CHAPTER 9
SUMMARY OF FINDINGS AND SUGGESTIONS

9.1 INTRODUCTION

The process of rural economic transformation is intrinsically linked with the expansion of non-farm activities within the rural economy. However, the rural non-farm sector is generally characterized by an extraordinary degree of diversity, in terms of its composition, levels of earnings, types of skill required, linkages with other sectors of the economy, including agriculture. The very fact that the rural non-farm sector comprises of both high end occupations, with better earnings and higher skill intensity as well as low-end jobs with abysmally low levels of earnings, has led to a debate regarding the casual mechanisms underlying its expansion. The variations in the level as well as composition of the non-farm sector in different developing economies as well as regional settings has necessitated the study of its growth in terms of localized growth linkages, with a greater emphasis on local specificities.

The review of literature reveals that most of the studies have not focused to analyze the dynamics of RNFE by age, education and size of land holdings among social groups at different agro-climatic conditions by conducting the primary survey. There is hardly any effort to examine the patterns of investment, expenditure and profit margins of RNFE by social groups at different agro-climatic conditions by conducting the primary survey is another area of research not addressed by many studies under review. There are certain socio-economic constraints due to which a large number of SCs/STs are not able to take up jobs in the rural non-farm sector and hence, the growth of employment is limited. Identification of the problems that tend to limit the growth of RNFE and presenting solutions, therefore, is felt increasingly important one to ensure sustained growth of employment in the rural non-agricultural sector. As the labour market discrimination is one of the important sources of poverty and income inequality the factors contributing to
labour market discrimination, against SCs/STs in the rural non-farm employment sector is to be reviewed and explored.

Against this background, the present study is designed in such a way as to; review the existing studies on rural non-farm employment in India, emphasizing on social groups; to examine the trends and patterns of rural non-farm employment in general and among social groups particularly in Karnataka; to examine the distribution of workers in RNFE among social groups by age, education and size of landholdings at different agro-climatic conditions; to examine the investment and income patterns in rural non-farm employment among social groups in different agro-climatic zones; to offer policy guidelines for sustainable growth of RNFE among social groups at different agro-climatic conditions.

The study is based on both secondary and primary data. The secondary data were collected from NSSO and Census reports of India-Karnataka series. The household level survey was conducted in the eight villages of Raichur and Dakshina Kannada Districts in Karnataka State, covering 400 households for collection of primary data for the present study. The simple percentages, averages, ratios and co-relation coefficients were employed for data analysis. The important findings drawn from both secondary and primary data, in what follows, are summarized.

9.2 RURAL NON-FARM EMPLOYMENT IN KARNATAKA

The share of workers in non-agriculture was lower in the pre-reform as compared to the post-reform years for males and females, especially in rural areas. There has been a moderate shift of workers in favour of non-agriculture, particularly for males. Such a shift had inter-regional, gender and activity-wise variations.

The incidence of rural non-farm employment, at the all India level, increased gradually during 1972-73 to 1987-88 and after a period of stagnation during 1987-88 to 1993-94 to 1999-2000.
The data relating to distribution RNFE among social groups in India reveals that the proportion of workers in non-farm occupation is quite lower in rural area than in urban areas and in respect of STs / SCs as compared to others both in rural and urban areas. The workers belonging to STs / SCs have limited accessibility to non-farm occupation in which they can get more wages. This may certainly cause a greater incidence of poverty in rural areas as compared to urban areas and among STs/SCs as compared to Others, and among STs as compared to SCs. Going by gender the share of females in non-farms occupations is quite lower than of males in all the social groups and more so in the case of STs/SCs in rural areas.

The proportion of workers in RNFE was lower in the state as compared to the all-India rural level. Going by gender, the share of male workers in RNFE was found to be quite higher than that of females, implying that the females were constrained in diversifying their traditional occupations (agriculture and allied activities) in favour of non-agricultural pursuits. Several socio-economic and religious factors seemed to have continued to act as serious entry barriers for females to take up jobs outside agriculture.

The data on the percentage distribution of workers involved in different activities in the rural non-agricultural sector in Karnataka shows that trade, hotel and restaurant business; manufacturing; and services, both personal and community, were emerged to be important non-agricultural activities for both male and female workers in the state. The data indicate that the proportion of male employment in mining and quarrying; gas, electricity and water; and services registered a declining trend during 1987-88 to 2004-05, whereas in the case of trade, hotel and restaurant business; transport, storage and communication; and construction, it registered an increasing trend during the same period.

The proportion of workers, both male and female, in RNFE in the arid zone was found to be lower than that of the state average. This can be attributed to the poor performance of agriculture and lower rate of literacy and lack of transport networks in the region. The services, trade and commerce and
non-household manufacturing were found to be important activities for males, whereas in respect of females, the services and household manufacturing were found to be important activities.

