

Original Research Article

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## The rural non-farm sector: trends and distribution of rural workforce

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### ABSTRACT

#### Keywords

Non-farm  
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Indian economy has been witnessing a transformation in its occupational structure since the past few decades. There is an increase in rural non-farm employment along with a decline in the agricultural employment. The present study analyzed the trends and distribution of rural workforce in rural India using different rounds of employment and unemployment survey data by National Sample Survey Office (NSSO) and a village level household survey for 46 farmers in villages Shikohpur and Nuh from districts Gurugram and Mewat respectively in Haryana. The results showed that rural non-farm (RNF) employment is increasing but there is increase casual women workers in rural areas. Also, there is wage disparity between male and female workers. The wages were however positively related with years of schooling. It was observed that majority of the landless, marginal and small farmers were augmenting their income from other than farming their own land. Many landless and marginal farmers opt to work as hired labor in others farms whereas many take up employment in off farm income.

### Introduction

In India a large portion of population lives in rural areas and this population continues to grow at substantial rate. With less than 14.2 % contribution of agriculture in GDP, it has to bear the burden of more than 55 % of population (CSO 2010-11) further the land is a limited factor. Given the limits to arable land, such growth rate in the rural labour force will not be productively absorbed in the agriculture sector. Hence, the percentage of labour force employment is falling in agriculture sector. This is leading to disguised

unemployment in rural areas and migration of rural labour to urban areas and development of non-farm sector. Most of India's workforce remains primarily involved in agriculture but this has been changing since last decade. Recently, land-based livelihoods of small and marginal farmers are increasingly becoming unsustainable, as land has not been able to support the family's food requirements and fodder for their cattle. One of the important features of a developing state is the increasing contribution of non-farm activities to the income of its subjects in countries like India where a majority of the population lives in

rural areas, and diversion towards non-farm activities will help not only in decreasing pressure on the land but also potential to increase per capita income of the rural households (Ranganathan, Amarnatha, & Bisla, 2016). It is well known that agricultural growth stimulates non-farm activities through backward and forward linkages. Over the years, the rural non-farm sector has been gaining importance in providing gainful employment and additional income opportunities to the growing rural workforce.

Chand, Srivastava, and Singh (2017) showed the structural change of rural economy from farm-oriented to non-farm oriented. Athla, Kumar, and Joshi (2018) found that Non-agricultural GSDP (GSDPNA) also grew considerably in the 2000s, with the exceptions of Himachal Pradesh, Rajasthan, Bihar, and West Bengal. Goswami and Bhattacharyya (2014) showed that the proportion of male workers engaged in farm sector declined in favour of the non-farm sector. At the same time, a large proportion of females were engaged in farm sector leading to its feminization. In the eastern Himalayan region, Micevska and Rahut (2008) made an attempt to understand the determinants of participation in non-farm activities and incomes across rural households. Bhuyan and Mitra (2018) in Assam conducted study to determine the factors affecting non-farm activities and observed that education was the most significant factor. The rural non-farm sector (RNFS) encompasses all non-agricultural activities: mining and quarrying, household and non-household manufacturing, processing, repair, construction, trade and commerce, transport and other services in villages and rural towns undertaken by enterprises.

## **Materials and Methods**

Secondary data of National Sample Survey

Office (NSSO) and a village level household survey was done on rural non-farm employment for 46 farmers in villages Shikohpur and Nuh from Districts Gurgaon and Mewat respectively in Haryana to analyzed the trends and distribution of rural workforce in rural India. An analysis of extent of casualization in rural non-farm workforce has been carried out numerically and statistically. Numerical measures include calculation of compound annual growth rates, distribution of rural workers on the basis of employment status, index of casualization (measured as number of casual wage labourers) shown across the genders and social groups. The data was carefully examined to draw a logical conclusion about the factors affecting non-farm activities.

## **Results and Discussion**

The current trend in Indian economy reveals that the excessive dependence on agriculture as a source of livelihood is on continuous (steady) decline and rural employment base has accordingly witnessed a modest degree of diversification. The RNFS play a big role in reducing migration to a significant extent by generating employment opportunities outside agriculture. In case of migration of people, it was observed from Fig.1 that maximum people migrate from the state of UP and Bihar. Maximum people are dependent on agriculture followed by manufacturing, trade hotel and restaurant followed by construction sector as shown in Fig.2.

