

Rural Non-Farm Sector Employment in India: Distress Driven or Growth Driven?

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**INTERNATIONAL CONFERENCE ON EMPLOYMENT OPPORTUNITIES AND
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- Background
- Trends in rural employment
- Patterns of rural non-farm employment
- Distress in agriculture and RNFE
- Determinants of employment in RNFS

Background

- Structural transformation in india's output but not in employment
- Transformation in employment and income from agro based rural economy to industry based urban economy is associated with a vibrant RNFS.
- Performance of RNFS is strongly related to agriculture sector

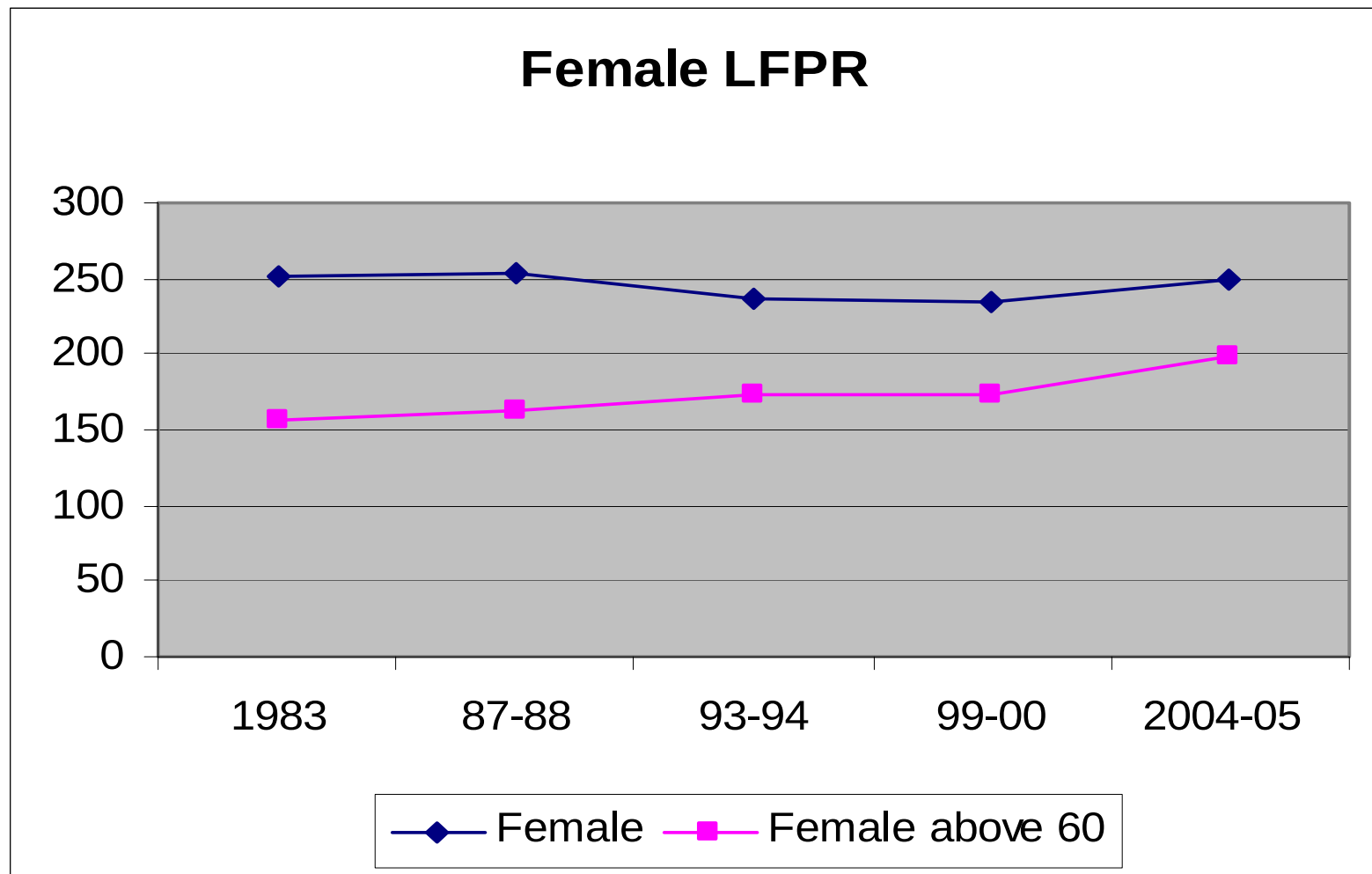
Background

- A highly productive agriculture sector generates a vibrant RNFS , which is growth driven.
- A stagnant agriculture sector coexists with a low value adding RNFS that is residual of farm sector.
- What about INDIA?

Trends in rural employment

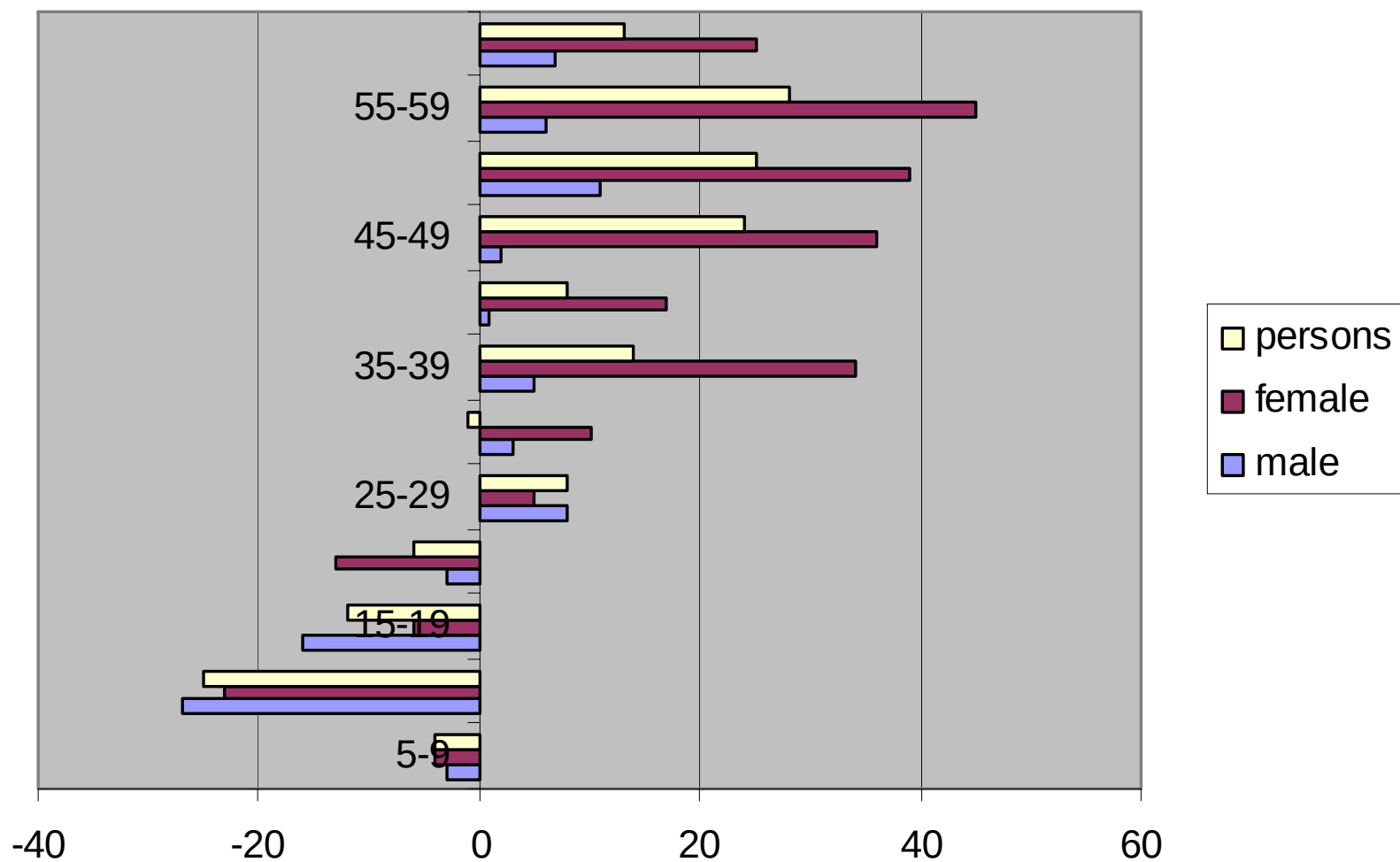
- Some positive trends in 61st round NSS Report
 - Both LFPR and WPR had increased after nearly a decade of jobless growth
 - Rise of self employment and decline of casualisation
 - intersectoral mobility of male workers increased

- Can distress lead to employment increase?
 - Yes , under certain conditions
 - When income from the main bread winner of the household does not meet even basic needs then the usually dependent members of household may join Labour force.