The percentage share of total workers in RNFE in semi-arid zone was found to be higher. While the services, non-household manufacturing and commerce were observed to be predominant non-farm avenues for males, the services, and non-household manufacturing were important for females in the region.

The data on distribution of workers in RNFE in irrigated zone shows that the proportion of workers in RNFE was not quite significant as compared to the arid and semi-arid zones, especially in respect of male workers. The growth impulses of agriculture seems to have not made much impact on the growth of RNFE in the irrigated zone, as agriculture itself is a more productive and profitable occupation in the region.

The data on distribution of workers in RNFE in coastal zone indicate that the highest proportion of workers in RNFE as compared to all other zones, it witnessed a significant increase in 1991 over 1971, the bulk of increase occurred in respect of female RNFE. Among all the RNFE, the activates such as non-household manufacturing, trade and commerce and services are not only important but are also growing at a rapid rate as against other actives in the region.

The data relating to percentage distribution of workers in RNFA among social groups in Karnataka indicate that the proportion workers in RNFA was found to be quite significant in the case of Others as compared to that of SCs and STs. A similar trend was also observed among all the zones.

Going by activities the proportion of workers was found to be higher in other services followed by trade and commerce, non-household manufacturing and household manufacturing among all the social groups and it was quite lower in transport, storage and communication followed by mining and quarrying and construction in the case of all the social groups.
It has been observed that the percentage share of SCs/STs workers was found to be quite higher in mining and quarrying, household manufacturing construction and non-household manufacturing activities. While the percentage share of Others was found to be higher in trade and commerce, transport, storage and communication and other services.

The growth of male and female workers in RNFE was determined by several factors categorised into the agricultural growth-induced factors, distress-induced factors, human capital formation and degree of urbanisation. Agricultural growth-induced factors such as higher per capita income from agriculture, greater degree of commercialisation in agriculture, higher proportion of area under irrigation, higher cropping intensity and increased agricultural wage rates have better explained the growth of male RNFE as compared to that of female RNFE. On the other hand, the distress-induced factors such as higher proportion of small and marginal farmers to total farmers, smaller size of small and marginal holdings, lower land-man ratio and higher incidence of unemployment have better explained the growth of female RNFE as compared to that of male RNFE. Although the growth of RNFE was a multivariate phenomenon, the rate of literacy has emerged as an important factor in promotion of male as well as female RNFE in the state.

9.3 SOCIO ECONOMIC WELL BEING OF THE SAMPLE HOUSEHOLDS

The data on distribution of sample households by religion shows that most of the sample households are the Hindus, followed by the Muslims and the Others. Across zones, the share of households belonging to the Hindus was found to be more in arid zone as compared to that of those in coastal zone.

It has been observed that in most of the households of social groups, the share of nuclear household was found to be predominant and that of joint was smaller. The share of nuclear households, however, appeared to be higher in the case of SCs/STs as compared to that of Others.
A great majority of the sample households lived in own houses, followed by government provided and rented houses. Across social groups the proportion of households living in own houses was found to be quite higher in the case of Others, putting the figure for 85.8 per cent as compared to SCs/STs.

The data show that the housing status of the sample households is not congenial; a great majority of them stay in semi pucca followed by pucca, RCC and katcha houses. Across social groups the situation is palliative. The proportion of households staying in katcha and semi-pucca house was found to be quite higher in the case of SCs/STs as compared to Others. While the proportion of households staying in pucca and RCC houses was found to be quite higher in the case of Others as compared to SCs/STs.

The proportion of households with BPL Card was estimated at 80 per cent of sample households and a household with APL Card was estimated at 18.8 per cent and households with no card was estimated at 1.2 per cent. The situation across social groups is not similar. The proportion of households with BPL Antyodaya and Akshay was found to be relatively higher in respect of SCs/STs, more so in the case of SCs as compared to Others.

Going by social groups the proportion of households without electricity connection was found to be higher in the case of SCs/STs as compared to Others. While the proportion of households with own electricity connection was found to be relatively higher in the case of Others as compared to SCs/STs. However, the proportion of households with electricity connection under Bhagya Jyothi scheme was found to be quite significant in the case of SCs and STs as compared to Others.

The data relating to sources of drinking water reveals that the public taps and open wells are the prime sources followed by private tap and bore with hand pump. Across social groups, the proportion of households who bring drinking water from public tap and bore with hand pump was found to be quite higher in the case of SCs/STs as compared to Others. While the proportion of
households who had private taps and open wells was found to be quite significant in the case of Others as compared to SCs/STs.

