associated with it, are at least in the given contexts, arising from seasonal and co-variate risk factors like drought etc. The absence of a social safety net for the poor accentuates their vulnerabilities. A well-designed food-for-work scheme or an employment assurance scheme or guarantee scheme with a self-targeting mechanism of selection needs to be put in place as basic safety nets that would help the poor who are vulnerable to such seasonal factors. By suitable design of scheme in terms of area-wise numerical caps, lower than normal wages and a selection process that is transparent and involve the associations of the poor will help overcome the moral hazard problem of capture by non-poor.

The relatively few success stories in development, the collapse of the great socialist state, rent seeking and the governance failures have influenced the present internationally accepted role of State as a facilitator rather than a provider. However, the failure of particular operationalisation of planning does not, ipso facto validate the market centric approaches to development. The only lesson that is starkly manifest in the failures is governance. Convergence of opinion across spectrum on provision of social safety net by the State exists. Elimination of poverty through assured employment is one such safety net that has the potential to transform the economy. The question of diversification that arises out of distress is facilitated by the absence of safety nets. The low value additions to labour in many of the rural non-farm
employment are not reflective of market outcomes or productivity of labour, but a situation of distress that compels them to participate and reflects absence of choice.

Development is multi-dimensional and hence structural changes in rural societies need to be brought about enabling and empowering the poor. This does not necessarily entail ideological positioning like Market versus State or Left versus Right. There are market failures and State Failures and mixed economy is the only operational model (albeit different varieties of mix), which is in existence in the real world. Therefore it is essential to unravel the reasons for such failures in each operationalisation before redesigning any model of Development. The discourse on Development has increasingly been focusing attention on Governance issues. In the current mainstream Development paradigm, Good Governance has been defined in terms of right policies like Macro Economic Stabilization and Structural Adjustment. It is extremely difficult to evaluate or validate a policy, as it is inextricably linked with its relevant operationalisation. No policy or ideology could claim to have legitimacy or validity simply by alluding to failure of one model of the other ideology on methodological and larger epistemological basis.

Respect for political rights and adult suffrage alone are not sufficient to define democracy in the full sense of the term. Democracy is full only when each individual enjoys all political, civic, social, cultural and economic rights. The right to decent work or livelihoods is therefore paramount. Any policy prescription, however appropriate it may be, cannot be thrust upon the people under the cover of governance, unless it has full democratic deliberation and sanction. Governance good or bad cannot be decided at the level of ideology or policy. Good Governance or simply Governance is one in which enables and empowers the citizens in matters concerning them. Therefore, in the present research study context it can be safely summarized that governance requires only that development policy that seeks to provide decent work / livelihood to the poor.

The most important role of modern nation states, particularly those yet to reach minimum levels of development requirements is poverty alleviation. Eradication of poverty has been the basic objective of planned development in India. In pursuit of the objective, many development policies since independence beginning
with community development were initiated. The development strategy has now metamorphosed into a growth focussed, relatively market oriented one with a reduced role for State-confined to public goods, public investment in hard and soft infrastructure and provision of safety nets. The crucial question in the growth induced poverty reduction model is in explaining the composition of growth (across sector) and the impact of the growth on the future earnings of poor through their returns for labour. Growth needs to be pro-poor if development is to be meaningful. Because labour is the main asset for the majority of the poor, generation of employment is one of the important ways to ensure that economic growth is pro-poor. Else growth that bye-passes the poor will be plutocratic. Therefore, the role of State cannot be rolled back to pure public goods on the plea of government or governance failures in much as the failure of markets do not rule out the resource allocative role of markets.

The fact that under relatively similar initial conditions, some developing economies have achieved sustained economic growth, while others appear to be caught in vicious cycle of under-investment, low productivity and high poverty. Structural adjustment and Stabilization policies alone cannot explain the differences. Market failures and governance failures both compound the problem. The conditions and contexts differ across countries and regions and hence any solutions to the problems must first document it in terms of the characteristic features. Often this has led to inter-regional comparisons spanning many countries and determinism of the aggregate head count measures. Backwardness by birth, lack of equality in opportunities and lack of clear personal vision due to irreversible human capital accumulation failures need special measures. The data across countries and continents are not strictly comparable as they assume away the influence of a host of local contexts and assume causal relationship based on co variation among the factors. While they are useful for a broad understanding of the issues, such analysis has serious limitations in generalisation for policies.