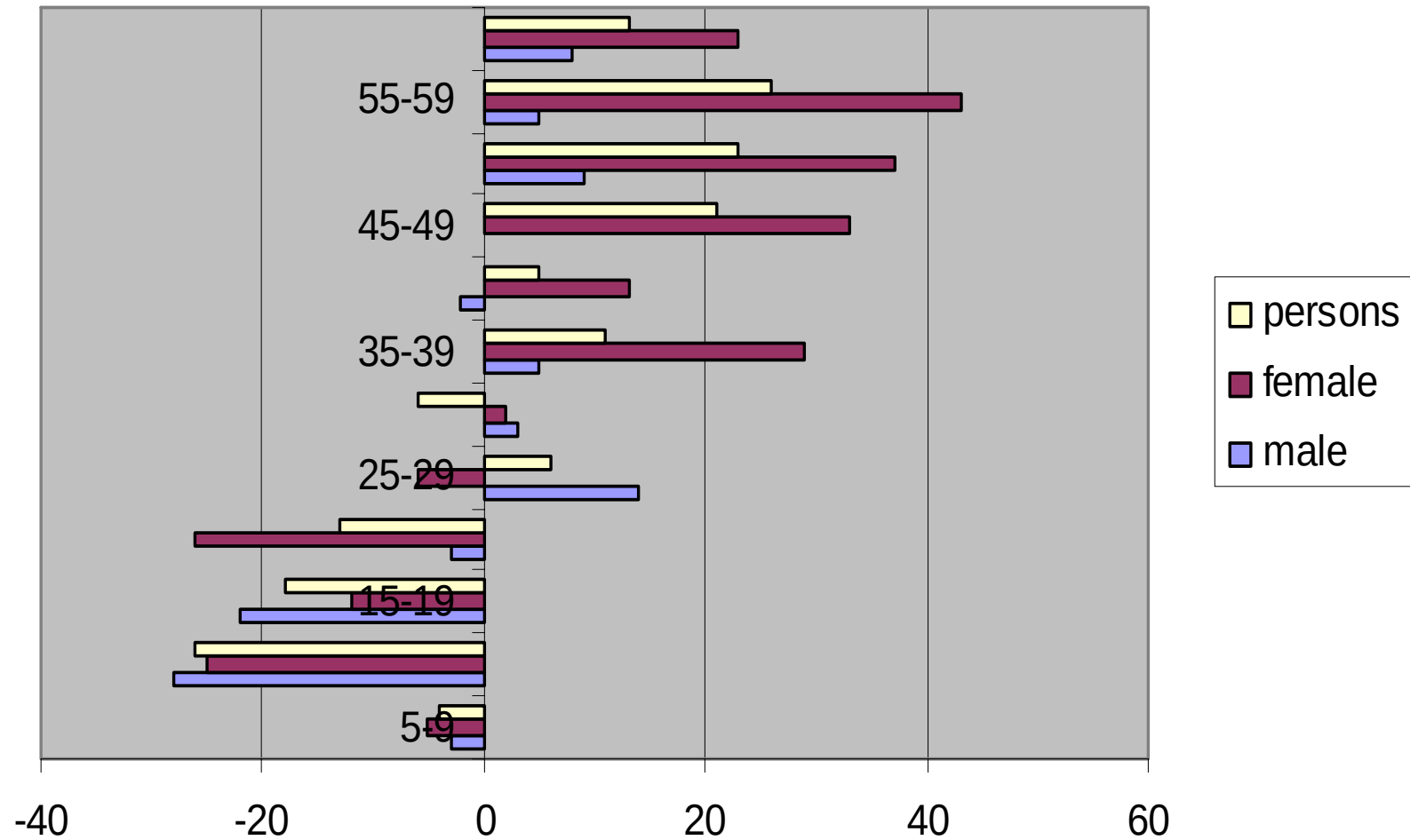


1. female LFPR, after declining continuously since the peak in 1987-88, rose for the first time in 2004-05 to 24.9 percent.
2. Moreover, this rise is the largest between any two NSS thick rounds, from 23.5 to 24.9 percent