The data relating to sanitation facility shows that a smaller proportion of the sample households have individual sanitation and access to community latrines, depending invariably on open defection in the countryside. Going by social groups, the data show that the proportion of households with individual sanitation was found to be quite higher in the case of Others as compared to SCs/STs.

Going by social groups the proportion of household assets was found to be relatively higher in the case of Others as compared to SCs/STs. This implies that the asset position was found to be less in the case of socially disadvantaged and economically marginalized sections of the society, namely, SCs/STs. Similarly, the proportion of agricultural assets was found to be quite significant in the case of Others as compared to SCs/STs.

The data on distribution of households who had access to social security programmes indicate that a smaller proportion of households accessed the social security programmes. Going by social groups, the proportion of households accessing the social security programme was found to be relatively higher in the case of SCs, followed by STs, as compared to that of Others.

9.4 LIVELIHOOD STRATEGIES OF RURAL NON-FARM HOUSEHOLDS

The average size of the sample households was estimated at 5.8 persons. Going by social groups it was slightly higher in respect of SCs followed by STs as compared to Others. The data also show that the average size of the sample households in arid zone was found to be bigger than that of those in coastal zone.

The rate of literacy was found to be awfully lower in the case of females as compared to the male counterpart. Going by social groups, the rate of literacy was estimated as low as at 65.9 per cent in respect of SCs followed STs (72.6) per cent as compared to Others (80.9 per cent).
The work participating rate (WPR) was estimated at 62.3 per cent in the study region as a whole. Across the agro-climatic zones, it was found to be higher in coastal zone than that in arid zone. Similarly, going by socially disadvantaged and economically marginalized sections of the society; it was quite significant in respect of SCs/STs as compared to Others. The WPRs were found to be quite higher for males as compared to females in all the social groups, both in arid and coastal zones.

The average number of working population was estimated to be significantly higher in the case of SCs/STs as compared to Others. Similar picture tends to prevail in almost all the sample villages of both the zones and more so in the case of coastal zone.

The educational background of the workers belonging to SCs/STs was awfully lower as compared to that of Others in the study area as a whole. Across gender, the female workers have had very low educational profile as against the male workers.

The proportion of landless households was found to be quite significant in SCs/STs as compared to Others. While the proportion of marginal farmers was significantly higher in the case of STs, followed by SCs, as compared to Others. The proportion of farmers with relatively more land, namely small medium and large farmers, was found to be higher in respect of Others as compared to SCs/STs. The proportion of households either with no land or a little land was found to be relatively higher in coastal zone as compared to arid zone.

The per capita borrowings as well as the average savings per worker was found to be significantly higher in the case of other households as compared to that of SCs/STs, consequently, the amount of average net savings was reported to be higher among other households.

A large proportion of the sample households members were involved in self-employment in non-agriculture, accounting for 33.9 per cent, followed by casual wage employment in non-agriculture (33.7 per cent), regular salaried employment (13.7 per cent), casual wage employment in agriculture (13.0 per
cent) and agriculture and allied activities (7.9 per cent). It is evident that among all the livelihood strategies, the self-employment and casual wage employment in non-agriculture were reported to be the important sources of employment.

The proportion of workers engaged in agriculture and allied activities was reported to be smaller in the case of SCs/STs as against Others, both in arid and coastal zones.

The proportion of workers engaged in casual wage employment in agriculture was estimated to be 12.9 per cent. Going by social groups, it was quite significant in the case of SCs/STs, as compared to Others.

Going by social groups the proportion of workers involved in rural non-farm employment was found to be quite significant in the case of Others as compared that of SCs/STs. The workers involved in rural non-farm employment were estimated at 79.8 per cent, 72.8 and 84.7 per cent in the case of SCs/STs and Others, respectively.

Across social groups the annual average household income was found to be much higher in the case of Others as compared to STs/SCs estimating at Rs.1,10,921, Rs.1,00,788, and Rs.90,247, respectively.

The per capita income was found to be significantly low in respect of SCs followed by STs as compared to Others. The per capita income was found to be not uniform across different livelihood strategies of the sample household. It was found to be relatively higher from the rural non-farm employment as compared to that from any other pursuits.

Going by social groups, average annual income per household was significantly higher in case of SCs/ STs. Across zones, the annual average income from agriculture per household was found to be relatively higher in the sample villages of arid zone as compared to that of those in coastal zone. The lower income per household in coastal zone can be attributed to lower per capital land and existence of a large number of landless households among the selected sample households.
The average annual income per household from casual wage employment in agriculture was quite higher in the case of SCs/STs as compared to Others.