Some of the recent trends in the rural development thinking from the perspective of international development institutions can be summarised as macroeconomic and sectoral policies fostering rural development, decentralization of governance and improved capacity of local governments, organization of households at grass roots level (civil society), facilitation or enabling role for NGOs,
empowerment through participation particularly in management of common property resources and local public services to user groups and institutional reconstruction or regulation to mitigate market and government failures.

N. C. Saxena reports that governance failures are manifest in the evaluation of Plan programmes. The plan schemes to promote the non-farm sector include schemes for creating entrepreneurship (self-employment) through subsidised loans, schemes to provide skills, schemes providing employment and to schemes to strengthen the gender component (Development of Women and Children in Rural Areas, Rashtriya Mahilala Kosh). Many of the self-employment schemes have now been merged into Sampoorna Grameen Swarojgar Yojana. The schemes to provide wage-employment (Jawahar Rojgar Yojana, employment Assurance Scheme, Food for Work) seek to achieve the twin objective of creation of rural infrastructure and generation of additional income for the rural poor, particularly during the agricultural lean season. Evaluation of plan schemes reveals that the primary deficiency in the design of the schemes, compounded by delivery system and thin spread of resources on account of top down target oriented approaches and lack of ownership of the schemes. In the context of rural non-farm employment specific policies, it has been observed that policies of rural development fall between the industries and agricultural ministries are State driven and lack synergies with other developmental efforts.

As detailed elsewhere in the thesis, there are alternate development paradigms that seek to define and develop concepts in a more participatory way from the perspective of poor. Such alternate development thinking and practice arose out of the disillusionment with the failure of the mainstream work. Robert Chambers (1995) explores how professionals' universal, reductionist and standardized views of poverty differ from those of the poor themselves. The income or employment centric approaches are rejected in favour of participatory appraisals. Participatory appraisal, which sum up the experiences of the poor only confirms many dimensions and criteria of disadvantage. Some of them are: Physical and psychological disabilities, lack of assets, relative low work capabilities, higher dependency burden in households, alcoholism, lacking social support and dependence on common property resources.
There are other paradoxes that are cited in the literature on rural non-farm employment. Reardon et al. speaks of two paradoxes “inter household paradox”, arising from the fact that the poorest households who need for remunerative rural non-farm employment are also the most constrained owing to a lack of key assets and opportunities. Conversely, wealthier households with lesser need, but enjoying greater capacity to participate in the rural non-farm sector, particularly in its most remunerative activities. The second paradox is “inter zone paradox” where the zones or locations with poor agricultural potential are the ones that have the greatest need for remunerative rural non-farm employment (to offset a poor farm sector) but are the most constrained by a lack of assets for rural non-farm market development (such as good roads, a skilled workforce and economical sources of raw materials). The two constraints are linked, since poverty caused by a weak and stagnant farm sector constrains rural non-farm sector development from both the supply and the demand sides. Thus there is a need to empower the people in overcoming the first and the State to correct the second.

A brief summary of the propositions in place in theory is in order. The neoclassical paradigm on development speaks of the reasons for failure to grow in terms of two pathologies. The first of which is the “closed-economy” approach of governments that retard technological progress by reducing access to foreign investment and imported capital equipment and intermediate goods. The other is the governance failure attributable to rent seeking nature or corruption. There are no silver bullets in the policy decision choices on rural non-farm employment. The neoclassical paradigm on development believes in the market forces operating in the labour market to establish elusive equilibrium. They believe that the reasons for the growth of the informal sector in developing countries were labour market distortions, such as trade unions and government policies leading to imperfect labour markets.

