

Rural Transformation in India: Employment Pattern in Rural Economy

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ABSTRACT

This sector touches every aspect of human life. The FMCG producers now realize that there is a lot of opportunity for them to enter into the rural market. The sector is excited about the rural population whose incomes are rising and the lifestyles are changing. There are as many middle income households in the rural areas as there are in the urban. Over 70% of sales are made to middle class households today and over 50% of the middle class is in rural India. The sector is excited about a burgeoning rural population whose incomes are rising and which is willing to spend on goods designed to improve lifestyle. Also with a near saturation and cut throat competition in urban India, many producers of FMCGs are driven to chalk out bold new strategies for targeting the rural consumers in a big way. But the rural penetration rates are low. This presents a tremendous opportunity for makers of branded products who can convert consumers to buy branded products. Many companies including MNCs and regional players started developing marketing strategies to lure the untapped market. While developing the strategies, the marketers need to treat the rural consumer differently from their counterparts in urban because they are economically, socially and psycho-graphically different to each other. However, Companies face many challenges in tackling the rural markets. 833 million people reside in India as compared to 377 million in urban India so vast untapped opportunities are available in rural India, but marketer unable to tap these opportunities because of lack of infrastructure facilities. Literacy rate is low in rural area so people are unable to identify brand difference. Now trend has gone to change literacy rate in rural area is increasing. Number of middle and higher income household in rural India is expected to grow from 80 million to 111 million. There is rapid development in infrastructure all these opportunities attract companies to target rural market. With some technologies breakthrough in distribution and marketing of products in rural India, companies in rural market can earn more profits, market share, etc.

Keywords: employment pattern, growth, rural sector, developing countries, share

INTRODUCTION

Employment pattern is the policies framework of providing employment to the people of an area and country. The Indian economy grew at an impressive rate in the last decade and demographic pressure also solved. Yet, the incidence of unemployment towards the end of the 1990s was more than 7%. The situation is especially disconcerting in the rural sector and rural economy. It also suggests that with the process of development, the share of non-farm income and employment in the total income and employment of the rural households increases in the developing countries and areas. The importance of non- farm employment is gaining momentum in India as rural economy is becoming diversified and is being extended well beyond agriculture. The small farmers and landless households depend on rural non-farm activities as the secondary source of income (Elumalai and Sharma, 2003). The Government of India is deeply concerned with the widespread poverty and unemployment in the rural areas and has taken several initiatives including the implementation of Employment Guarantee Scheme. The rural sector in India is undergoing a transformation and the contribution of rural non-farm sector to the rural income and employment is growing.

Rural economics is the study of rural economies, including: farm and non-farm industry. Economic growth, development, and change. Size and spatial distribution of production and household units and interregional trade. Rural economics is the study of rural economies, including:

1. Farm and non-farm industry.
2. Size and spatial distribution of production and household units and interregional trade.
3. Land use.
4. Housing and non-housing as to supply and demand.
5. Migration and (de)population.
6. Finance.

7. Government policies as to development, investment, regulation, and transportation.
8. General-equilibrium and welfare analysis, for example, system interdependencies and rural-urban income disparities.

LITERATURE REVIEW

There are many studies carried out in connection with rural marketing, which have revealed a major setback of temperamental attitude of underrating a potential source like rural marketing. Study on employment in rural areas (SERA) (Andrew Copus, 2006) report attempts to draw together the various detailed findings of the empirical and policy evaluation elements of the report to address the broader question of employment, for a review of rural employment (70% employment rate overall and 60% female employment rate by 2010).

Anjani kumar (2011, Rural Employment Diversification of India) has shown the increasing importance of non-farm sector in offering employment to rural workforce across major states of India. There is a mix results across various states or regions animal husbandry employed a large percentage of rural workers in Punjab (40%), Jammu and Kashmir (25%) and Kerala (17%), while it was below 5 per cent in 11 out of 20 states studied in this paper.

If we go more specific results in specific areas then R. Bhakar and N.P Singh (2007, Income and Employment Pattern in Haryana,) has revealed that farm and non-farm activities are the main sources of income and employment with negligible contribution of off-farm activity in the rural areas of Haryana state. Services and non-agricultural labour are the main sources of income under non-farm households. Employment generation has been found maximum by non-economic activities, followed by services and rural employment labour. The contribution of Indian pattern employment has been found higher in farm than non-farm house- hold.