It has been observed that in the case of rural non-farm employment the proportion of the annual average income per household was found to be quite higher in the case of Others as compared to that of SCs and STs, both in arid and coastal zones.

9.5. DYNAMICS OF RURAL NON-FARM EMPLOYMENT

The proportion of workers in the rural non-agricultural self-employment was found to be higher for males as compared to that of females in arid zone. Similarly, in the case of coastal zone the proportion of workers in the rural non-agricultural self-employment was found to be higher for males as compared to that of females. Similar trend by and large was also observed across social groups.

The proportion of workers having access to casual wage employment in the rural non-agricultural sector was found to be significantly higher in the case of SCs/STs as compared to Others. The proportion of workers in the casual wage employment in rural non-agriculture sector was found to be higher for males as compared to that of females in arid zone. However, interestingly in the case of coastal zone the opposite trend was observed that is the proportion of workers in the casual wage employment in the rural non-agriculture sector was found to be much higher for females as compared to that of males, because beedi rolling is a major casual wage employment in rural non-agriculture sector for females in this zone.

The proportion of workers engaged in regular salaried/wage employment in the non-agricultural sector was estimated to be 13.7 per cent of total main workers. Across social groups; it has been observed that the proportion of workers was significantly higher in the case of Others as compared to SCs/STs.
Going by activities and social groups, it has been observed that, the case of self-employment in non-agriculture, the proportion of workers was found to be quite higher in trade, hotel and business followed by tailoring, rural artisans, other services and manufacturing and repair in all the social groups viz., SCs/STs and Others. While in the case of casual wage employment in non-agriculture the proportion of workers was found to be quite significant in beedi rolling flowed by construction, other services, trade, hotel, and business, rural artisans and manufacturing and repair in all the social groups viz., SCs/STs and Others. Further in the case of regular salaried/wage employment the proportion of workers was found to be quite higher in private sector as compared to public sector in all the social groups viz., SCs/STs and Others.

The proportion of workers involved in self-employment in rural non-agriculture (SERNA) was found to be quite higher in the case of males as compared to females. The proportion of workers involved in SERNA was estimated at 76.3 per cent and 23.7 per cent in the case of males and females, respectively.

The proportion of workers involved in casual wage employment in rural non-agriculture (CWERNNA) was found to be quite significant in the case of males as compared to females. Nevertheless, this trend is not uniform across zones and activities in the study area. While in the case of coastal zone, the proportion of workers involved in casual wage employment in rural non-agriculture was found to be quite higher in the case of females as compared to males.

The proportion of workers involved in regular salaried/wage employment (RSE) was found to be also quite significant in the case of males as compared to females. The proportion of workers involved in RSE was estimated at 81.3 per cent and 18.7 per cent in the case of males and females, respectively.

The data relating to age group of worker reveals that the proportion of workers involved in SERNA tended to increase with increasing age groups.
upto certain level i.e., from 15-29 to 30-44 years and thereafter (age groups 45-59 to 60 + years) decline, both in arid and coastal zones and more so in coastal zone. This clearly shows that the younger persons are more likely to take up jobs in the self-employment in rural non-agricultural sector.

The proportion of workers involved CWERNA tended to decrease with increasing age groups, both in arid and coastal zones and more so in arid zone. This implies that the aged workers. (45-59 to 60+ years) with more experience and skills are more likely to start self-employment unit in the particular activity in which is they have in served as casual wage workers.

The proportion of workers involved in RSE tended to decrease with increasing age groups both in arid and coastal zones and more so in arid zone. This implies that the share of aged (age groups 45-59 to 60 + years) workers was relatively on decline due to the aging and also they are more likely to take voluntary retirement.

The proportion of workers involved in self-employment in rural non-agriculture tended to decrease with increasing levels of education, both in arid and coastal zones. This implies that the workers who are better qualified are not able to get jobs in the SERNA resulting in migration to urban areas in search of better job options.

The proportion of workers involved in CWERN tended to decrease with increasing levels of education, both in arid and coastal zones and more so in arid zone. Going by different activities it has been found that the proportion of workers who are illiterates and literate upto primary, secondary, higher secondary and above level of education was found to be quite higher in rural artisans, beedi rolling, manufacturing and repair and other services, respectively.

The proportion of workers involved in RSE tended to rise with increasing levels of education, both in arid and coastal zones and more so in coastal zone. Going by sector, the proportion of workers with higher level of
educational attainments was found to be quite significant in public sector as compared to that of private sector.

It has been observed that the proportion of workers involved in SERNA tended to decrease with increasing size of the land holdings. This implies that the workers with landless or with lower size of landholdings are more likely to take up jobs in the rural non-agricultural sector as compared to the workers with large size of landholdings. Across different activities the proportion of workers involved in trade, hotel and business activities was found to be quite higher in all the categories of farmers.