Implicit in their paradigm is that if wages were allowed to fall in the organised sector in developing countries, they could benefit from growth. The fact that informal sector phenomenon is not new and exists in the space created for it by missing markets. The proposition that wages are high and hence not competitive is a simplistic analysis and does not explain the factor endowments principles of economics, which state the comparative advantage of cheap labour, and sidesteps the
technology angle involved. It also assumes the absence of Business process Outsourcing (BPO) or sub-contracting. There are trade-offs involved in the issue of markets for labour. While the protagonists of the neo-classical framework would like hire and fire system and the Trade Unions the opposite, any policy decision on this cannot purely be economic and would need political (Democratic) sanction and a robust regulatory framework for the informal sector.

Economic theory is not of much help in the decision choices as there are innumerable activities that could be dynamic and that could demand special skills, all of which is not possible to document and apportioned to the poor. Radhakrishna refers to the worrisome trends in the labour market, which have persisted since the beginning of planning, are inadequate growth of productive employment in rural areas, casualisation of a mass of rural workers without a safety net feminisation of agricultural labour with low wages and persistence of child labour. Unni suggests that persons, who undertake multiple jobs are younger, less educated, is faced with lower wage rates and live further away from towns.

The Task Force on Employment Opportunities set up by the Planning Commission pointed out two structural features that made the employment situation in this country different from others – between the organised and unorganised sectors and between wage and self-employment. Unni J and Umarani found that, irrespective of the sectors, larger proportion of the self-employed and casual workers (26 and 45 percent), were also poor compared to the regular salaried workers (only 16 percent). They found direct evidence that non-agricultural activities in rural areas, particularly for the females, were not a dynamic proposition. Chadha G.K. states that economic reforms have not resulted in higher employment growth. He terms it as the sufferance of the commons. The state-wise picture on employment growth rates is a mixed bag of ups and downs. Tamilnadu along with Andhra Pradesh and Himachal Pradesh were termed to be the most confirmed trouble spots as they suffered a high degree of post-reform setback, both in agriculture and overall employment. The all-India pattern showed a moderate setback. Economic theory is not of much help in helping the choice as there are innumerable activities that could be dynamic and that
could demand special skills, all of which is not possible to document and delivered to the poor as a part of empowering them.

In the large body of literature examining the relationship between rural non-farm employment and poverty the rationale and evidences adduced in favour of distress push cite the growth of population and its consequential effects on the rural economy given limited arable land and declining absorptive capacity of agriculture, casualisation of work, monetisation of peoples’ lives, temporary events and shocks, constraints to accessing better-paid work and returns to self-employment. Whereas those that argue in favour of dynamic pull cite better wages, returns to self-employment, lower risk and vulnerabilities, and social recognition. The main argument in favour of the dynamic pull scenario lies in the evidence adduced in terms of better wages in the rural non-farm sector relative to agriculture. While this relationship is perhaps valid in the general context of rural masses, the present study tests it in the particular context of people below the poverty line. The evidence gleaned from the primary data points relatively more to the distress nature of the relationship, as the wage differentials are lower in most categories of work. In certain categories of work where rural non-farm employment provides better wages, the conceptual frame is relaxed in some. Nevertheless the participation in rural non-farm employment adds to the incomes and is a measure against vulnerability and destitution.

There are many roads out of rural poverty for individuals, households and communities. The proposition that the chances of employment are dynamic is valid to that extent that it is one of the possible routes out of poverty. The proposition that rural non-farm employment is the best option out of poverty is a notion that needs to be tempered by limitations depending upon local contexts. To imply anything else, at least in the contexts that constrain the poor, would be simplistic or facile conclusion. The other roads out of poverty include agricultural intensification and commercialization, migration to an urban area or a combination of these strategies. The key is not the particular path to be followed, which may vary markedly across space, time and even among individuals in the same location and moment. Conceptually, it needs to be recognized that unless employment generation is integrated in growth and development policies, and production and distribution
processes, unemployment and poverty cannot be removed in an endogenously sustainable manner in the long run.

