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RURAL NON-FARM EMPLOYMENT FOR PROMOTING RURAL ECONOMY AND SUSTAINABLE LIVELIHOOD IN INDIA

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India is a country of villages with almost 70 per cent of population staying in rural areas and a significant wellspring of income continuing to be agriculture. While 25.7 per cent of them fall under Below Poverty Line, is a challenge that needs to be considered. Indian agriculture is now at a critical situation of being over-saturated and over-reliance on agriculture has proved to be lethal and thus been unable to create adequate employment opportunities. In this context, Rural Non-Farm Sector (RNFS) has created a diversification in the source of employment for the rural India. RNFS and its potential of creating sustainable employment opportunities can act as a boost to decline poverty and provide economic security. Irrespective of the tireless service of agricultural enterprises, the rural population including the rural youth is now shifting to various activities in order to have a sustainable livelihood and support their family. RNFS has an innate capability to act as both supplement and complement to farm sector. RNFS can likewise address a noteworthy issue of rural unemployment, intending to be a tafrightened rate of 5.3 per cent (NSSO, 2018). Long ignored by policymakers, the provincial Rural Non-Farm Sector is picking up consideration and have an incredible opportunity to solve the problems of migration, joblessness, inequality and natural calamities.

Potential Sources of Farm-Household Income

Davis and Pearce (2000) analysed in a review the potential sources of income available to each farm or rural household. The traditional and main component has been income from agricultural core activities. These may be defined as those enterprises taking place on predominantly agricultural proprietorial units, which are based on the primary

production of food or fibre. On-farm income can come from both agricultural core activities and non-farm agricultural employment.

Potential sources of non-farm income can be divided into three components: income from non-agricultural employment; non-farm enterprises; and remittances. As such, one can distinguish between enterprise and income diversification. Enterprise diversification activity embraces both on and non-farm business creation outside of agricultural core activities. Income diversification will embrace these two components plus any movement towards nonfarm employment (whether agriculturally based or not).

Finally, a third source of revenue is unearned income (such as pensions, dividends and interest), which – while usually ignored – can be very substantial in certain cases, and decisions made in this sphere may have an important bearing on such crucial choices as time of retirement and intensity of farming.

These variations between components of income are therefore likely to have a major effect on the decision-making of farmers and there is a need to understand the importance of each, rather than subsuming them all into binary classifications such as the part/full-time dichotomy. Thus, potential sources of income are disparate, likely to vary substantially in importance between farmers, and exhibit wide variations in their attractiveness as sources of pecuniary gain.

All the rural economic activities may be divided into the following six categories:

- i) Crop Production
- ii) Livestock Production
- iii) Agricultural Wage Employment
- iv) Non-agricultural Wage Employment
- v) Non-agricultural Self-employment
- vi) Transfer Incomes.

The first three qualify as agricultural employment while the last three constitute non-farm sources of income. But from aspects of Rural Non-Farm Employment, the fourth and fifth are the relevant activities (Davis et al. 2007).

Rural Non-Farm Sector, Rural Non-Farm Employment and Rural Non-Farm Economy

- Rural Non-Farm Sector encompasses all non-agricultural activities, undertaken by enterprises varying in size from household own account enterprises to factories. e.g.- Agri-tourism, manufacturing, construction, handicrafts etc.
- Employment generating out of RNFS is known as Rural Non-Farm Employment (RNFE).
- Rural Non-Farm Economy may be defined as comprising all those activities associated with waged work or self-employment in income-generating activities (including income in-kind) that are not agricultural but which generate income (including remittances etc.) rural areas.

Rural-non-farm Sector and Its Importance

Non-farm sector represents all economic activities in the rural areas except agricultural, livestock, fishing and hunting. It is not a homogenous sector. The non-farm sector, particularly in rural areas is being accorded broad acknowledgement in recent years for the subsequent reasons.