The proportion of workers participating in CWERNA tends to come down with increasing size of landholdings indicating the fact that a great majority of workers from the categories of landless and small sized landholdings. It has been found that the proportion of workers without land is quite significant in CWERNA as compared to other categories of farmers, both in arid and coastal zones and more so in coastal zone.

It has been observed that the CWERNA across different activities, in the case of arid zone the proportion of workers involved in construction and other services was found to be quite higher as compared to other activities. While in the case of coastal zone, the proportion of workers involved in beedi rolling, other services and construction was found to be quite higher as compared to other activities.

The proportion of workers engaged in regular salaried employment (RSE) tend to increase with decreasing size of land holdings. Across sector the proportion of workers engaged in public sector was found to be quite higher in large and medium farmer categories as compared to landless, marginal and small farmers. While the proportion of workers engaged in private sector was found to be quite significant in landless followed by marginal and small farmers as compared to medium and large farmers.
9.6. ECONOMICS OF RURAL NON-FARM EMPLOYMENT

The proportion of the average invested fixed capital was found to be quite higher in the case of Others followed by STs and SCs. While, the proportion of average invested working capital also found to be quite significant in the case of Others, followed by STs and SCs. This implies that the share of both fixed and working capital was relatively higher among the households with socio-economically better off sections of the society namely, Others and it was relatively lower among the households with socially disadvantaged and economically marginalized sections of the society, namely, SCs/STs.

Going by social groups, the proportion of self-employment activities who have higher range of total capital investment at the aggregate level was found to be quite significant in socio-economically better off section of the society, namely Others households. While the proportion of self-employment activities who have lower range of total capital investment in aggregate level was found to be quite higher in socially disadvantaged and economically marginalized section of the society namely, SCs and STs households.

The proportion of average invested fixed and working capital tended to rise with increasing size of the land holdings, both in arid and coastal zones. This shows that the share of average invested fixed and working capital was relatively higher among the households with more land and it was relatively lower among the households with less land and without land.

The proportion of average invested fixed and working capital tended to rise with increasing level of education upto certain level i.e., from illiterates to secondary level of education and thereafter (higher secondary and above level) decline, both in arid and coastal zones.

The proportion of average invested fixed and working capital tended to decrease as level of age groups rises, both in arid and coastal zones. This implies that the proportion of average invested fixed and working capital was relatively higher among the younger persons due to higher level of working
efficiency and it was relatively lower among the older persons due to lower level of working efficiency.

The proportion of average invested fixed and working capital was found to be quite significant in the case of males as compared to that of females, both in arid and coastal zones. In other words the proportion of average invested fixed and working capital was found to be higher among the male headed self-employment units and it was quite lower among the female headed self-employment units.

The proportion of average monthly turnover was found to be quite higher in the case of other households as compared to that of SCs/STs households, both in arid and coastal zones and more so in the case of arid zone. Similarly, the data on monthly margins show that they closely follow the total investment patterns. While the proportion of average monthly margins was found to be quite significant in the case of other households as compared to that of SCs and STs households, both in arid and coastal zones and more so in arid zone.

The proportion of average monthly turnover tended to rise with increasing size of land holdings (from marginal farmers to large farmers) both in arid and coastal zones. Similarly the proportion of average monthly margins tended to rise with increasing size of land holdings (from marginal farmers to large farmers) both in arid and coastal zones.

The proportion of average monthly turnover at the aggregate level was found to be quite significant in trade, hotel and business followed by other services, manufacturing and repair, rural artisans and tailoring. Further, the proportion of average monthly margins was found to be quite higher in manufacturing and repair followed by trade, hotel and business other services rural artisans and tailoring.

The share of average monthly turnover and average monthly margins was relatively higher among the households with higher level of educational attainments and it was relatively lower among the households with lower level of education and without education. The share of both average monthly
turnover and average monthly margins was relatively higher among the activities with younger persons, and it was relatively lower among the activities with older persons.

The proportion of average monthly turnover was found to be quite significant in the case of male headed activities as compared to that of female headed activities, both in arid and coastal zones. Similarly, the proportion of average monthly margins was found to be quite higher in the case of male headed activities and it was quite lower in the case of female-headed activities both in arid and coastal zones.

The annual average income per household from self-employment in rural non-agriculture was found to be higher in arid zone as compared to that in coastal zone. The income per household was higher for the sample households of the Other households as compared to SC/ST households both in arid and coastal zones, and more so in arid zone.

The data revealing annual average income from SERNA by activities indicate that the proportion of annual average income per households was found to be quite significant in manufacturing and repair followed by trade, hotel and business, other services, rural artisans and tailoring.

