



RURAL NON-FARM ECONOMY AND RURAL TRANSFORMATION IN INDIA: A GENDER-BASED ANALYSIS

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This study explores the Rural Non-Farm Economic condition and women participation in RNFS. A sector-wise distribution of workers shows that the proportion of males employed in the farm sector has been declining in favor of the Non-Farm Sector (NFS), while the females are more concentrated in the farm sector. Thus, females stand in a more disadvantageous situation in RNFS. A rapidly growing population in India has not only increased the size of the rural labor force but has also led to fragmentation of land holdings. Thus, this sector alone cannot create additional employment opportunities, even in high growth agriculture states of India. This has led to the growth of non-farm sector. The rural labor market has undergone profound structural transformation with labor moving from agriculture towards non-agricultural activities. Currently, non-farm sector is no longer a residual sector, but an emerging driver of rural development and transformation, contributing 65% to the rural Net Domestic Product in 2010.

Keywords: Rural non-farm economy, Net Domestic Product, women participation

INTRODUCTION

The conventional understanding of rural economy in the past was to equate it with an economy, which is dominated by agriculture with lopsided marketing, transporting and agro-based processing industries. But this scenario has begun to change in past few decades for the most of rural economies of developing countries including India. The large numbers of the rural economies are passing through the process of transformation with the introduction of agro-based industries. Development of services sectors along with modernizing the long prevailing traditional agricultural sector. The degree and extent of this transformation may vary from country to country and region to region within the country. Rural development attaches increasing importance to the rural non-farm sector. Traditionally, rural households in developing countries have been viewed as though they were exclusively engaged in agriculture. There is mounting evidence, however, that rural households can have highly varied (and often multiple) sources of income. Rural households can, and do participate in a wide range of non-agricultural activities, such as wage employment and self-employment in commerce, manufacturing and services, alongside the traditional rural activities of farming and agricultural labor. Such non-farm incomes can contribute significantly to total incomes of farming households in developing countries.

There is a fear in many parts of the world that rapid growth in agriculture during the next few decades may remain elusive, and that with the absence of other sources of rural growth it will be difficult to maintain, much less raise, rural per capita living standards. The result could be rising rural poverty and an acceleration of migration to urban areas. This is one of the important reasons for transformation of people from farm sector to non-farm sector.

OBJECTIVE OF THE STUDY

- ♦ To study gender wise aspect of RNFS in India.
- ♦ To analyze the contribution of RNFS in NDP.

REVIEW OF LITERATURE

A study conducted by Jayasheela et al, (2003) found that non-farm activity has been immensely helpful for the villagers as it not only provided employment but also good income all the year and checked migration to a large extent.

Murthy (2005) has examined rural non-farm employment in India by using NSS data. He has concluded that rural non-agricultural sector has not performed the safety-net function admirably by absorbing those who could not find employment in agriculture in the service sector and, to a lesser extent, in the manufacturing sector. It has contributed to the livelihoods of the poor.

Sharad Rajan (2009) has attempted to assess trends in the pattern and nature of employment in the rural non-farm sector in India between 1973 and 2005. The study has found that during this period, the total number of workers expanded more in the non-farm sector than the farm sector. The proportion of non-farm employment in total rural employment has risen from 16.6 per cent in 1977-78 to 23.7 per cent in 1999-2000 and to 27.6 per cent in 2004-05. The gender specific count showed that the rise in male workers was larger than the rise in female workers. The percentage of males rose from 16.7 per cent in 1972-73 to 33.5 per cent in 2004-05 whereas that of females registered a rise from 10.3 per cent to 16.7 per cent. In the non-farm sector, the manufacturing sector is the largest source of non-farm employment and the second largest nonfarm employment source was other service sectors.

Singh (2005) has found that women in the brick industry in Haryana were mostly migrant labourers from areas within as well as outside the state. They are no better off than other poor women in the unorganized sector, with ignorance and illiteracy compounding their social and economic suffering. The study has observed that the lives of women working in brick kilns are exhausting and tough.