Brajesh Jha studies (2006, Rural non-Farm activities in India) revealed some very important facts about rural India There are also evidences of manufacturing activities shifting away from the rural to urban sector in the country. Construction, trade, transport and business services have spear- headed rural employment growth. Employment growth in these industries is not autonomous; it depends on a host of developmental and demographic factors generally associated with the developmental stage of the region. Moreover, these industries together account for only 11 per cent of rural employment in the country. Many of the research articles and surveys by organisations reveal very important data about rural India Employment, collectively they point towards latent potential of Human Resource and skilled in farm and non-farm activities. The only thing they need is attention and little work to unleash this latent hidden potential.

Structure And Mode Of Employment

One can look into the changing levels and pattern of rural employment in many different ways, depending on the type of data available and the precise questions that one has in mind. For example, one can look into the size of the labour force, in relation to different age groups, to see if child labour is increasing, in the post-reform years. One can look into the mode of employment to verify if casualisation of labour in general and of rural areas in particular, is on the increase. A look at the sectoral distribution of workforce would inform us of the declining and expanding avenues of employment for rural workers; perhaps, a detailed classification of production/service sectors would throw up more firm empirical clues about the emerging 'trouble spots' or 'cheering corners'. Likewise, an examination of the sector wise deployment of the incremental workforce would inform us about the relative sufferance or gains of rural workers when the labour market is under transition to new work methods, recruitment norms and performance standards.

One can also look into the changing employment, labour productivity and wage scenarios Within a specified production sector, say, rural manufacturing, to speculate about the future of rural industrialization in India. The ambit of inquiry can thus be extended to numerous directions and diverse searching questions.

Growth Of Employment

The proponents of economic reforms would make us believe that employment was expected to pick up primarily because the output growth was likely to pick up after economic reforms took roots. On the labour-displacing effects of these reforms, the employment would not grow in the same proportion in which output would grow, given the compulsion of installing a more capital-intensive technology in many branches of production. Since technological changes of the above type are likely to come about only in selected production sectors, and labour- intensive technologies.

A mixed overall picture on employment growth was likely to emerge for some year after the arrival of the reforms. This is what seems to be happening currently in the Indian economy in general and rural areas in particular.

Employment Growth Rates: All India Scenario

The NSS data for the nineties clearly throw up a mixture of gains and losses for rural and urban employment growth rates growth rates are estimated for two sub- periods: 1983/1993-94 and 1993-94/1999-2000. As said earlier, for

notional convenience, we take these as pre- and post-reform periods. Although Table 8 gives a disparate picture across different production sectors, between male and female workers, and between rural and urban areas, yet, in overall terms, one tends to gather the impression that all has not been well on the employment front, during the post-reform years. On the one hand, the rate of growth of employment has witnessed a varying degree of decline, in many sectors, both in rural and urban areas, and for male and female workers. On the other, in some sectors, the post-reform employment growth rate has been higher, compared with what it was during the pre-reform years. On balance, the improved employment growth rates do not compensate for the declining rates firstly because the number of such sectors is small and secondly because these are not the major absorbers of rural workforce. In brief, the setbacks are more widely spread and more grievous in magnitude; post-reform concern for employment has, therefore, its own empirical validity.

The overall rate of growth of employment for rural workers declined from 1.75 percent per annum during 1983/1993-94 to a low of 0.66 per cent per annum during the post reform years, for rural males, it declined from 1.94 per cent to 0.94 per cent and for rural females, it declined from 1.41 per cent to an abysmally low of 0.15 per cent. All this is hardly a reflection of an employment- friendly scenario. A varying degree of decline was witnessed for urban areas also; from 3.22 per cent to 2.61 per cent for urban males, from 3.44 per cent to 0.94 per cent for females, and from 3.27 per cent to 2.27 for urban persons. Thus, an employment setback has fallen on every section of the Indian work- force. In relative terms, the most grievous setback is suffered by rural females, followed by rural males, urban females and urban males, in that order. But then, it is rather important to underline that the rate of growth of urban employment, continued to be much higher than that in the rural areas, especially when the rural- urban comparison is made for workers belonging to the same sex. In sum, it is pretty much clear that the rosy employment- friendly picture that was believed by some reform protagonists to follow has not yet come off; in fact, it is the contrary that seems to have happened, during the 6-7 years of economic reforms. That the overall employment growth rate suffered a varying degree of setback, during the post- compared with the perform years, for every section of the work- force, most visibly in the rural areas, lends support to the thesis of a negative fallout of economic reforms as far as the overall employment growth rate is concerned. We must, however, look into the post-reform employment scenario in individual sectors before framing a final view.