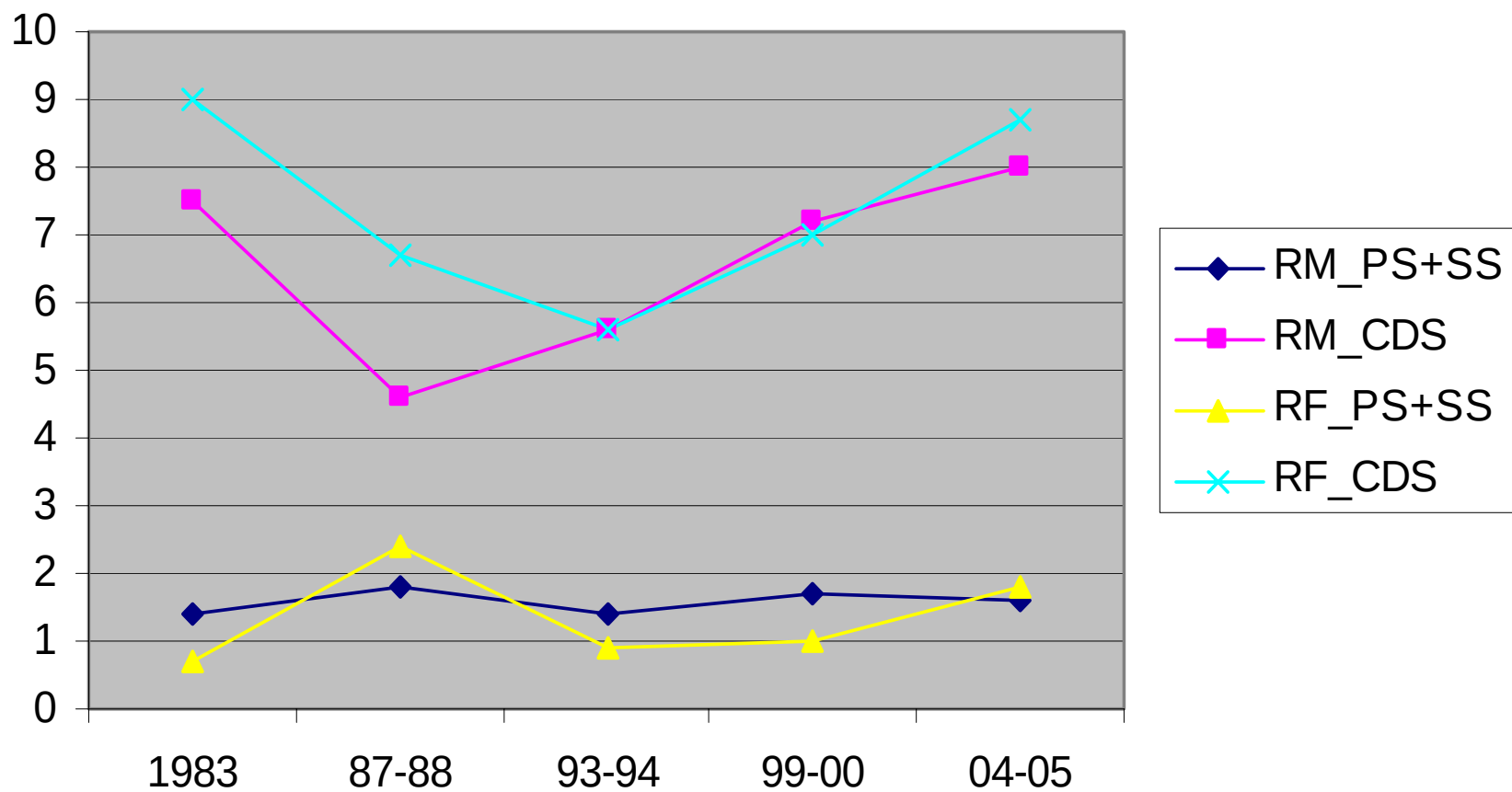
increment in LFPR -99-00 to 04-05



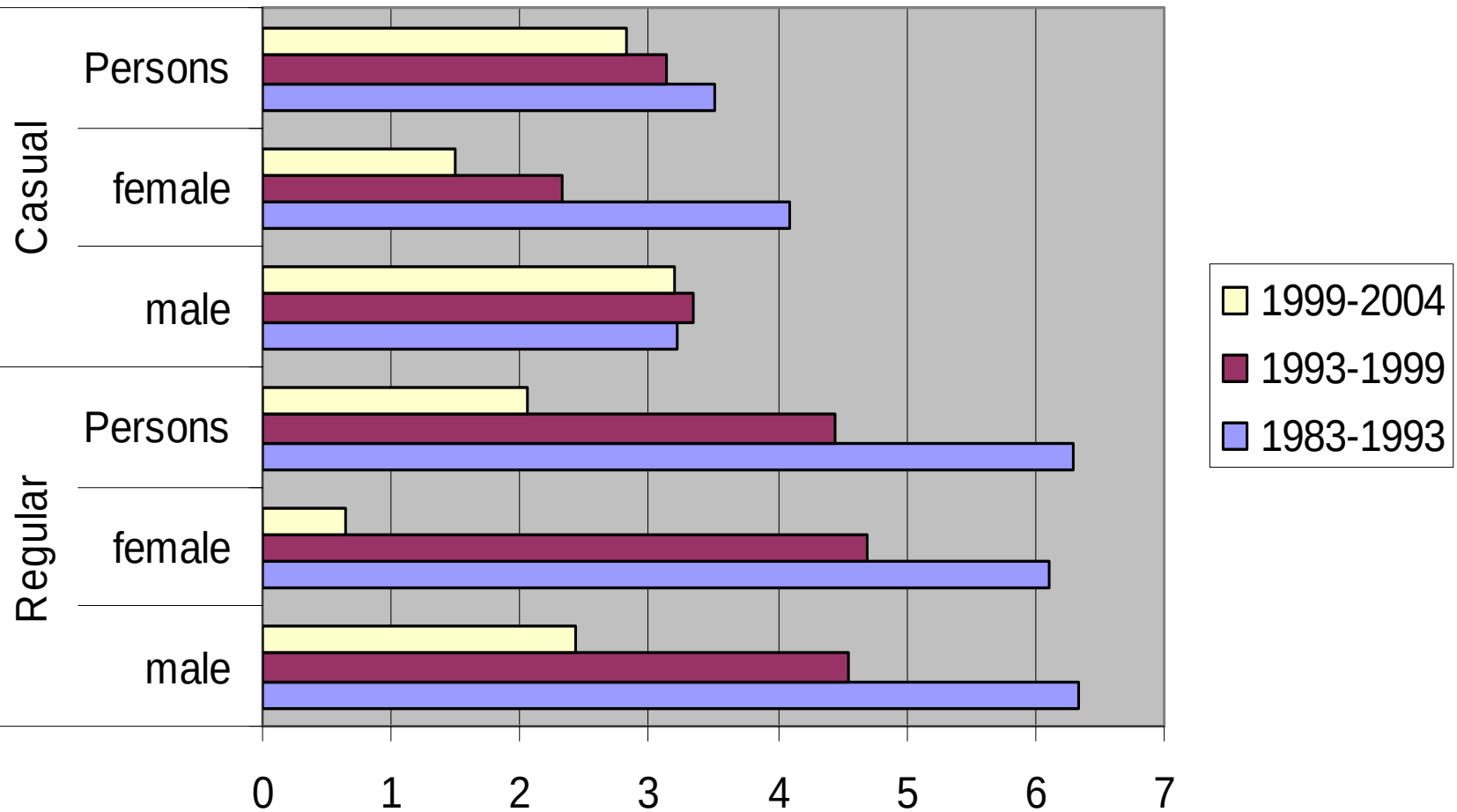
Change in WPR 99-00 to 04-05



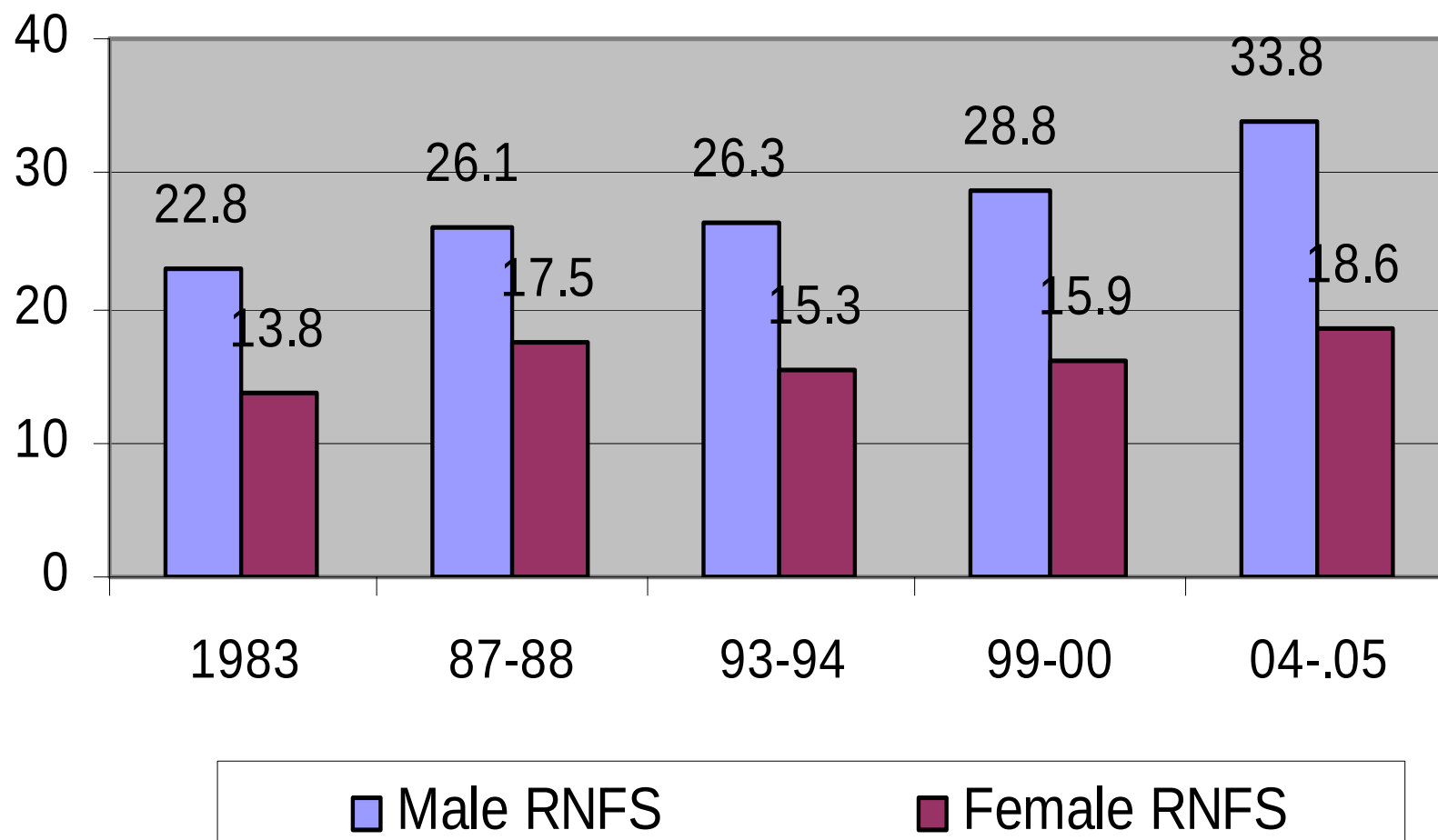
under employment in rural india



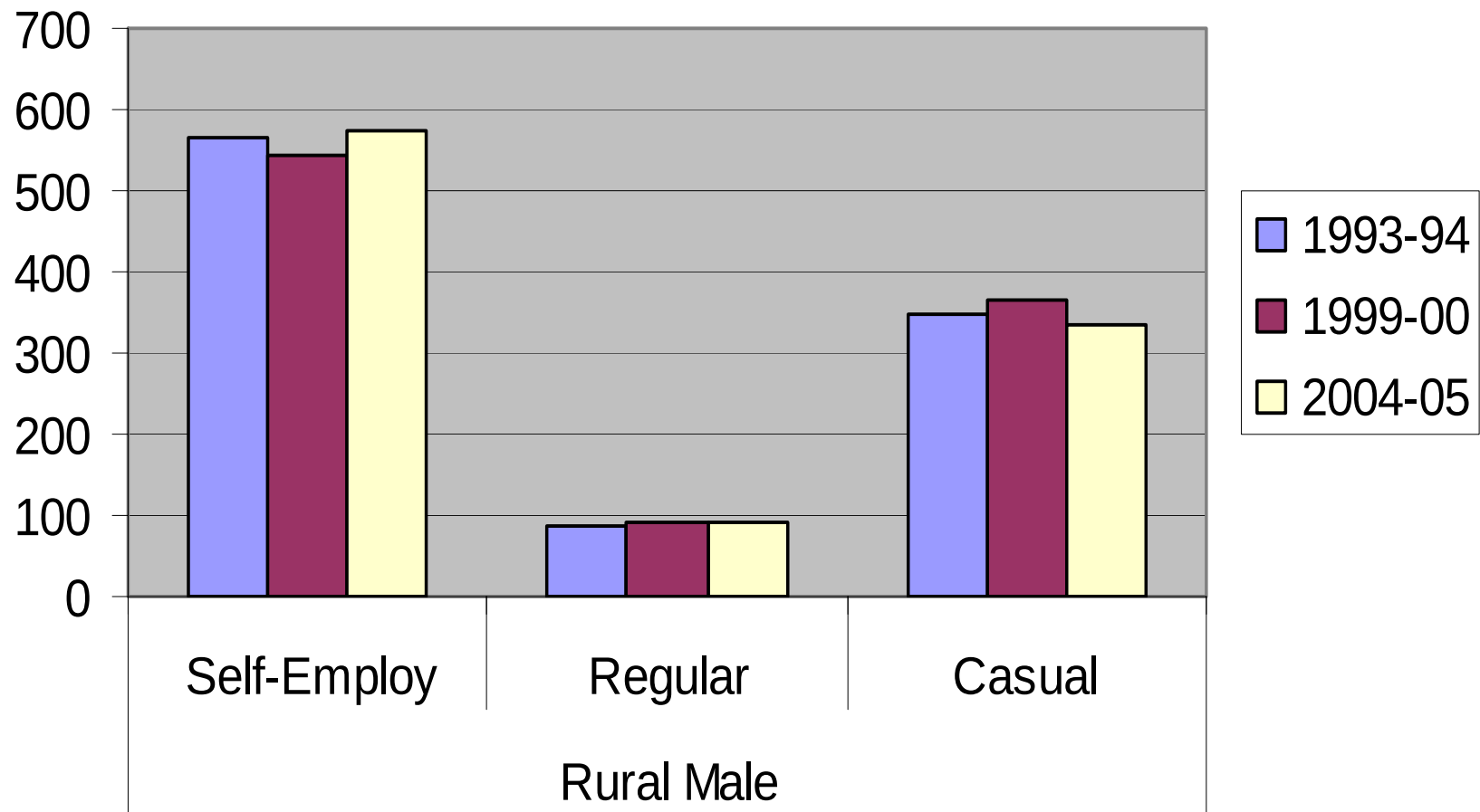
growth of real wages in rural india



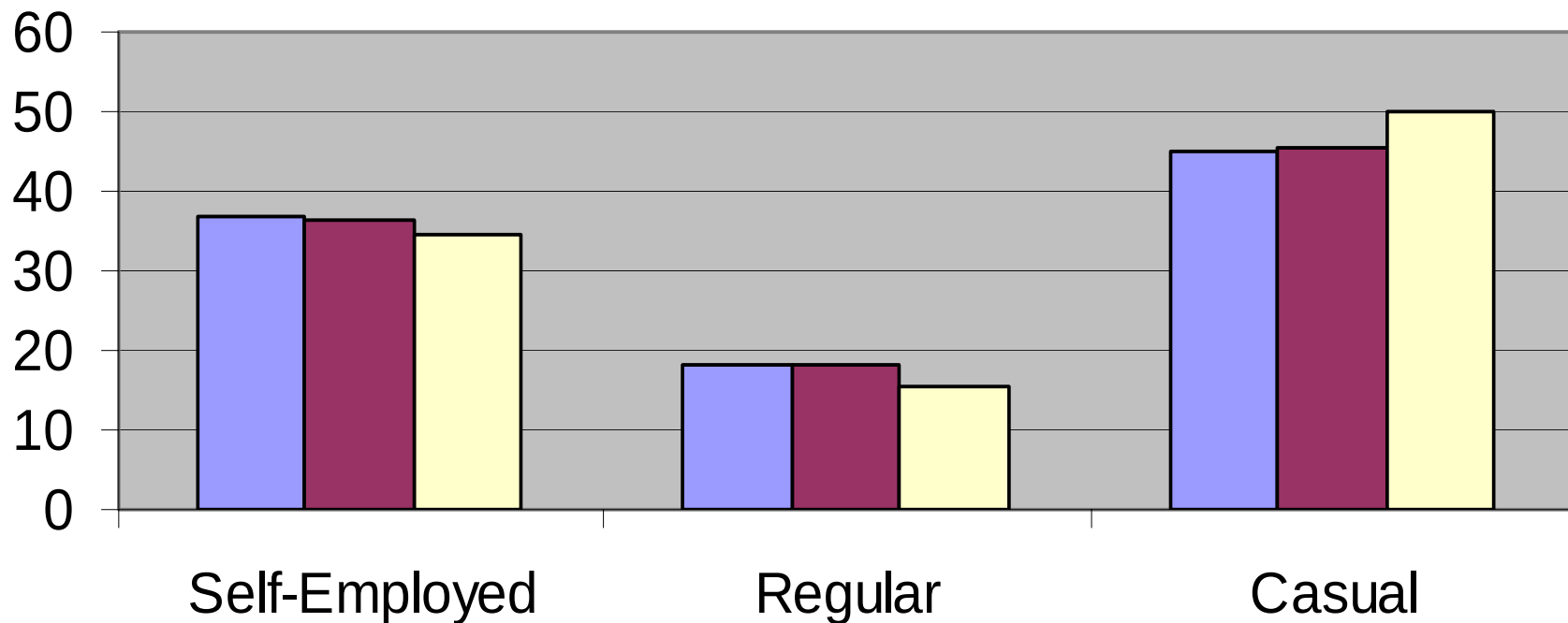
Share of RNFS in Rural India



status of rural male employment (%)



status of employment - male- secondary sector (%)



■ Secondary sector 1993-94 ■ Secondary sector 1999-00
■ Secondary sector 2004-05

RNFS-concepts

- Rural non- farm sector employment is defined as any form of employment other than farm employment in the type of wage, self, or unpaid family labour.
- Farm employment is taken to be those agricultural activities such as
 - growing of crops ;
 - market gardening; horticulture (NIC 011)
 - farming of animals (NIC 012)
 - mixed farming ,i.e., both crops and animal farming combined (013);
 - agricultural and animal husbandry service activities (NIC 014);
 - hunting and related services (NIC 015)