Himanshu, Peter Lanjouw, Rinku Murgai and Nicholas Stern: The rural non-farm sector shows huge heterogeneity, both in terms of sectors, and in terms of type of employment. Regular non-farm employment is typically highly required after and most clearly connected with relatively high and stable incomes. Two-fifths workforce was involved in self-employment of the non-farm rural in 2009-10. The author used the data of nonfarm of palanpur, there are two explanations for the slow growth of regular non-farm employment. First, it appears that closing in the late 1980s of the cloth mills in the locality of Palanpur, was not reversed in the years after 1993. Second, his analysis reveals that an important number of households and individuals who reported regular non-farm employment in 1983-84 were no longer residing in the village by 2008-09.

This villages study suggest that the non-farm sector is not only growing incomes and decreasing poverty, but appears as well to be breaking down long-standing barriers to mobility between the poorest sectors of rural society. The concern is that failure to keep such disparities in check could creep up the pro-poor impacts that we currently see from the on-going process of structural transformation proceeding in rural India.

Mukhopadhyay, et al., (2008) have examined the inter linkages of non-farm sector in their study on non-farm occupation in India. Absence of appropriate forward as well as backward integration greatly affects performance of non-farm activities in rural areas. It is noted that rural non-farm employment are not a substitute for employment in agriculture but rather as a supplementary measure. Forward linkages of the rural non-farm sector demand the outputs of other sectors. The study has indicated that forward linkages from non-farm activities to agriculture are particularly important where traditional agricultural technologies are utilized, while in the case of backward linkages between non-farm activities and farm activities, especially the linkages between transport and marketing activities are quite significant for rural economic development. It is important to note that the gaps in the integration of the production linkages brought about by poor infrastructure, low accessibility of market lack of support services and intervention of middle men have constrained the development of non-farm enterprises in India.

METHODOLOGY

The study is based on the analysis with the help of secondary data. Secondary data is collected from the secondary sources such as Jharkhand Economic Survey, NSSO rounds report is used to study the transformation of non-farm sectors and gender-wise participation on non-farm sector.

Collected data has been analyzed by using statistical tools. Data and results have been presented in tables and shown in statistical graphs.

GENDER ASPECTS OF RURAL NON-FARM EMPLOYMENT IN INDIA

Table-1 shows the gender-wise distribution of rural workers in non-farm activities in percentage. In the pre-reform period from 1977-87 to 1993-94, the employment of male workers in non-farm activities increased from 19.3 percent in 1977-78 to 25.4 percent in 1987-88 to 26 percent in 1993-94 showing a 6.7 percent points increase. For females, it was 11.8 percent in 1977-78 which marginally increased to 12.5 percent in 1983. In 1987-88 there was a notable increase in female participation in non-farm sector (15.3 percent), which indicates drought driven distress for female workers where they had to take up non-farm employment (sharad, 2007). From 1987-88 to 1993-94 there was a slight fall in female participation in RNFE to 13.8 percent. On the other hand, in post-reform period, male participation increased from 26 percent in 1993-94 to 33.5 percent in 2004-2005 and further to 37.2 percent in 2009-10 showing a more than 11 percentage point increased while for

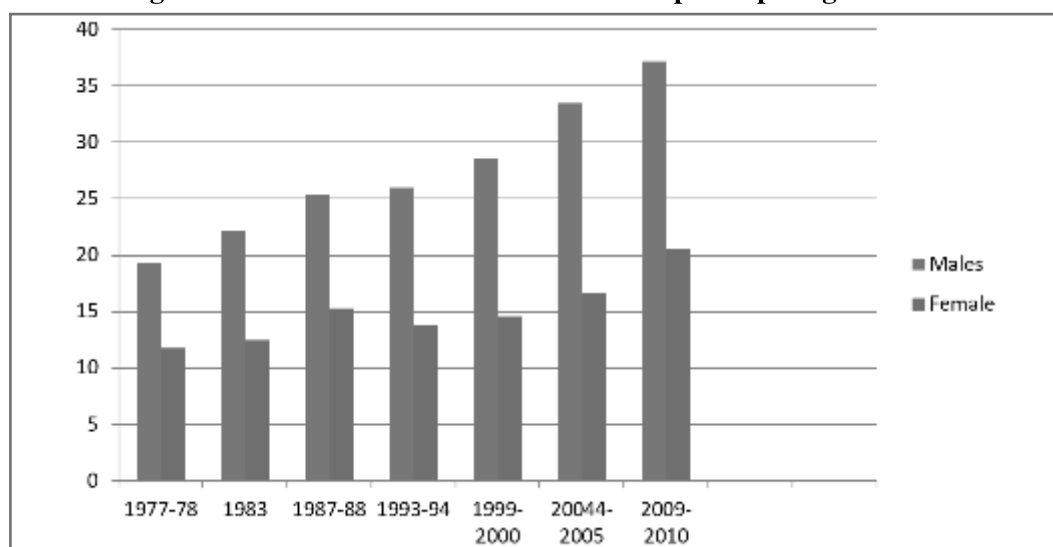
females, it was 13.8 percent in 1993-94, that increased to 14.6 percent in 1999-00, to 16.7 percent in 2004-2005 and 20.6 percent in 2009-2010 showing a 7 percent point increase.