Highly disparate trends are discernible for employment growth, during 1993-94/1999- 2000 over 1983/1993-94, in various sectors of the rural (and urban) econ- omy. For example, for rural workers, transport-storage-communications, construction and agro-based manufacturing were clearly the cheering spots, while agri- culture, mining, utilities, trade (Especially the whole-sale trade), finance- insurance-real estate, and community-social personal services, showed negative growth or slow-downs in employment. The benefit of improved employment growth during the post-reform years was not available to both sections of the rural work force. While employment for rule male workers in the transport-storage communications sector increased sizably from 4.51 per cent per annum during the pre- reform years to as high as 7.45 per cent during the post-reform period, for their female counterparts, it witnessed a steep decline from 8.30 per cent to 0.15 per cent only. The fast pace of expansion that this sector has witnessed in recent years has generally been more conducive to male job seekers, partly because of the physical labour involved and partly because of the shifting locale of the underlying activities. On the other hand, the benefits of improved employment growth rate in the construction sector are duly shared, *albeit* unevenly, by male and female workers, primarily because of the convenient locale of the construction activities.

Another feature of the post-reform employment scenario which, in our view, is more redeeming and less disappointing, is that the pace of employment growth in the manufacturing sector slackened but only marginally, from 2.10 per cent to 1.79 per cent for rural males, and from 2.21 per cent to 1.75 per cent for rural females; summarily, the same story unfolds itself for urban manufacturing also. It may be a sheer coincidence that, during the post-reform years, the rate of growth of employment in this sector was nearly the same for rural male and female workers but it does connote a positive development for the latter in as much as it is generally feared that, under the new economic regime, entry of rural female job seekers in the manufacturing sector becomes particularly difficult. Perhaps, only a more detailed sub-sector break-up would throw bare the branches of manufacturing where the rural females are gaining advantages over their male counterparts, and vice versa.

The fact that the rural economy stands well enmeshed with the rest of the economy, or the rural job aspirants can no more operate outside the precincts of the national labour market is authenticated, *albeit indirectly and meekly*, by a pattern of employment growth commonly shared by rural and urban workers. It cannot be a coincidence that employment growth rates in transport-storage-communications, construction, and agro-based manufacturing sectors, improved during the post-reform years, both for rural and urban workers; likewise, the decline or slow-down in the mining, utilities, finance-insurance-real estates, and community- social personal services, were the common fate of both the groups. It is only for trade that, during the post-reform years, the urban workers surged much ahead of their rural counterparts when the retail trade activity gained additional momentum under the informal sector of the urban economy, in addition to a high pace of employment expansion in the hotel-restaurant segment.

Let us peep inside the major sectors. For agriculture, we may better concentrate on rural workers alone. Practically,

each sub-sector in the primary sector suffered a varying degree of setback; the worst sufferers are fishing, plantations, and forestry-logging. The employment growth rate in the livestock segment did improve but it was not able to switch over from a negative to a positive rate. Some important male-female differences may nonetheless be underlined. The employment setbacks in field crop production, fishing, livestock, and agricultural services were shared, in varying degree, by both groups of workers; the setback in plantations and forestry- logging fell largely to the share of rural male workers only. On the whole, for a host of reasons, most ostensibly the declining land: man ratio in general, and increasing marginalization of holdings in particular, the rising pace of mechanization, cropping pattern adjustments not necessarily attuned to labour-absorbing crop enterprises, the general preference of the young entrants to the labour market in favour of non- farm jobs, etc., agriculture and its constituent sub-sectors could not take on people at the same rate as they did during the pre-reform years.