Data used

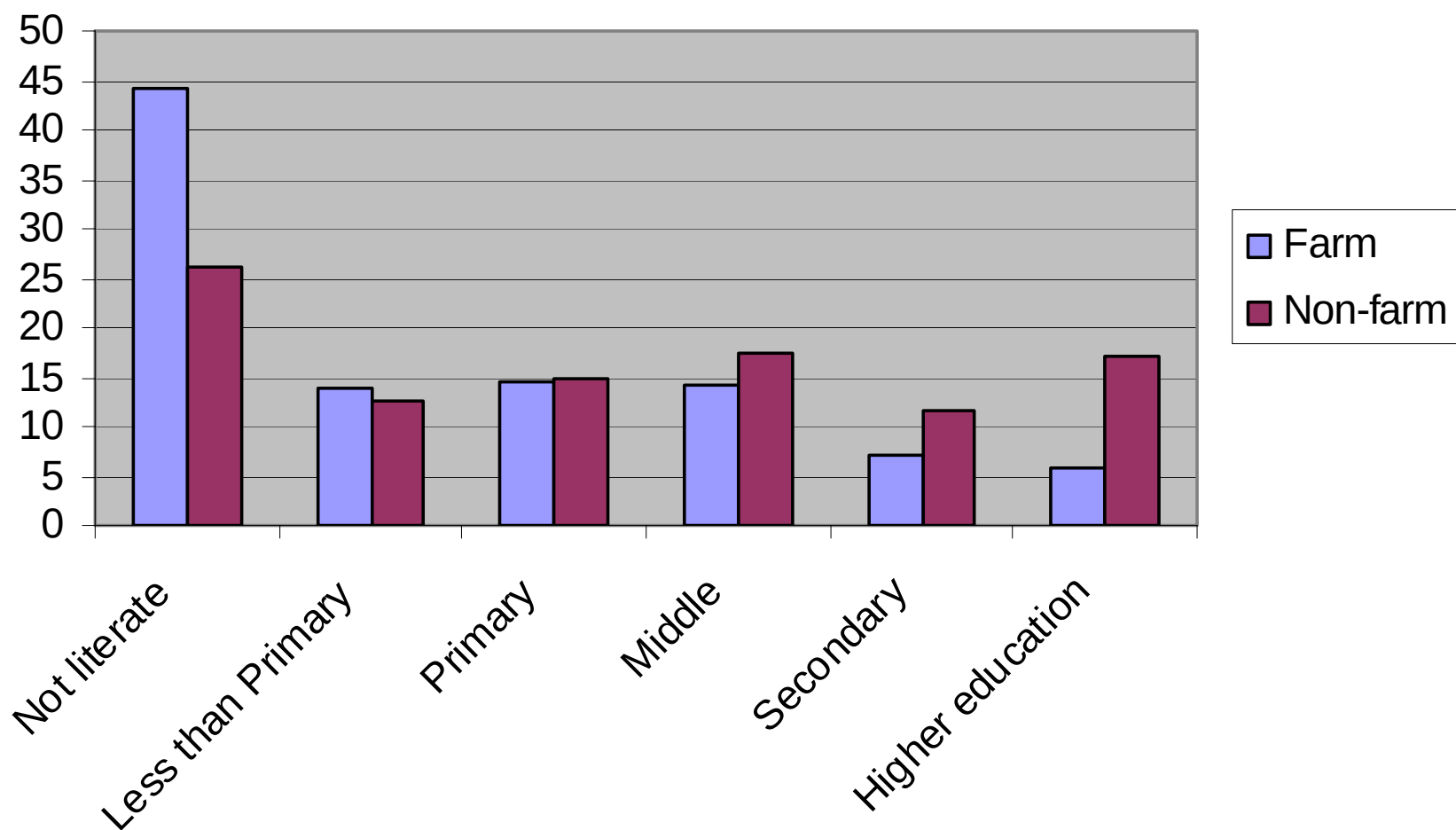
- Household level data of 61st NSSO round on employment-unemployment
- number of observations -145443 individuals in 62056 households.
- After cleaning -145359 observations in 62016 households.
- All tables generated below and the analysis done is based on this dataset.

RNFE and Gender

Sector of Employment by Gender - Share			
	Female	Male	Total
Farm employment	37.61	62.39	100
Non-farm employment	22.13	77.87	100

Gender by Sector of Employment - Share			
	Female	Male	Total
Farm employment	72.18	55.02	60.43
Non-farm employment	27.82	44.98	39.57
	100	100	100

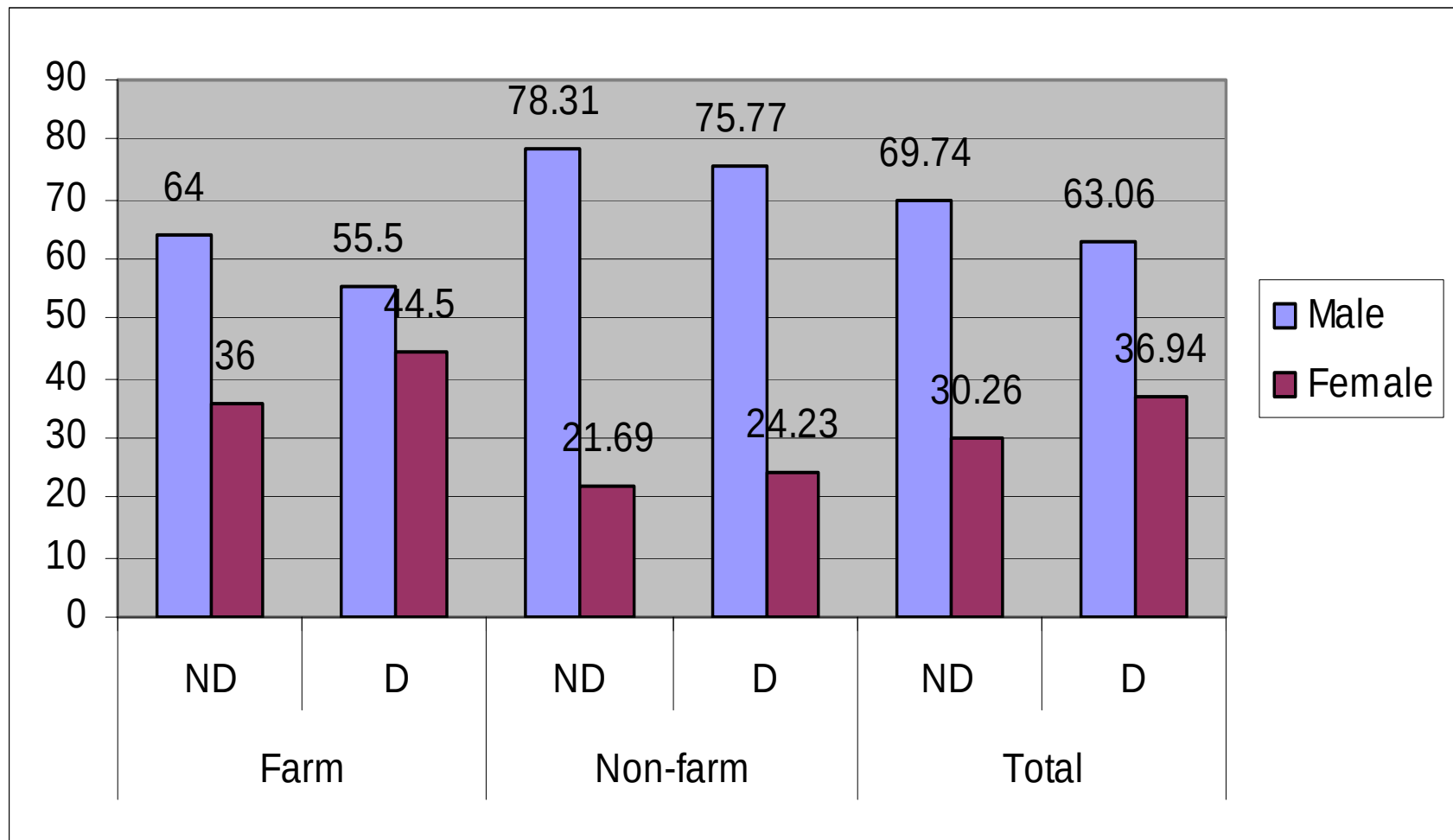
Level of Education and Sector of Employment (%)



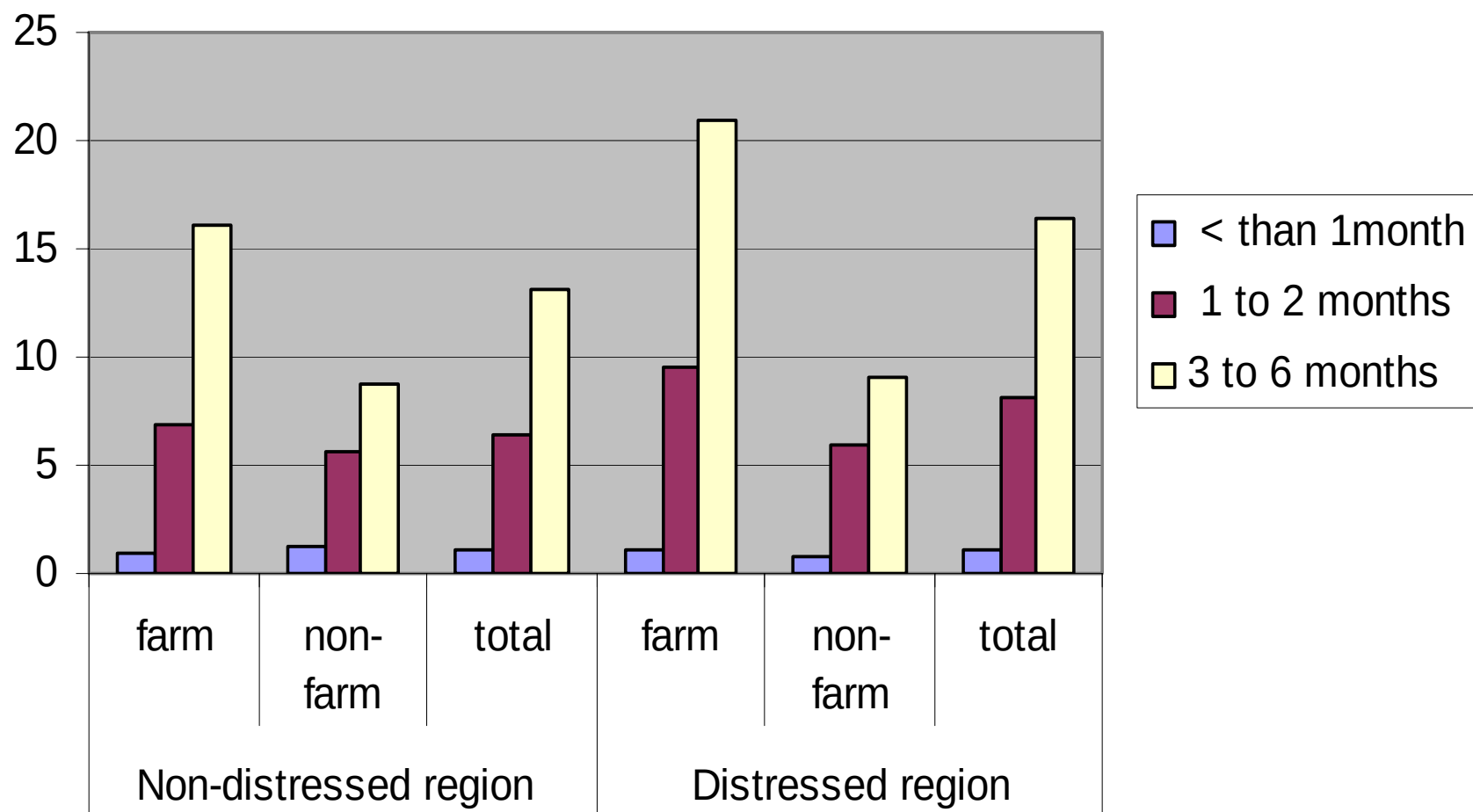
Distress in Farm Sector and Employment Patterns