The ability of poor households to access to opportunity is constrained by a host of factors. Poor in a society where the equality of social opportunity is not guaranteed, the variety of options open are severely limited. In such situations poverty is not simply a matter of income and consumption level, but a matter of opportunity, rights and life of dignity. There is no shortage of narratives about - or prescriptions on - rural development. Past narratives have included 'Community Development', 'the Green Revolution' and 'Integrated Rural Development'. Current narratives include 'a new, doubly-green revolution', 'sustainable agriculture', 'rural livelihoods', and a growth-based, liberalisation-friendly narrative, which might be labeled the 'Washington consensus on agriculture and rural development'. Embedded in these narratives are the critical choices about rural development policy: state or market; growth or stability; agriculture or non-agriculture; high or low potential areas; expenditure on investment or consumption, etc. Different narratives will apply in different places, but all need to be consistent with current thinking on development more generally - which not all are, for example on empowerment, the importance of income distribution, or the form and pace of market liberalisation. Social protection is another plank in the post-Washington consensus, particularly, but not exclusively, in the context of market liberalisation: World Development Report is clear about the 'obligation' to protect the losers, and might have been stronger still if it had taken on board the current debate about economic and social rights (UNDP: Human Development Report for 2000). The UNDP report aptly describes the fight against poverty as a deeply political one. Poverty, according to it, in most societies is about disparities in the distribution of power, wealth and opportunity. Osmani\textsuperscript{14} speaks of the revivalism of growth based on econometric studies on the positive relationship between poverty and growth aggregates. He cautions that while this conclusion is useful in the larger understanding in the Growth versus Equity debate, to extend it further to mean higher growth will reduce poverty faster is an inappropriate generalisation as it negates tradeoffs between growth and poverty reduction. Pro-poor pattern of growth needs to be established.
The complex nature of relationship between poverty and rural non-farm employment does not preclude the fact that even in case where it is regressive and in the absence of other State run assured employment programmes, it offers a safety net from hunger and destitution. The primary data points out the different facets of poverty and alludes to the low level trap of the rural economic activity. The irony of the rural non-farm employment is that the same infrastructure that connects rural goods to urban markets will also allow urban goods to compete with those from the rural non-farm employment and the non-tradable nature which currently protects many rural enterprises get eroded. Similarly, the human capital additions that will contribute to increased rural labour productivity will also contribute to rising consumer awareness and ability that prefers urban goods. The issue of productivity needs to be discussed only in the context of the value additions per unit of effort of labour and not in the value added by the worker. Solow's contribution to literature that almost all economic growth and poverty reduction is driven ultimately by technological change, given the diminishing returns to scale. The rural non-farm employment may well be a transitory phenomenon of rural areas and may fade out with greater integration with the urban sector.

Despite diversification, agriculture remains an essential source of rural income as bulk of the employment (60 percent share) is accounted for by it, directly and indirectly. Technical change is at the heart of post-Green Revolution agricultural strategies, which often begin by noting the declining rate of technical progress in developing country agriculture, and growing environmental problems. In the world as a whole, however, technical progress is hardly slowing; and in agriculture, the developed world is experiencing major change in biological (including Genetically Modified Organisms (GMOs)), informational, mechanical and chemical technologies. Technical change in the North is largely driven by the private sector. Technical change may be biased against the South, and in particular against small farms. Value additions to agriculture output (Agribusiness) and agro-industries need to be promoted. Agriculture will require more cropping intensity and better water management, widespread use of new and improved varieties of seeds and crops, and use of appropriate quantities of manures and pesticides and crop diversification on the basis of optimal utilisation of land. The present system of inefficient Minimum Support Price based production of food grains is not sustainable. A second green
revolutions in agriculture, particularly in non-foodgrain crops and other agriculture products can probably help some sections of poor in the peri-urban areas.

Empowerment and inclusive development occurs within particular political, economic and socio-cultural contexts. Empowerment and inclusive development can be identified in different domains of action. Delivery of public services, access to markets for goods and services, robustness of legal frameworks, governance and development path are the some of the important domains wherein action is required to overcome poverty. Barrett and Swallow sum up the policy prescription for effective measures to counter poverty traps in term of rural development policies need to emphasise both opening up pathways out of poverty for those seemingly trapped in chronic poverty – through improved access to transition technologies and to financial products – and to erect and maintain effective safety nets to keep the poor from being undercut by adverse shocks. They also opine that specific extension services could play a potentially valuable role in targeted groups on the basis of livelihood strategies and asset portfolios in the varied contexts.