The proportion of total annual income from SERNA tended to decrease with increasing size of the land holdings, both in arid and coastal zones. This implies that the share of total annual income from SERNA was relatively higher among the households without land and with little land and it was relatively lower among the households with more land.

The data indicate that the proportion of annual average per capita income tend to rise as level of education rises upto a certain level i.e., from illiterate to secondary level of education and there after (higher secondary and above level) decline. The decline in the annual average per capita income at higher secondary and above level in self-employment in rural non-agriculture implies that the worker who are better qualified are not fully involved in the self-employment activities, this is due to the reason that they may be also working in white collar or regular salaried jobs.
The households of SCs/STs derived higher proportion of income from non-agricultural wage employment as compared to that of Other households. Across the sample villages of arid and coastal zones, it was found that the income per household was significantly higher in coastal zone as against arid zone. Similarly, the proportion of income from casual wage employment in non-agriculture was estimated to be awfully lower in the sample villages of arid zone as against coastal zone, especially in the case of SCs/STs.

Across activities, the proportion of annual average income per household was found to be quite significant in trade, hotel and business and rural artisans as compared to other types of activities. It is evident that there had been a considerable variation in the income earnings from casual wage employment in rural non-agriculture by social groups, activities and zones.

The data reveal that the proportion of total annual income from CWERNA tended to decrease with increasing size of the landholdings. This implies that the share of total annual income from CWERNA was relatively higher among the households without land and with little and it was relatively lower among the households with more land. A similar trend, by and large, was also observed in respect of per capita income by size of landholdings and zones.

The data indicate that the proportion of annual average per capita income tended to rise with increasing level of education. This implies that the share of annual average per capital income was relatively higher among the workers with higher level of educational attainments (secondary and higher secondary) and it was relatively lower among the workers with low level of educational attainments and illiterates.

The distribution of annual average income from regular salaried employment by sector and social groups indicate that the proportion of income from regular salaried employment, which accounted for 21.7 per cent of total household income was estimated at Rs.60,360. It was not uniform across social groups and sector. Across social groups the proportion of total annual income was found to be quite higher in the case of Others as compared to SCs/STs.
Similarly, the proportion of average annual income per worker was found to be quite significant in the case of Others as compared to SCs/STs.

The proportion of average annual income per household was found to be quite highest in public sector as compared to private sector. This implies that the large income differential between public and private sectors, along with security of service and many other benefits, is the single most important reason for the preference for basic sector employment.

The data reveal that the proportion of total annual income from RSE tended to decrease with increasing size of land holdings both in public and private sectors and more so in private sector. This implies that the share of RSE was relatively lower among the households with more land and it was relatively higher among the households without land and with little land.

Across sector and zones, the proportion of total annual income as well as average annual income per worker in public sector tended rise with increasing levels of education, both in arid and coastal zones and more so in coastal zone. While the proportion total annual income and average annual income per worker in private sector tended to rise with increasing levels of education upto a certain level i.e., from illiterates to secondary education and thereafter (higher secondary and above level) decrease.

9.7. POLICY IMPLICATIONS

Based on the above findings, the following policy suggestions can be made to evolve the appropriate policy packages to ensure sustainable and balanced development of farm and non-farm employment in the state.

Since there has been a gradual decline in the growth rate of employment in the state, particularly in rural areas a comprehensive and integrated employment generation programmes should be worked out and implemented effectively.

The proportion of involvement in rural non-farm employment was found to be lower for rural females. Their participation in economic activities is under severe dip. Therefore, down to earth research must be encouraged to
find out the reasons and accordingly necessary steps should be initiated to build up the institutional capacity of the woman so as to enable them to undertake different economic activities in the market driven economy.

The quality of employment particularly in rural areas in respect of females has been deteriorating in the recent past. This is not a healthy sign of economic development of the state. Hence, in order to generate qualitative and sustainable employment in rural areas in general and for females in particular the government should take concrete steps to bring about necessary policy improvement in the days to come.

At the state level, the RNFAs such as manufacturing and repair, trade, hotels and business, tailoring, rural artisans, construction, beedi rolling and other services have been the major emerging activities for all workers. Among all the RNFAs, manufacturing and repair, trade, hotel and business, construction, rural artisans and other services for males and tailoring and beedi rolling for females are becoming increasing important activities in rural Karnataka. Therefore, appropriate policy packages should be worked out for further development of such activities in different parts of the state.

The only way that the incremental labour force in rural area can be meaningfully employed is through sectoral diversification. However, more growth of RNFE need not be as healthy as this may occur due to people seeking shelter in activities outside farming, as a residual sector, as their last resort. Industries and some of the service activities that have high employment, that are linked with other productive sectors should be encouraged to bring about sectoral diversification by creating jobs at higher levels of productivity.