- we divide the regions into agriculturally distressed and non-distressed regions
- GoI (2007) 'Report of the Expert Group on Agricultural Indebtedness', Department of Economic Affairs, Ministry of Finance, Government of India, July
- 100 distressed districts identified by the expert group is the distressed region. Non-distressed is the rest of the region

Feminization of work in distressed region



Underemployment among UPS main workers



Share of workers by status

	Non-Distress region			Distressed Region		
	Farm	Non-farm	Total	Farm	Non-farm	Total
self-employed	38.45	39.35	38.81	29.55	39.29	33.18
employer	1.91	0.94	1.52	1.72	0.83	1.39
unpaid family worker	30.9	11.03	22.94	34.96	14.88	27.47
regular salaried/ wage employee,	1.59	27.79	12.09	0.79	24.02	9.45
casual labour: in public works	0.04	0.59	0.26	0.1	0.84	0.38
casual labour on other works	27.11	20.31	24.39	32.88	20.15	28.13
Total	100	100	100	100	100	100

Variables used in the logit model		
sex	female =0	Male =1 ,
Age		Age of the workers
age2		Square of age
Edu_lit	Illiterate = 0	Not illiterate , but has not attended a formal school
Edu_prim		Priamry education
Edu_mid		Middle education
Edu_sec		Secondary education
Edu_high		Higher education
Percap_landown		Average Land owned by a household/no. of persons in the household
Percap_landcult		Average Land cultivated by a household/no. of persons in the household
HH_size		Size of the household
Soc_OBC	General category = 0	Belonging to other backward classes
Soc_SC/ST		Belonging to other scheduled castes and scheduled tribes

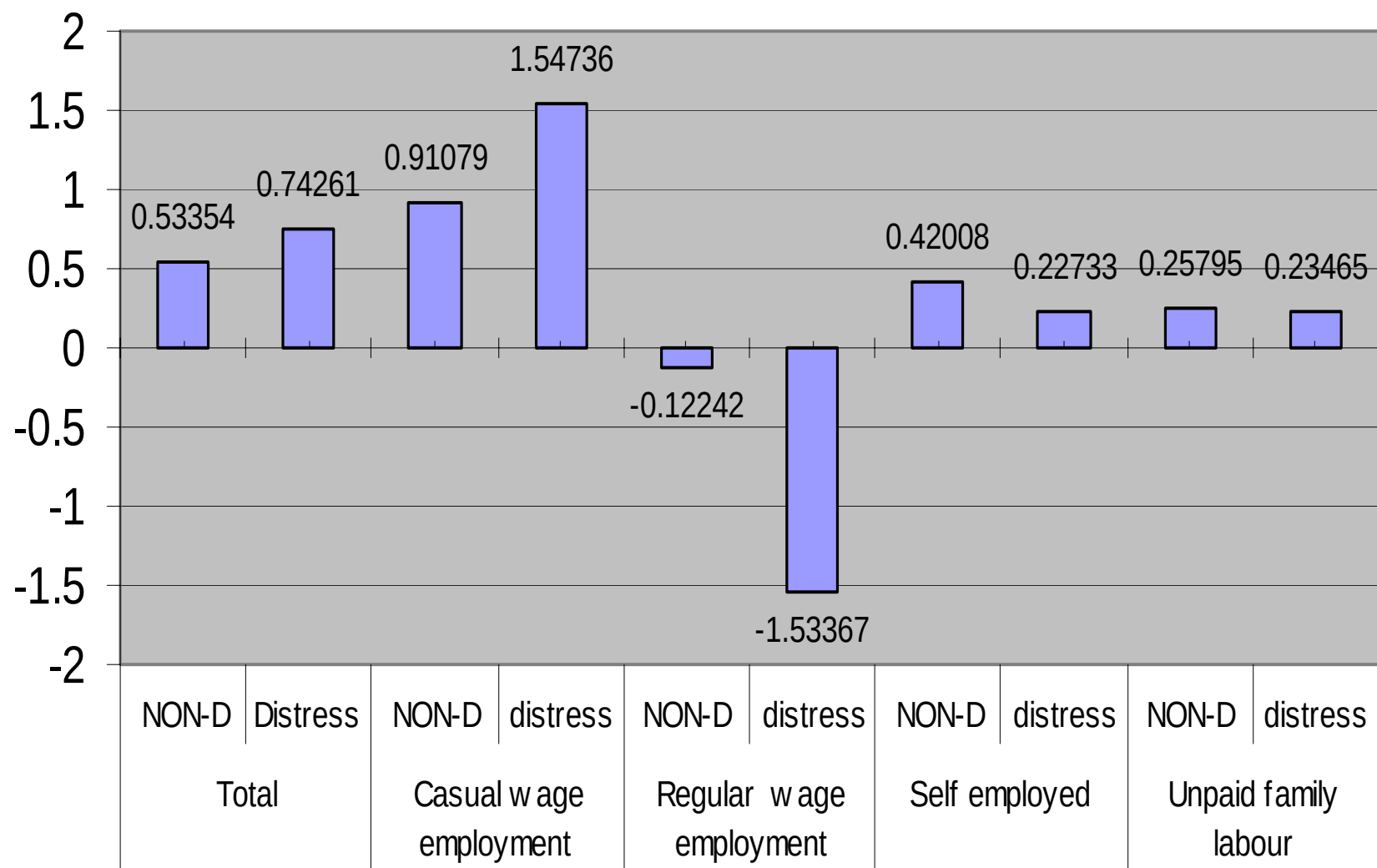
DETERMINANTS OF RNFE

- LOGIT MODEL
- Dependent variable
 - Employed in farm sector = 0
 - Employed in non-farm sector =1

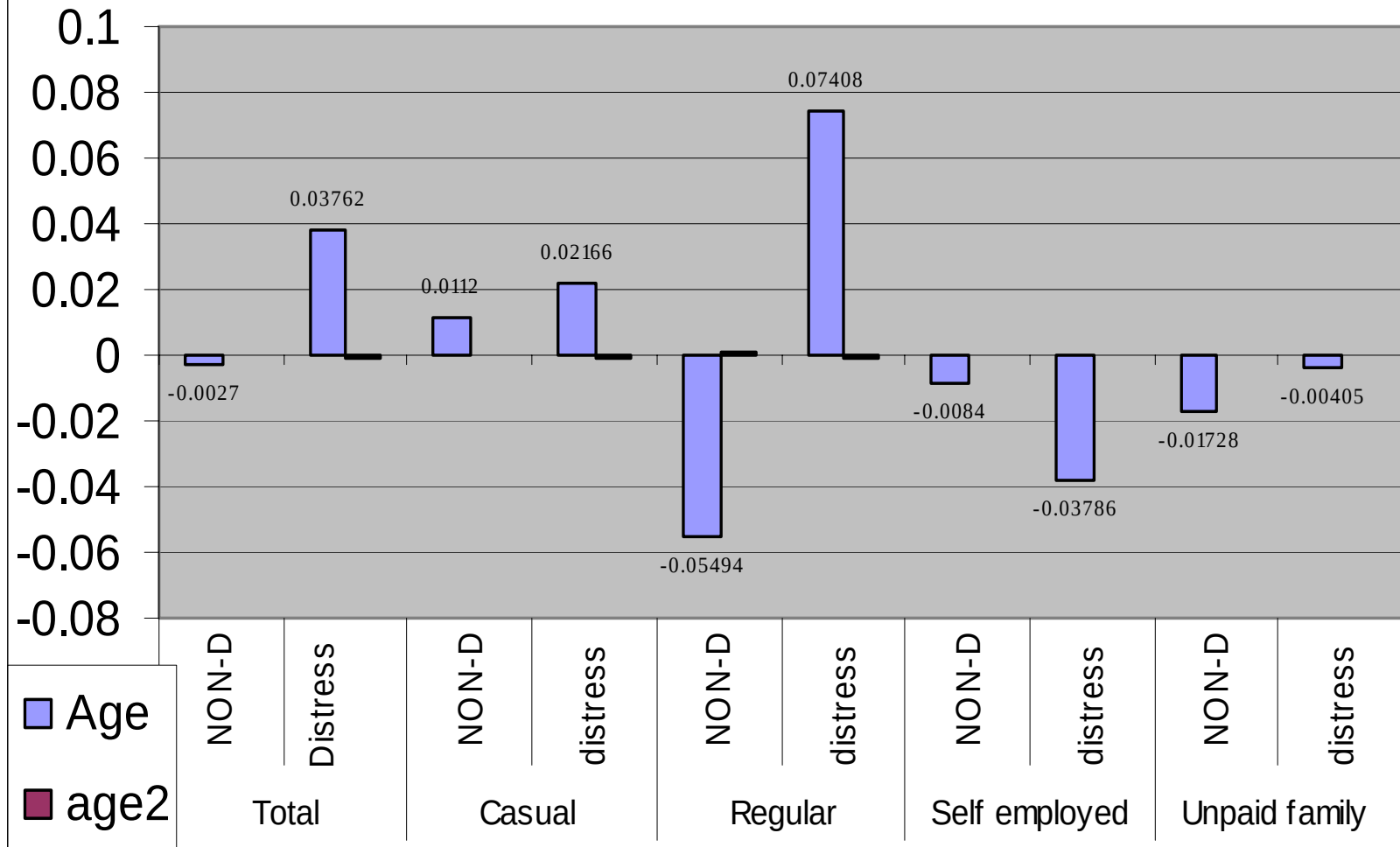
The exercise is done for distressed and non-distressed region separately for four category of workers