- Rural non-farm activities are very useful for utilizing for local talents and local resources which cannot be easily transferred and utilised in the urban centres.
- A designed strategy of rural nonfarm progress may be preventing rural migration to urban industrial and commercial sectors.
- The expansions of rural non-farm activities significantly bridge the gap between rural and urban economy and also among the people of rural areas.
- Rural industries are usually a lesser amount of capital intensive and more labour captivating through a wide network of rural non-farm activities, there is considerable solution to rural poverty as well as urban poverty.

As a Solution to Migration Problem

In India a large portion of population lives in rural areas and this population continues to grow at substantial rate. 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. So this leaves migration to urban areas or the development of non-farm sector in rural areas to take up the slack. Hence, by generating employment opportunities outside agriculture the RNFS play a big role in reducing migration to a significant extent.

As An Answer to Economic Inequality

The more important role the RNFS plays is in reducing the inequality in income distribution across different sections of the society like a landless agricultural labourers who work in the agricultural season, which is highly seasonal in nature and he remains slack for rest of the year but a landholder has enough product to fulfil his requirement of food & non-food items for the rest of the year. So, by providing employment during slack seasons RNF sector smoothens the rural households' income flows and hence the consumption. Hence, participation in the RNF sector allows poor people to smooth out offset fluctuations in agricultural income that might occur on a seasonal basis or as a result of unexpected events and in this way it reduces the vulnerability of the poor section to cope with future unforeseen contingencies.

As An Answer to Employment Problem

Ever-increasing Land-Man imbalance (in other words, ever declining land to man ratio), Agriculture alone can't provide the ultimate solution to the rural unemployment and underemployment and poverty. The moot point in developing countries now a day is that they must steadily reduce their dependence on agriculture and expand its non-farm sector to facilitate the transfer of workforce out of agriculture, which is supposed to be the economic activity with least productivity. Hence due to population pressure, small & fragmented land holdings and highly inequitable land distribution structures in the country we need to have a well-developed non-farm sector. Employment continued to be the Achilles' heels for the Indian economy, partly due to the failure of the industrial sector to absorb the expanding army of surplus agricultural workers and partly due because of agriculture too can't take on more working hands-on an indefinite basis, RNFE expansion would have to be a logical way out of the employment problem.

As A Solution for Rural Poverty

The vital role of the rural non-farm sector in addressing poverty and rural development is no more hidden. So, any analysis of the rural economy must look beyond the farm gate and must demonstrate the importance of the non-farm economy to the rural poor, the majority of whom are only part-time farmers or farm labourers and adopt a wide range of other strategies to support their livelihood.

Push factors for RNFE	Pull factors for RNFE
1. Population growth	1. High return on labour in RNFS
2. Declining natural resources	2. Higher return on investment in RNFS
3. Declining return to farming	3. Lower risk of RNF compared to farm activities
4. Lack of access to farm input markets	4. Generation of cash to meet family objectives
5. Absence of rural financial markets	

Public sector initiatives to promote RNFE

1. Mahatma Gandhi National Rural Employment Guarantee Act
2. Deendayal Upadhyay Grameen Kaushalya Yojana
3. Deen Dayal Antyodaya Yojana – NRLM
4. Ajeevika Grameen Express Yojana
5. Skill India Campaign
6. Pradhan Mantri Mudra Yojana

Conclusion

Rural Non-Farm sector is increasingly playing an important role in the development of rural areas in developing countries like India. Specifically, as agriculture in the region declines in importance in terms of its contribution to the economy, the RNFS will need to become more and more a major provider of employment and income to many rural folks. It should be noted, however, that RNFE are not a substitute for employment in agriculture but rather as a supplementary measure. Agricultural development is still important and should be pursued as a necessary precondition. The promotion of RNFE also should be undertaken within the broader context of rural development. Efforts are needed to identify appropriate and effective institutional vehicles for development of nonfarm sector policy and interventions for creating employment opportunities. Many strategies and programs to promote RNFE have been formulated in various countries.

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