The distribution of usually employed rural persons by broad industry division observed decreasing from 1978 to 2008 in agriculture sector as shown in Fig. 3. There could be various reasons for this pattern. Some among them are the continuous and decelerating growth in agricultural sector due to decline in land productivity, high input costs etc. Growth rate of rural employment in non-

agriculture sector was observed highest for Panjab during the year 2004-2008(Fig 4) and sector wise employment elasticity (Fig-5) showed that construction and transport, storage and communication are positive but employment elasticity in agriculture is zero. Education wise average rural employment and

wage per day is shown in (Fig 6). Both the educated and uneducated people are getting employment in rural areas but it was observed that people with higher education in rural areas earn higher wage compared to their counterpart.

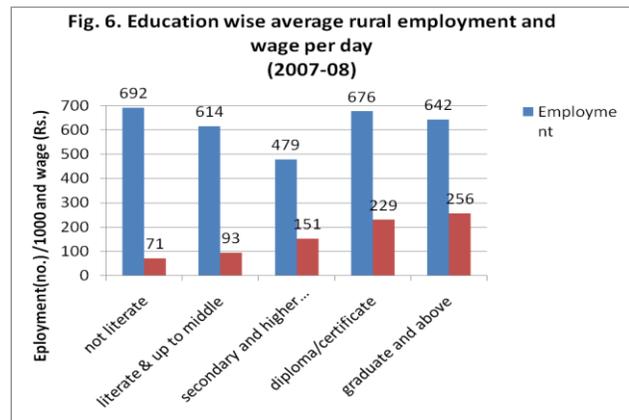
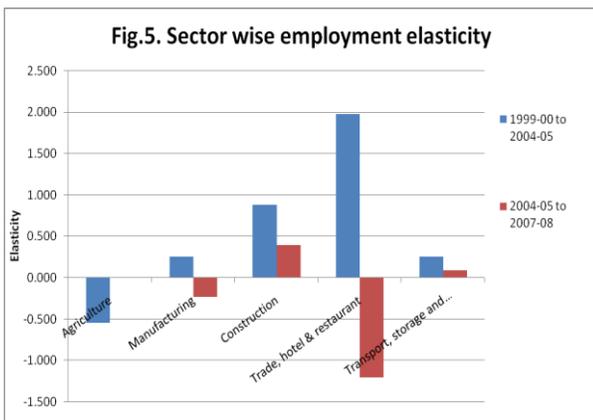
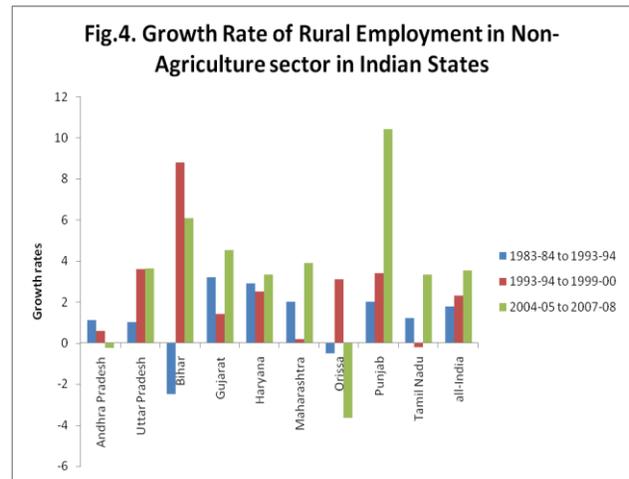
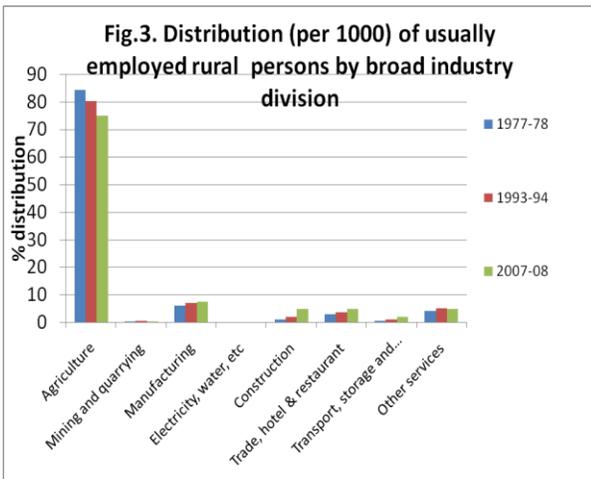
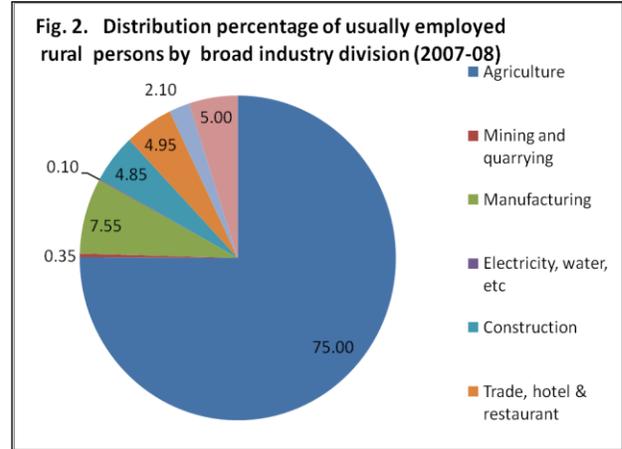
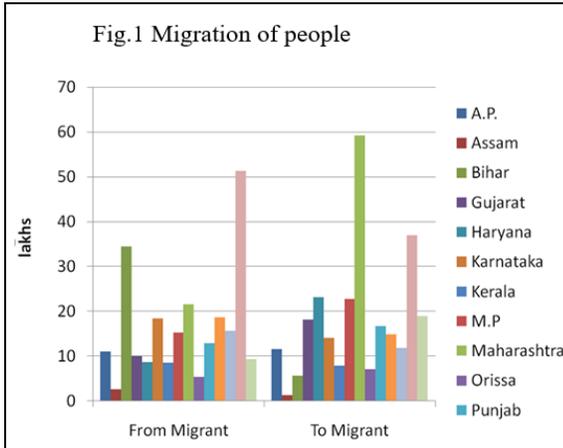