Table-01 Gender-Wise Distribution of Rural Workforce (PS+SS) in Non-farm Activities (%)

Year	Persons	Males	Females
1977-78	16.6	19.3	11.8
1983	18.5	22.2	12.5
1987-88	21.7	25.4	15.3
1993-94	21.6	26.0	13.8
1999-2000	23.7	28.6	14.6
2004-2005	27.6	33.5	16.7
2009-2010	32.1	37.2	20.6

Source: Various relevant NSSO rounds on Employment and Unemployment

Figure-1 Share of male and female workers participating in RNFS



Source: Various relevant NSSO rounds on Employment and Unemployment

There has been a consistent rise in the number of male workers engaged in the non-farm sector in the pre-reform period but a tremendous increase in male participation post-reform; while for females, there was a marginal increase, eventually leading to a decline in participation in rural non-farm activities in the pre-reform period, but a consistent increase in the post-reform period. This shows that over a period of time, both male and female

participation in RNFE has increased (keeping aside exceptional situations like drought and economic crisis). Almost 38 percent of rural males are engaged in the non-farm sector as compared to about 20 percent of rural females indicating a gender disparity in employment in non-farm activities. Various studies conducted in different counties of the world put forward that women are more likely to get engaged in low-productivity, low-return activities within the non-farm sector; thus their earnings from non-farm activities are almost one-third lower than men. It, therefore, becomes essential to identify and provide for high-income generating additional employment opportunities in the non-farm sector for females so as to increase their participation in the same.

Female Participating in Non-farm Sector

The most obvious fact is that the proportion of women in agriculture is comparatively larger than their male counterparts. This is true at the all-India as well as at the state levels, and for the rural as well as the urban sectors. Within the non-agricultural sector, the largest source of employment for rural women both at the state and all-India levels is the manufacturing sector, followed by the services sector.

The share of these sectors in rural female employment is proportionately larger (because the share of agriculture is smaller) and a small proportion of women are involved in trade. In many countries, the ability of women to work outside the home is limited. Males have a comparative advantage in RNFS activities because of their ability to travel away from home and to earn a higher wage rate, while women take household responsibilities relating to cooking, child care, etc. the opportunity cost of the time of women also bears little relation to the agricultural wage. Working in cottage industry is particularly useful for women from the point of view of combining it with household work; an employment in cottage industry is most often a part-time occupation for women.

Structural Changes in Rural Economy

Agriculture is no longer the dominant sector of the economy. The share of agriculture has declined from about two-thirds (64.36%) of the rural national domestic product (NDP) in 1980-81 to about a little over one-third by 2009-10. It is now the non-farm activities which together account for almost two-thirds (65%) of the rural NDP. The drivers of change have been construction, trade, hotels, transport, storage and manufacturing. The share of construction has increased from about 4 percent in 1980-81 to 15 percent in 2009-10. During the same period, share of trade, hotels, etc. have increased from about 7 percent to 18 percent. On the other hand, share of transport and storage has increased from about 1 percent to 7 percent. The share of manufacturing, which had the highest share in non-farm output in 1980-81, has been reduced to lowest share of about 12 percent in 2009-10. What is noteworthy is that though these changes have been in evidence since early 1980s, the acceleration of the shifts in the rural production structure has been more in evidence since 2004-05. Overall, the faster growth of non-farm sector resulted in growing productivity

differences between agriculture and non-agriculture. The productivity gap between agriculture and non-agriculture increased from 1:2.7 in 1993-94 to 1:5.6 in 2009-10 (Papola, 2013).