There is an interesting debate on the developmental imperatives of decentralisation. While many argue that political and financial decentralisation would via improved governance facilitate development. There are others who seriously question this on the grounds that given the initial social and political structures that are skewed against the poor, they may still remain excluded. Osmanc argues that, “It is inconceivable that the problems involved in achieving genuinely participatory decentralisation can be resolved without empowering the common people, especially the poorer segments of society”. According to him the politician-bureaucratic nexus and the traditional elite will not voluntarily share power and empowering the poor is critical in decentralising governance in a pro-poor manner. The poor need to be organised in a manner that their voluntary association is able to articulate their requirements in matters affecting them. Any development initiative that does not have participation by poor is therefore apriori, suspect in terms of impact. It is essential to operationalise the participatory models in the critical spheres.
Sometimes disturbing questions are raised on the continuing assistance to poverty alleviation making it never-ending or parasitical. Bahman Mansuri\textsuperscript{17} answers it succinctly: "Yet, the poor and the hungry, are not passive victims, incapable of acting by themselves, waiting for death to take its toll or outside assistance to help them. They are working, innovating, and organizing themselves to promote change in all the fields of their lives. Even the most disadvantaged and poorest groups -- women, ethnic and indigenous peoples, small and marginal farmers, refugees and the displaced -- can fight hunger and poverty, if empowered to do so. They have the capacity and the will: they need the opportunity and the means". Civil Society has a dense role to play along with State and other institutions. Unfortunately civil society organisations of the poor are subsumed under larger social groupings and the enabling mechanism of the NGOs are not sufficiently widespread and complete to make a meaningful difference to the lives of the poor. The only major success has been in the establishment of micro credit centric SHGs, which need to extend more into the other important domains of the poor. The success stories of voluntary associations in the Indian developmental paradigm are relatively small like Ralegaon Siddhi, Jhabua, milk co-operatives in Gujarat and some women's organisations (UNDP). Many NGO driven initiatives do make a contribution, as voluntarism does not inhere in such arrangements it cannot be termed civil society successes.

Micro credit success is attributable to the intermediation by the NGOs in the process of loan sanction and recovery, which initially was problematic in the direct institutional lending. While there are conflicting insights into the phenomenon as to the accountability of the NGOs, and the exclusion of the poorest, it remains the only reasonable alternative to direct rural banking interventions by the finance institutions. The fact that banks are not the property of Government and have to perform to secure the best outcomes to the depositors, who have a vital stake in it, necessitates the safeguard approaches to such lending. This is all the more important to overcome the moral hazard associated with public sector lending (Loan melas).

Change, variety and uncertainty characterise labour conditions, whether in the formal or informal sector. Therefore the employed and self-employed need to adapt themselves to respond to changing market conditions and labour market shifts. Ingenuity, initiative, and resilience are required to survive in the informal sector by
enabling individuals to scour for opportunities, evolve market strategies, build market knowledge and skills and also relationships. Constant improvisations are needed to respond to changes in market conditions by changing the product or service sold; the ability to readily apply new production techniques as market conditions alter; and the ability to engage in risk taking and experimentation through trial and error. This is indeed a daunting task for members hailing from the most experienced households in the traditional business class, who often learn by doing it secure in the knowledge of sufficient fall back mechanism. For the poor, such tasks, given their initial endowments, such dynamic opportunities often are out of reach.

C Barrett makes a distinction between transitory and chronic poverty. The differences arise from the existence of threshold effects associated with multiple dynamic equilibria and poverty traps. Threshold vary spatially and even at the individual and community levels. He speaks of two safety nets- cargo nets for the chronic poor and safety nets for the transitory poor. He outlines three methods for targeting interventions: geographic, indicator, and self-targeting. Geographic targeting is highly appropriate in areas of nearly universal chronic poverty. Indicator targets are for overcoming contextual factors that set the poverty traps and the specific threshold indicators guide the intervention. Self-targeting mechanisms are useful safety nets for transitory poverty.