Casual, regular, self employed, unpaid family workers

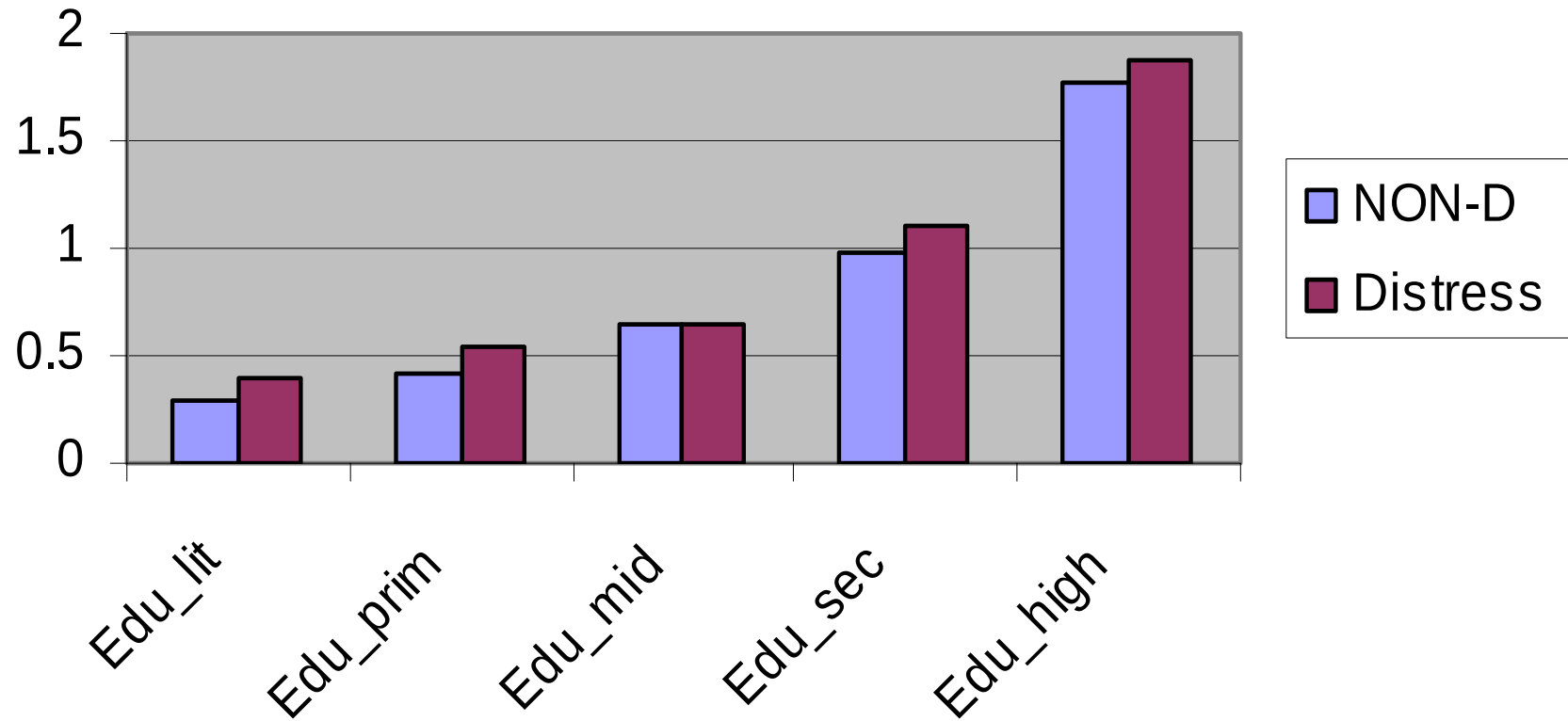
Effect of Gender on Prob. of RNFE (Male =1, Female =0)



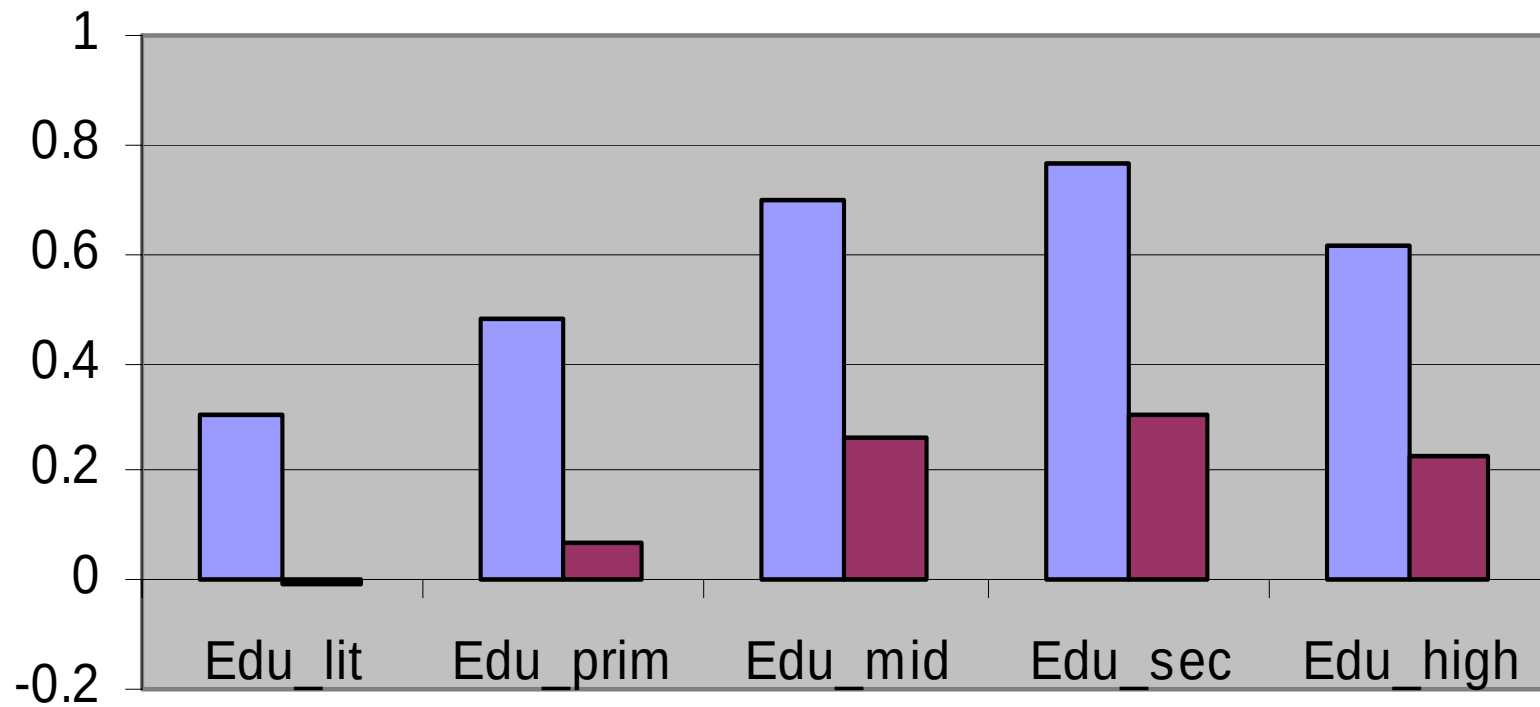
Effect of AGE on Prob. Of RNFE



Education and RNFE -Total (illiterate=0)