The number of jobs thus created within farm and non-farm sectors may not be high, but the infrastructural development strategy should result in higher productivity, which is the need of the hour. Special care must be taken to cover the arid zone.

The growth and diversification of employment away from agriculture is not uniform within the state. There is a significant zonal disparity in the growth of agricultural as well as non-agricultural employment. Therefore, to reduce
such zonal disparity, zonal specific developmental programmes should
effectively be implemented in each zone of the State. So that the regional
disparity can be reduced.

Arid zone has not much diversified its economic activities within and
outside the agriculture as compared to coastal zone. Therefore, to promote
agricultural allied activities such as dairy, sheep rearing, poultry farming etc.,
in agriculture and petty manufacturing activities, trade, hotel and business and
service related activities in rural non-farm sector should be promoted by
initiating special programmes in arid zone, so that the regional disparity can be
reduced and out migration of rural workforce can also be arrested.

In the 1990s, since the growth of non-farm employment is rather slow in
the state and even negative in female non-farm employment in rural areas,
necessary programmes relating to improving their working skills, provision of
adequate credit, demand driven infrastructure facilities, etc., should be
administered with the help of local people centred organizations like PRI,
NGO, SHGs, Water Users Associations etc., particularly in arid zone.

The growth of non-farm employment for rural females is not only much
lower than that of male workers but also started to decline significantly.
Therefore, "gender specific", programmes, to undertake non-farm business,
would effectively be implemented on group basis through NGOs in rural areas.

The growth of non-farm employment in arid zone in general and for
females in particular is mainly due to poverty related factors. The activities,
which get started under distress conditions, may not sustain and yield good
results. Therefore, innovative programmes should be initiated in the farm
sector to produce "growth dynamism" which could translate the growth
impulses into non-farm employment in such agriculturally backward zone. So
that "zone gap" and "male –female differentiation" in the growth of RNFAs
can be minimized.

There is a tremendous scope for the expansion of the rural non-form
occupations in the State. At present, the growth of the non-farm economy
seems to be restricted to a few well-communicated rural localities of the state.
A great deal of special concentration in rural non-farm sector employment in the state has been very clearly brought out in the study. There is a clear need for a more dispersed rural non-farm sector growth.

There is a sharp difference in access to non-farm occupations, along both ethnic and class lines. This is intrinsically related to the complexities of the political economy of development of the state. While in overall terms, the other households have a higher presence in the rural areas, most of the SCs/STs households who are in the non-farm sectors are in the relatively high earnings jobs within the sector. The growing inequality of opportunities in Karnataka State particularly among the indigenous communities of the state, is at least partially, responsible for this kind of a hiatus in the rural labour market. Large numbers of SCs/STs households continue to remain tied to agriculture, but a few who manage to move out, have entered the relatively better paid jobs like government services and business. This calls for a re-evaluation of the various government sponsored schemes, particularly the self employment schemes.

There is an urgent need to identify and prioritize the rapidly growing rural non-farm occupations to dovetail their sector specific needs to a comprehensive strategy of employment generation in rural Karnataka. Not all the non-farm occupations where employment has been growing in the past are suitable for state intervention in a big way. But some sectors like rural manufacturing and trade, hotel and business needs additional attention. Over the past decades, there has been a growing demonstration effect of certain consumption patterns in the rural areas. There has been a phenomenal growth of these sectors in the rural areas. Women, particularly those belonging to the SCs/STs communities have already taken a lead in establishing small self financed micro-enterprises in vegetable vending and petty trading. All these activities should be made part of the strategy to generate more employment, particularly more self-employment in the rural areas. Among the basic needs of these enterprises is credit and marketing support. There is a scope for better horizontal as well as vertical co-ordination among various agencies working in these areas.
Given the overwhelming significance of education as a determinant for entry into non-farm occupations, education has to be made more accessible to all sections of the population. Therefore, significant rural urban as well as gender divide interms of access to education in the state. Apart from addressing these glaring inequalities, there is a clear case for special educational drives for specific marginalized groups such as inaccessible and border areas traditionally marginalised ethnic groups, migrant casual labourers, tenants as well as those living in labour camps.

As the quality of rural employment, particularly for males has been deteriorating, appropriate steps should be taken to generate sustained, qualitative and productive employment. The accessibility of such employment by the poor will have poverty reducing and income equalizing effects.

In view of growing labour force with higher educational attainments, on the one hand, and declining employment elasticity in self employment in rural non-agriculture and also casual wage employment in rural non agriculture sector, on the other the growth of male as well as female RNFE has to be accelerated than ever before.