In India the extent of chronic poverty being low as a percent to total population, there is a need to tackle this problem in a specific contexts and perspectives by documenting the needs for intervention and the process of intervention. The National Old Age Pension Scheme is one such scheme that has attempted to tackle the problem in a direct transfer mechanism. The amount of money transferred at Rs 200 per month for destitute is to be seen in the contexts of larger fiscal transfers by the State to other sections of society in the form of interest subsidy or other subsidy. There are other indirect transfers effected by the Government to the transitory poor- in the form of revenue expenditure on food and other subsidies and plan expenditure in the form of anti-poverty schemes. The major income transfer is in the former as Targeted Public Distribution System confers entitlements of price subsidisation to the extent of about Rs 150 per family per month. Plan outlays are
expended in the manner of lump sum grants and loans to the individual households engaged in self-employment and wage incomes as a part of employment assurance.

Latest data from the 57th round of NSSO reveals that at the all-India level, the proportion of hungry and chronically poor households was 0.5 percent for rural areas and 0.1 percent for urban. As for seasonal hunger, 16 per 1,000 households in rural areas and 3 per 1,000 households in urban areas reported getting enough food only in some months of the year. In the rural areas, expenditure on food was Rs 276.35 (55.46 percent of Monthly Per Capita Consumption Expenditure(MPCE)) and Rs 222 (44.54 percent) was on non-food consumption. These figures are marginally better than that reported in the previous round. Work force participation rate (WFP), which reflects the total number of people employed per 1,000 persons in the working age group, went up for males in both urban and rural areas and females in rural areas, unemployment rate increased for rural females and urban males. This happened because of an increase in the labour force participation rate (LFP), which indicates the number of people per 1,000 persons willing to work. For females in urban areas, both LFP and WFP went down resulting in higher unemployment rate.

Data as revealed in this round indicates that unemployment rate for males in rural areas decreased from 1.4 percent during the 56th round (July 2000-June 2001) to 10 percent in 57th round and in the urban areas it increased from 3.8 percent to 3.9 percent. The comparability of the two sample surveys has been a source of controversy. The data from the latest round-58th round show a quantum jump in employment growth from 1.07 percent in 1994-2000 to 2.04 percent during June 2000 to December 2000. The thin sample surveys between the two large sample years of 1993-94 and 1999-00 generally indicated that poverty incidence was increasing. However, the large sample-55th round revealed that it had dropped by about 7 percentage points across the country. So, it might be erroneous to infer trends or major shifts from such rounds. Ultimately, the prospects for expansion of employment with growth in output would depend upon employment-to-output elasticities, which have been declining secularly. The composition of output show a tendency to become highly capital intensive- the indirect evidence of this phenomenon is the declining share of wages and salaries in value added in the organized industrial sector19.
Fatalism or a sense of resignation clouds the personal vision of the poor is the most important factor in the efforts at transformation of their lives. There are very few role models in the community of poor for them to make much of the opportunities that come or strive for the same. Despite the claims of advancement of civilisations and technology, the poor man still retains a way of life- search for work and thereby sustenance-on a day-to-day basis that is no different from the hunter-gatherer of ancient origins. It is here that the State and NGOs can play an enabling role in providing opportunities and in transforming the quality of vision. There are probably two conditions under which rural non-farm employment could be useful in transforming the lives of the poor- one wherein the set of activities that are dynamic are identified and poor equipped with required special skills and rapid rural industrialisation with business process outsourcing relying on labour intensive technology for which again initial training need to be equipped. The multiplicity of schemes targeted at the poor needs to be pruned to the barest minimum so that developmental efforts are made in a concerted manner. Many non-poor corner benefits in non-targeted subsidies and transfers meant for the poor. It is apparent that despite there being no major consumption being made by the rural poor, many subsidies on kerosene and LPG continue to be made. In fact identification of the poor itself is a major problem and there is no clear evidence of involvement of stakeholders in the process of identification.