Table 2: Changing Structure of Rural Net Domestic Product (NDP)

	1980-81	1993-94	2004-05	2009-10
1. Agriculture	64.36	56.99	38.34	35.00
2. Non-Agriculture	35.64	43.01	61.66	65.00
Manufacturing	9.16	8.15	11.13	11.85
Construction	4.05	4.61	7.91	15.00*
Trade/ Hotel, etc	6.68	7.77	14.98	18.00*
Transport/storage	1.32	3.41	5.81	7.00*

Source: Papola (2013) *Projected

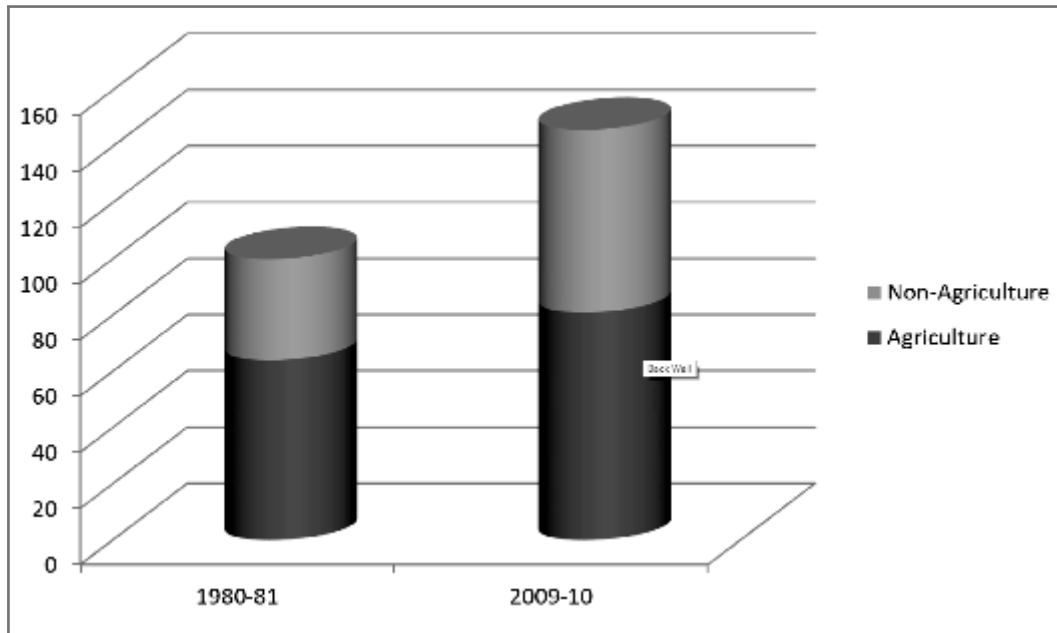
Non-agriculture sector emerged as a dominant sector in the rural Net Domestic Product (NDP). In the early eighties, agriculture used to contribute about two-third of the NDP which has reduced to about one-third in the recent years. Importance of non-agriculture sector has also increased in terms of employment. Non-farm sector now employs about one-third of the rural work force in India against only one-fifth in the eighties. In the recent years, agriculture sector employs about two-third of the rural work force in India compared to the four-fifth of the labor force in the early eighties.

Table 3: Trends in output and employment in rural India (%)

Year	Structure of Rural NDP		Trends in Employment in Rural India based on Usual Status	
	Agriculture	Non-Agriculture	Agriculture	Non-Agriculture
1980-81	64	36	81	19
2009-10	35	65	68	32

Source: NSSO Employment and Unemployment Surveys

Figure 2: Structure changes of Rural NDP



Source: NSSO Employment and Unemployment Surveys

SUGGESTION AND CONCLUSION

Rural economy in India is undergoing a rapid structural transformation of which rural non-farm employment has a pivotal role. The study explores that RNFE is emerging as one of the key drivers of rural development and transformation, contributing 65% to the rural Net Domestic Product in 2010. While agriculture experienced a net decline in production from 64% in 1980-81 to 35% in 2009-10, the share of non-farm sector in Net Domestic Product experienced a sharp increase to the tune of 36% in 1980-81 to 65% in 2009-10. There is a significant gap between the male and female contribution in RNFS, it means that a large number of rural females seek employment only at the time of distress situations of the households, and once normalcy returns, they withdraw themselves from employment. Results of our study indicate that RNF activities can be facilitated through supporting education in the villages, building better infrastructure and road network in rural areas.

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