TABLE 1

STATE/YRS	2001	2011	2001	2011	2001	2011	2011	2001
Andhra Pradesh	27.53	21.57	47.51	55.43	4.39	3.14	20.57	19.85
Arunachal Pradesh	68.51	63.39	4.39	7.14	1.19	1.28	25.92	28.19
Assam	44.22	38.76	14.93	17.50	3.73	4.19	37.12	39.55
Bihar	31.36	22.35	51.05	56.86	3.71	3.80	13.89	16.99
Chhattisgarh	50.83	38.77	36.07	48.64	1.79	1.21	11.31	11.38
Delhi	8.87	10.45	2.78	6.55	2.41	2.52	85.94	80.48
Goa	16.72	12.19	11.32	9.51	3.18	2.97	68.78	75.33
Gujarat	38.00	33.73	33.24	41.63	1.74	1.08	27.02	23.57
Haryana	45.85	39.96	18.98	23.42	2.17	2.23	33.00	34.39
Himachal Pradesh	70.23	62.28	3.34	5.18	1.77	1.59	24.66	30.96
Jammu & Kashmir	53.33	37.92	7.77	16.01	6.12	4.28	32.78	41.79
Jharkhand	45.03	34.82	32.80	40.26	4.47	3.52	17.71	21.40
Karnataka	39.03	34.27	34.46	36.41	3.48	2.82	23.03	26.49
Kerala	9.05	9.26	19.65	17.08	3.59	2.38	67.72	71.29
Madhya Pradesh	51.36	38.33	34.15	47.30	3.41	2.41	11.09	11.95
Maharashtra	42.44	39.86	37.84	41.50	2.27	1.89	17.45	16.75
Manipur	48.49	50.07	12.80	10.67	9.39	6.84	29.33	32.42
Meghalaya	55.99	49.96	20.01	19.75	2.28	1.93	21.72	28.37
Mizoram	80.89	76.15	3.78	7.56	1.04	0.99	14.30	15.29
Nagaland	73.36	67.97	4.03	7.32	2.51	2.14	20.10	22.57
Odisha	33.35	26.68	39.10	43.82	5.11	4.37	22.44	25.13
Punjab	31.42	29.78	21.92	23.87	3.47	3.81	43.19	42.55
Rajasthan	65.07	54.78	12.27	19.41	2.25	1.83	20.41	23.97
Sikkim	54.90	47.80	7.09	10.21	1.65	1.66	36.37	40.33
Tamil Nadu	27.18	20.60	42.90	44.58	4.82	3.72	25.10	31.10
Tripura	31.64	25.60	27.76	30.37	3.27	2.98	37.33	41.05
Uttar Pradesh	48.69	35.61	28.94	36.40	4.84	5.17	17.52	22.81
Uttarakhand	62.28	54.02	9.79	12.92	2.28	2.67	25.66	30.40
West Bengal	25.52	20.56	33.08	40.88	7.85	6.67	33.55	31.89
All-India	40.24	32.98	33.05	39.30	3.92	3.43	22.80	24.29

Source: Census Survey 2001, 2011

Personnel that a mild improvement from 2.90 per cent to 3.01 per cent in employment growth rate occurred in the post-1993 years, compared with the pre-1993 period. The above pattern is shared, in varying degree and form, both by rural male and female workers. The all-round setback in this sector is a matter of worry, firstly because, among the non-farm segment of the rural economy, it provides a major share of employment, and secondly because, employment in segments such as sanitary services, medical and health, community services, and recreational and cultural services is largely sustained by the pace and pattern of public expenditure which, as we see later, came under seize during the post-reform years. The fact that the employment setback in this sector has assumed the same shape in urban areas also lends credence to our contention on the all-round post-reform public expenditure seize.

In overall terms, the rural work force has been at a disadvantage; it gained relatively less in work-place increments and lost relatively more in work-place decre- ments. Perhaps, this tendency might intensify itself in the years ahead inasmuch as the low levels of educational, training and skill capabilities of rural job seekers would push them back in the fiercely competitive labour market. In plain terms, the quality of work force is not the same between the rural and urban areas.

PATTERN OF LABOUR EMPLOYMENT

The levels of labour employment in farm, off-farm and non-farm activities, presented in, revealed that for a majority of households, employment was generated through non-farm activities. The contribution of non-farm activities to total employment (557.15 human-days) was 72.57 per cent. This corroborated the Vaidya-nathan's (1986) assertion that the labour absorptive capacity of agriculture was limited and the rural population was migrating from farm to non-farm activities. The total employment in farm households was 24.69 per cent in the study area, the maximum being generated by medium farm-size. The larger farmers were generating enough income from agriculture and were investing it in the non-farm sectors. This could be one of reasons of generating higher employment in the non-farm sector. The overall annual employment generated per person was 193.23 humandays. It was higher in non-farm (220.75 human-days) than farm (173 humandays) households. This is indicative of the seasonality of employment in the agriculture sector (Badatya, 2003) and shows that the rural population has to face un-employment and under-employment due to seasonal work in crop production (Swaminathan, 1981).

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