In the Indian labour market, we can see that there has been a vast majority of illiterates female and male workers and next highest category of workers are literate at lower levels (Primary and Secondary). A larger share of the rural people represents the workers of low educational background. For the problem of unemployment and poverty, the current wage employment programmes should more effectively be implemented emphasizing more for illiterate rural workers.

For the educated labour force (higher secondary and above level), the on-going self-employment income generation programmes should be implemented in such a manner that the sustained, adequate and productive employment opportunities are generated.

The rural non-agriculture sector should be promoted so as to generate sustained; productive, non residual remunerative employment opportunities that can be easily accessible to the rural people.
Qualitative and demand driven rural infrastructural facilities should be made available in the countryside so that widely dispersed and sustained employment opportunities can be generated in the rural non-agricultural sector by implementing the ongoing wage based employment and the self employment programmes.

In order for non-farm earnings to offer a pathway out of poverty, rural households and policy makers may need to invest in rural education and health in order to improve the existing human capital stock of the rural people. At the same time, policy makers will need to remove existing economic and social barriers that limit entry by the rural people into lucrative non-farm professions. Fluid labour markets, with good transportation and communication systems connecting rural households to regional and urban markets will provide a key bridge, linking the rural people to growing opportunities in the non-farm economy.

The non-farm employment comprises three sub sectors: regular employment, causal employment and self employment. This study documents that regular non-farm employment is associated with high consumption levels, but shows that those with low education levels, low social status and low wealth are not well represented in this sub-sector. Education, social status and wealth seem less relevant for employment in casual non-farm employment, although there is some evidence that lower levels of education are helpful in gaining access to casual non-farm employment, self employment in the non-farm sector seems to be particularly heterogeneous, comprising both last resort as well as productive activities. On balance involvement in this sub-sector also appears to require some education, wealth and social status—perhaps less strongly so in the most recent survey year.

Policy makers aiming to alleviate poverty should continue to explore options for promoting the non-farm sector. This study suggests that efforts should be made for the promotion of non-farm opportunities that do not impose barriers to entry. These efforts can be expected not only to directly raise the income levels of the poor who gain access to such jobs. They are also likely to
contribute to poverty reduction by raising the wages received by those who remain employed as agricultural laborers.

Non-farm activities play an important role on the determination of rural households incomes in the study area as a whole. On an average, non-farm income accounts for about 93.6 per cent of total household income. The share of self-employment exceeds the share of casual wage-employment and regular salaried employment income across all categories of rural households. This suggests the need for more attention to the service sector and to casual wage employment versus the self-employment. While a majority of households do diversify their activities, access to high-return non-farm activities might be limited in terms of special skills or access to assets. Indeed, the evidence presented in this study clearly points to the fact that those with low education and with little, no land are mainly involved in low return non-farm activities.

A key determinant of participation is more remunerative non-farm activity is education. Hence, education is an important advantage to alleviate poverty if non-farm activities are to compensate for asset disadvantages. Getting rural households out of poverty requires investments in rural education, as well as efforts to increase access of the rural youth to schooling and to prepare to access well-remunerated non-agricultural employment. This is particularly important if the expanding non-farm sector increasingly favours employment that requires skill and education. Of course, raising the capacity of the poor to participate in the better-paid non-farm activities via education will be effective only if the overall business environment is favourable and if the job creation is on the rise.

The number of adult females in the household and female education affect labour allocation in systematic fusion, which indicates that women do not play marginal role in the non-farm sector. The relatively equal results regarding human capital across gender probably explains the relatively low gender gap in the education in the study region. A policy implication could be, using non-farm employment as sole criterion, female education does not seem to be a waste investment in the Karnataka. In addition, advanced education
could make women more financially independent as less emphasis is put on unpaid work on the family farm.

Households that belong to scheduled castes/tribes or that belong to the general category are less likely to participate in unskilled wage labour compared to households of members of other backward classes. This suggests that households that belong to other backward classes find themselves in unfavorable conditions relative to other households when it comes to accessing high skilled wage employment. Job reservation has been seen as the most important of the public concessions towards scheduled castes/tribes in India and there is demand to extend reservation to persons who belong to other backward classes. My results suggest that if the job reservation policy is to be extended beyond the scheduled caste/tribes, then households from the other backward classes may have a strong case.

Above all, the government should allocate a larger proportion of resources to provide the demand driven infrastructure facilities such as all weather road, marketing networks, farming institutions, education, health care systems, electricity and the like, provision of such infrastructure facilities would certainly generate externalities which work as incentives for rural entrepreneurs to initiate innovative programmes in non-farm sector, so that sustainable development of non-farm sector can be ensured.

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