Fig.7 Trends in Rural non- farm employment

	2000	2007	2010
<b>Changes in the status of rural workers (%)</b>			
Self-employed	59.1	56.85	54.6
Regular	6.35	6.6	6.45
Casual Labour	34.55	36.55	38.95
<b>rural workers in different sectors (%)</b>			
Primary(Agril)	75.4	75	71.38
Secondary	13.45	12.95	15.76
Tertiary	11.15	12.05	12.85

Fig.8 Average/day received by regular wage/salaried employees

All -India Rural (Male + Female)						
Level of general education	1999-2000		2004-2005		2009-2010	
	Farm	all	Farm	all	Farm	all
illiterate	43.27	62.42	51.62	60.42	87.85	114.56
literate & up to middle	60.88	99.56	63.77	91.23	94.38	147.46
Secondary & higher secondary	121.84	145.32	147.26	148.39	142.46	247.8
Diploma	0	0	98.2	211.13	218.47	341.78
Graduate & above	274.71	212.68	193.36	253.19	292.17	378.85
All	65.88	125.31	67.67	133.81	99.73	231.59

Fig.9 Average/day received by regular wage/salaried employees of age 15-59 years by industry of work and broad education category.

All -India rural (female/male) wage ratio						
Sector of work (Industry division)	level of general education					All
	Illiterate	Literate & up to middle	Secondary & higher secondary	Diploma / certificate	Graduate & above	
Agriculture	77.32	64.12	93.81	554.49	48.13	66.75
Manufacturing	40.31	52.81	66.45	0	102.029	50.21
Construction	76.164	63.04	147.25	52.07	149.62	71.76
Transport & Storage Etc. services	93.57	88.93	59.84	180.63	133.28	96.57
Private hhs. with emp. Persons	30.97	33.79	43.06	76.31	65.41	50.31
Private hhs. with emp. Persons	65.48	38.77	50.58	0	150.61	42.13
All	48.23	50.18	56.72	81.86	70.95	62.56

Self-employed has decreased across the years, from 59.1% in 2000 to 54.6% in 2010 whereas for casual labour it was increased from 34.55% in 2000 to 38.95% in 2010. The rural workers in primary sector has decreased from 75.4% in 2000 to 71.38% in 2010. Over a period of time from 1999-2010 all (male+female) earning more in non-farm than farm. Illiterate are getting less wages than literate in farm as well as in non-farm shown in Fig.8. The sectoral average wage salaried earning per day display gender discrimination against regular women employees except for

some categories. In agriculture this is higher for women possessing diploma/certificate, in construction this is higher for the women possessing secondary and higher secondary and in transport and storage this is higher for the women possessing diploma/certificate as shown in Fig.9.

In conclusion, for the last few years, growth rate of rural non-farm economy was higher than agricultural growth rate which increased the share of RNFE than agriculture. Although, the different sub-sectors within the RNFE

showed stagnant growth rate, non-farm activities in India got a major boost in the post reforms period both in terms of employment generation and overall growth of the sector. Gender disaggregated employment of workforce reveals that the rate of increase in non-farm employment among male workers in rural India is much higher than their female counterparts. Casualization of labour was also highest in female workers. While landless and marginal rural workforce was shifting to non-farm employment, the medium and large farmers were still dependent on agriculture for occupation.

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