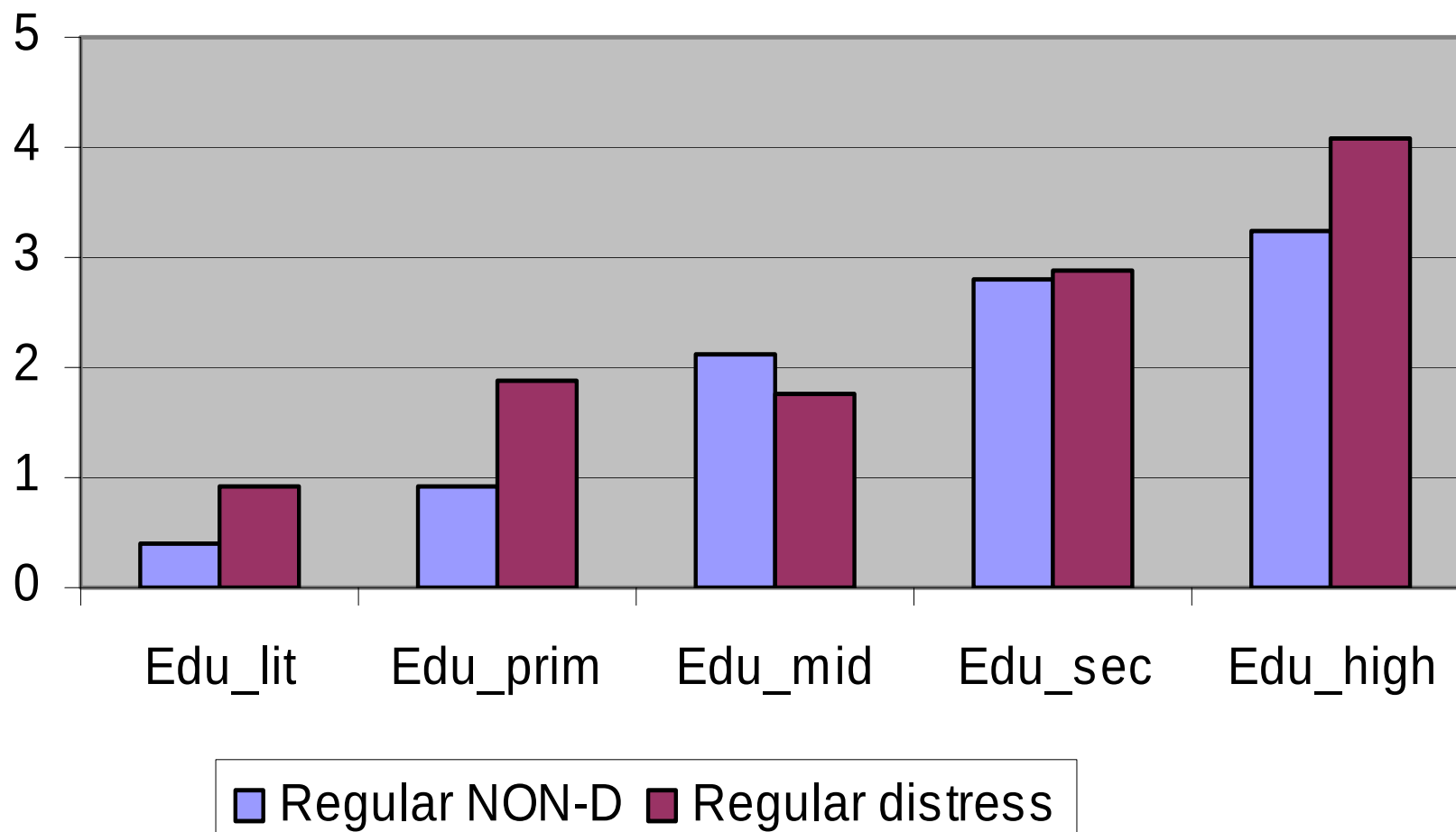


Education and RNFS - Casual

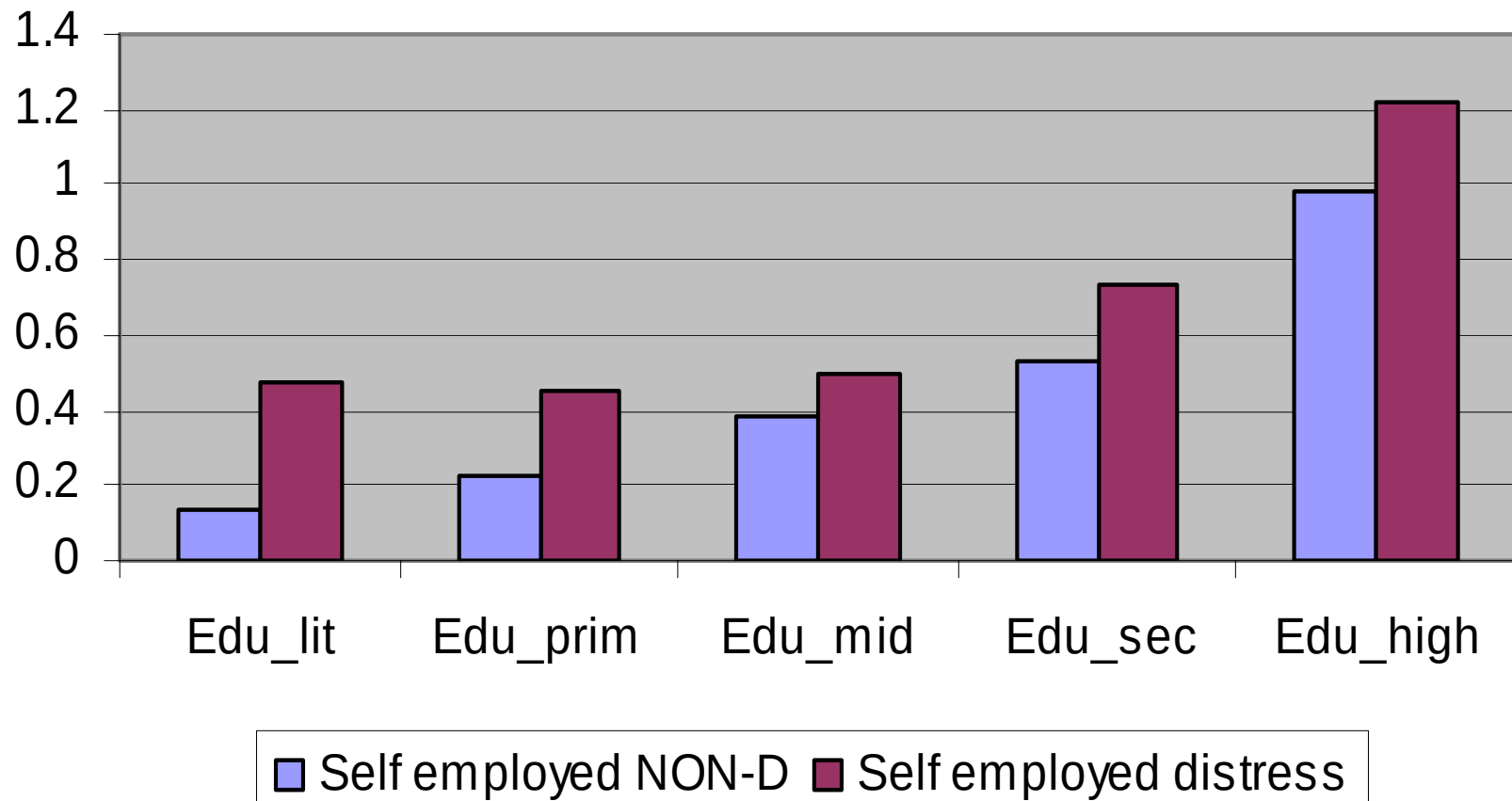


■ Casual NON-D ■ Casual distress

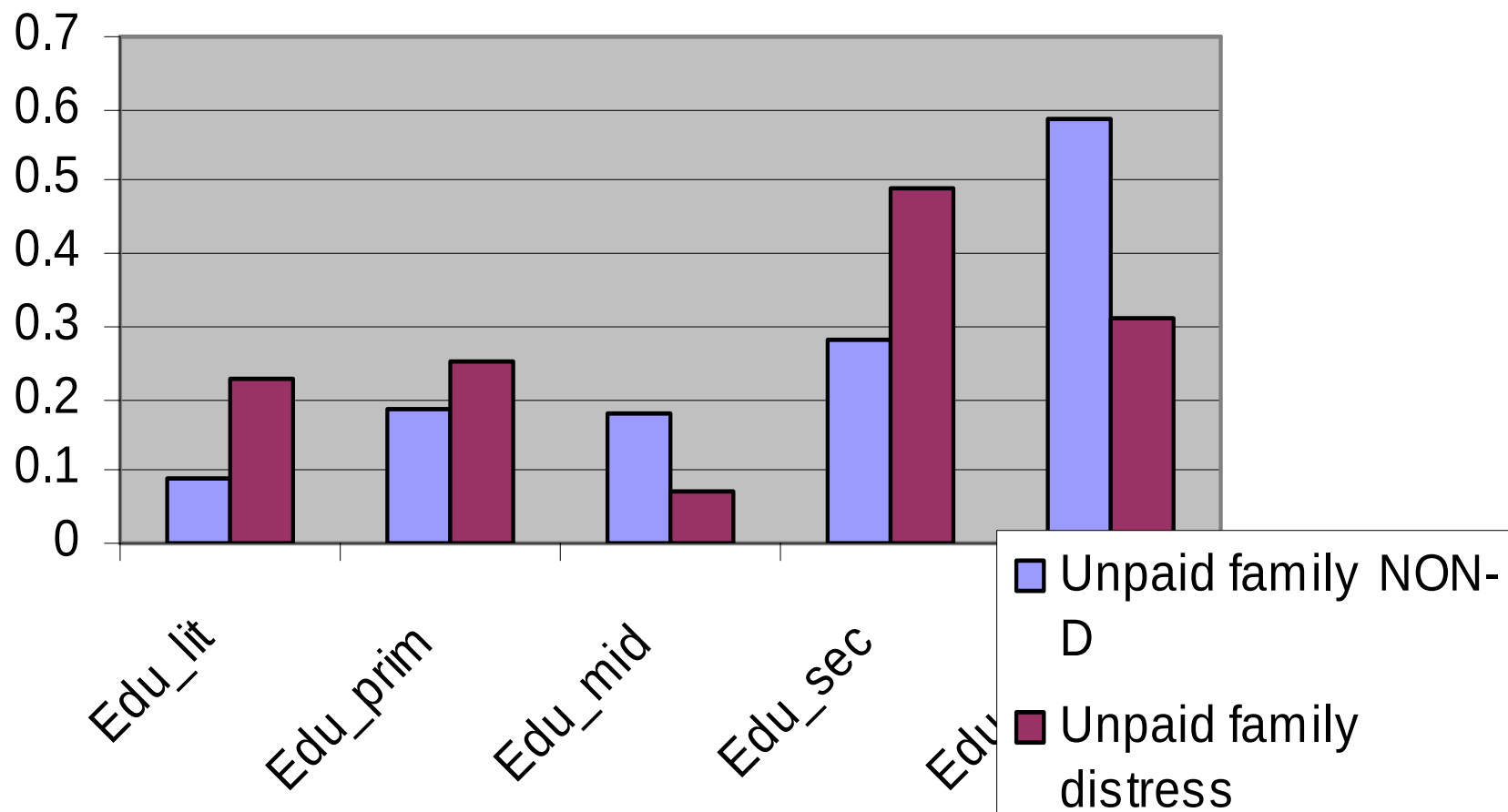
Education and RNFE - Regular



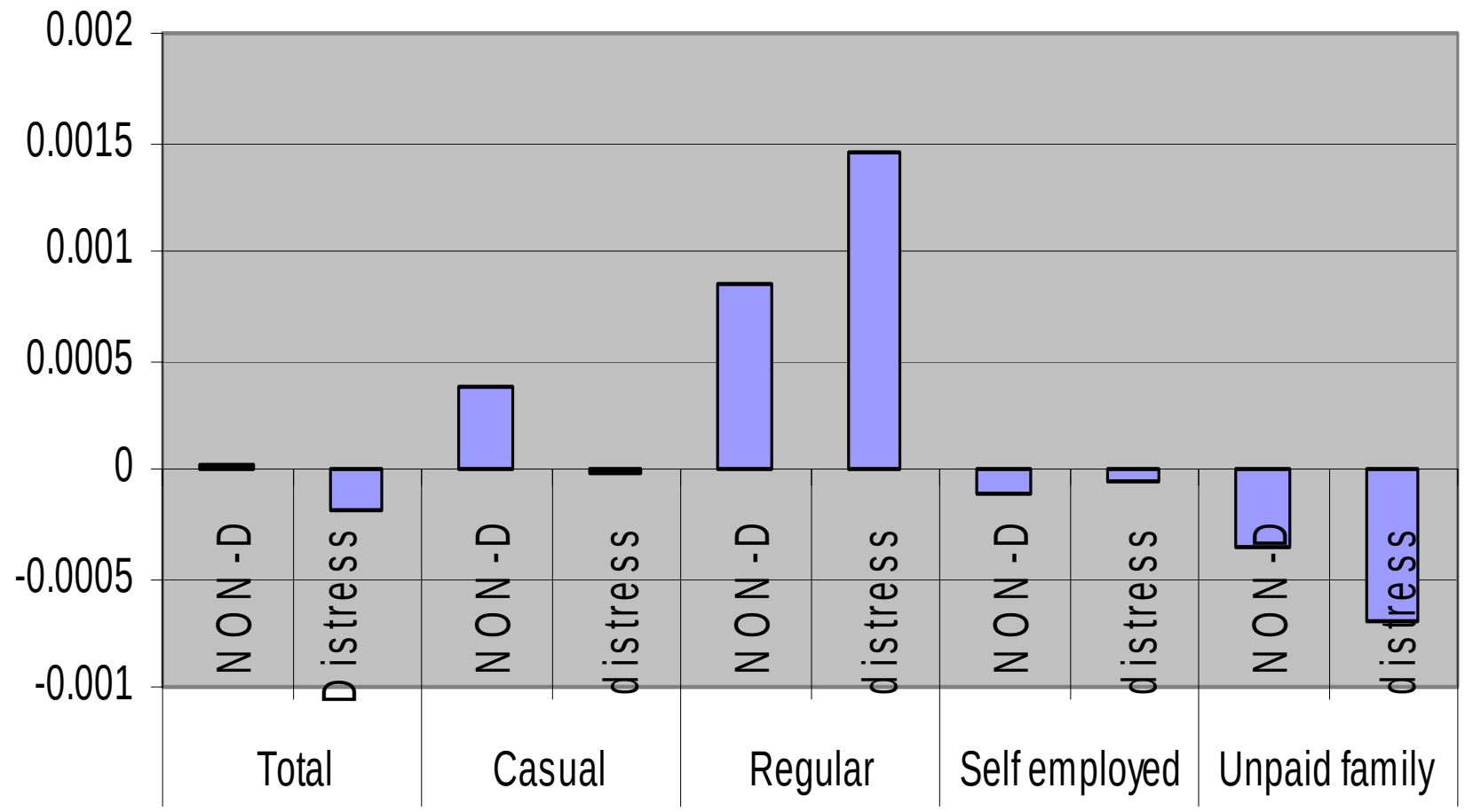
education and RNFE -Self employment

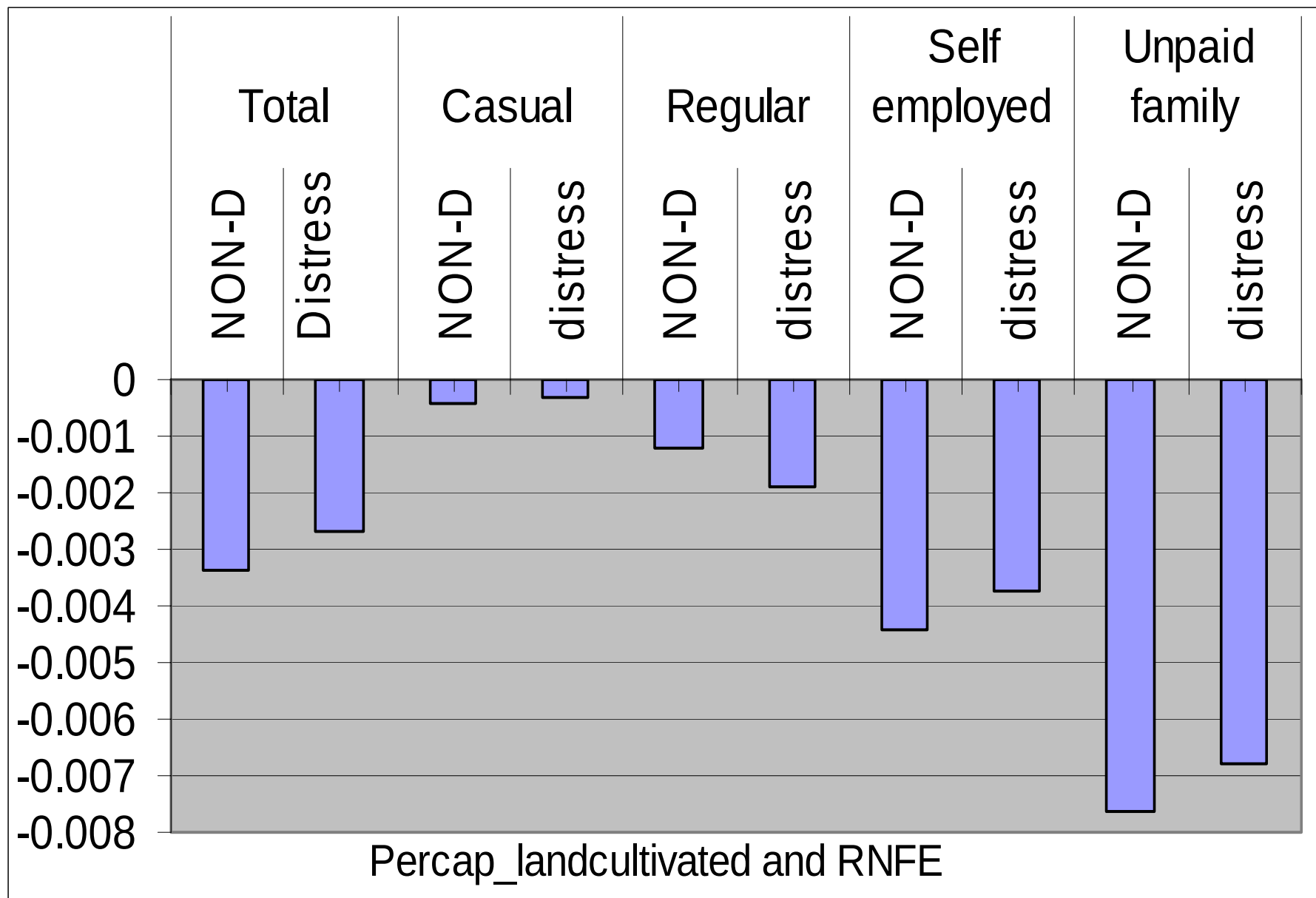


education and RNFE - unpaid family

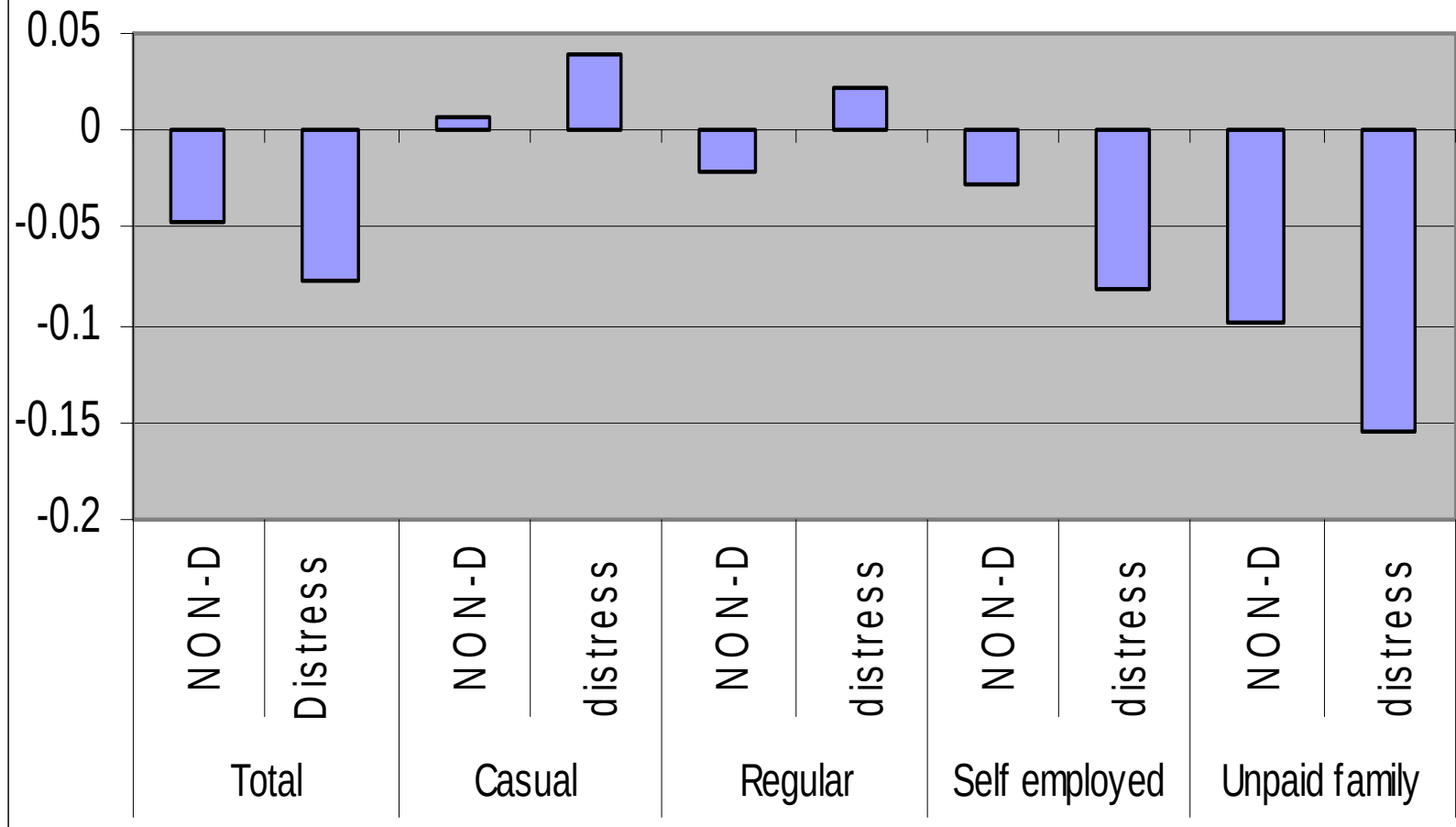