The critics of the mainstream practices that tend to focus on measurement for targeting needs to be seen in the context of problem of identification. Even the present study relies on the verbal reports of the respondents and the large-scale aggregate data by the NSSO seemingly compound the problem of measurement by indirect methods that is, through consumption and thereby being less than honest intellectually with the respondents. The reliability of the estimates may not matter much if the policy choices for anti-poverty focus on self-targeting approaches as the core intervention. As much of the poverty in India is transitory and vulnerabilities usually associated with gaps between work and income cycles of the poor, there is a clear need for assuring employment to the poor. This when delivered in conjunction with the involvement of ultimate stakeholders in the process of selection and delivery would reduce vulnerabilities and help boost the local economy through dynamic linkages. This
would also exclude automatically non-poor from the income transfers. The only
problem in such policies is in the process of delivery by State, which tends to be
contractor driven as asset creation is at the centre of attention. It is here that
decentralised delivery process wherein voluntary association of poor could make a
difference.

More broad based research is required to be carried out to analyse the
conditions under which rural non-farm employment has been a dynamic influence on
the lives of poor, as almost all movements out of poverty take place at the level of
individual households. Some of the important constraints to access that are cited in the
literature include health, nutrition, education and skills. The public provision being
the same for all poor households, there is a need to look at the issue again in terms of
specific relationships. The exact nature of the vulnerabilities of the poor need to be
documented at the local level along with a shelf of schemes of meaningful public
works to provide immediate succour through employment assurance.

In the present research study, despite the negative or marginal differences in
returns to labour, those who are employed therein prefer that on account of regular
nature of work, which implies a trade-off between the two. This aspect needs to be
looked into in detail. The claim of rural non-farm employment may be relatively more
valid if the thresholds of the poverty line are relaxed, which needs to be examined
separately. Further the major evidence for dynamic nature of the rural non-farm
employment hinges upon business process outsourcing through a network of
relationship built on trust that enables the big firm to produce cheaply and at the same
time protecting employment. Though there is a genuine concern that such out
sourcing may be at the cost of present high quality employment standards, if the
norms of decent work are not breached is a welcome feature. Much of the poverty it
has been observed is seasonal or transitory and is co-terminus with work availability
is a pointer to the continuity of hunter-gatherer existence. Consumption of quality
food items which is available to such households during seasonal availability of work
and rolling back consumption in times of stress as revealed by the discussions the
researcher had with the respondents speak of the continued necessity of coping
against vulnerabilities. A well designed social safety net to safeguard against such
vulnerabilities even while overcoming the moral hazard problem of dependence need to be worked out.

In conclusion it may be stated that the relationship between rural non-farm employment and poverty is more often than not driven by distress, in the face of unavailability and regularity of work in agriculture. Since this issue is at the level of households, there are exceptions. Though there are certain issues that affect access of the poor to rural non-farm employment, the widespread availability of such employment is not in evidence to conclusively prove that it hampered poor’s participation therein. The evidence on the counterfactual that some of those who could access it had acquired such skills on the job and household composition that support in the initial non-remunerative stints as trainees. The nature of rural non-farm employment being accessed at the village level is low after factoring the purposive nature of the sample population and as a microcosm has very few employment that could be termed as dynamic. At the non-governmental effort that is in place in the villages span credit, training and specific counselling and is not entirely focussed on the rural poor. Governmental efforts at intervention is evident only in the form of food grains delivered through fair price shops under TPDS, general maternal and child health care, old age pension for destitute and a very limited drought related public works. Anti-poverty nature of the rural non-farm employment sector is not very evident on a comparison with agriculture sector, though any additions to incomes of the poor are important in safeguarding against vulnerabilities. The hunter gatherer mode of existence continues to haunt the labouring poor, despite the profuse institutional attention and intervention. Much of the poverty is transitory-attributable to gaps in the rural employment cycles which continue to be linked to agricultural progress and monsoons. A well-structured self targeting employment programme to overcome vulnerabilities is an imperative for poverty reduction. The challenge in the poverty reduction initiatives lie in raising appropriate resources to provide such a safety net, commensurate with the need.
Notes and references


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