Percap_landown and RNFE

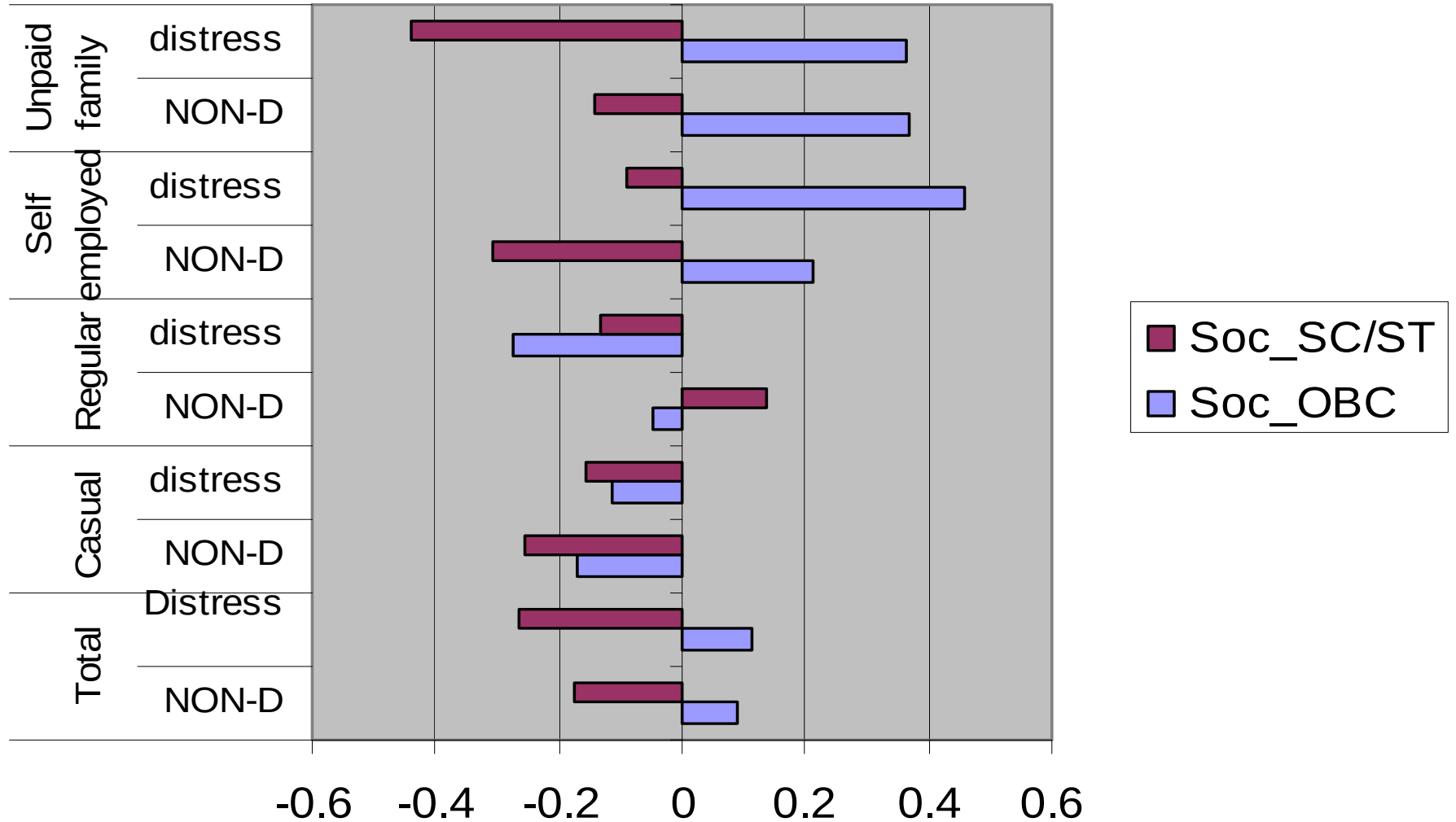




HH_size and RNFE



social groups and RNFE (Gen cat = 0)



Conclusion

- Signs of distress related employment growth
- Employment in non-farm sector picking up probably as a residual sector
- RNFS Employment in agriculturally distressed regions is related to factors that support residual sector argument, especially in casual wage workers