

Rural Labour in India and Analysis of Present Trend

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Abstract—Presently about more than three fourth of Indian population lives in rural areas. It is a known fact that agriculture has been pre dominant occupation of the rural people. However, there have been some variations in the workforce engaged in agriculture in the past few decades. Lack of employment opportunities in rural areas as well as under employment in agriculture have often induced rural labour to migrate in urban areas in search of livelihood. As per the NSS 64th round report (Migration in India, 2007-08) among the migrants in the urban areas, nearly 59 per cent migrated from the rural areas. This indicates that we are far from fulfilling the objective of Twelfth Five Year Plan to provide (a) decent work and (b) productive employment particularly in case of rural labour. In the present economic scenario in our country there could be many dimensions to provide decent work. For instance, if a agricultural labour migrates to urban areas in search of work and finds employment, it may be casual work in unorganized services or industries. Such rural agricultural labour takes up the job because the urban wage rates in unorganized sector also are better than those prevailing in agriculture. There may be no work opportunities in agriculture in his/her native region/State.

1. INTRODUCTION

Though agriculture has not been occupation providing sufficient earning, the rural labour has generally not been left with any alternative. However, there has been general tendency of rural laborers to migrate to urban areas for work opportunities in urban informal economy or industries or service sector. As per 61st round of NSSO, an absolute increase has been observed in employment in agriculture sector in the first half of the decade from 238 million in 1999-2000 to nearly 259 million in 2004-05. It would, however, be not a fare approach to see it as a positive development because the expected structural transformation with growth is that there would be a shift in labour from agriculture to non-agricultural employment.

Since the rural workforce relies on self-employment in agriculture; the rural unemployment rate has been consistently lower than the urban. The available data indicates that 84% of

all farmers who till under one hectare of land or the small and marginal farmers eke out an uncertain livelihood. An important issue to be noted here is that while our economy has observed a high growth economy; due to slow rate of growth of output in agriculture, the unemployment rate by UPSS has only shown an increase between 1993-94 and 2004-05, and has remained at roughly the same level in 2009-10.

Employment growth slowed down sharply during the 1990s, especially in rural areas. As Table 2 shows, the net increase in employment in India was 71 million between 1983 and 1993-94, but fell to 24 million between 1993-94 and 1999-2000. Further, there was a predominance of casual workers in the new employment generated during the 1990s. In fact, this record of employment growth cast serious doubts on the sustainability of India's economic growth during the post-reform years.

2. CHANGING PATTERN OF RURAL ECONOMY

The marginal increase in overall employment in India, which has been observed in the period between 2004-05 and 2009-10, has occurred as a result of two opposing trends in labour absorption—an absolute decline of 21.1 million workers engaged in agriculture and related activities, and a modest increase of 22.3 million workers in the non-agricultural sectors. We get some interesting observations when we analyzed the decline in agricultural employment growth during the second half of the 2000s. It is noted that in the period between 1999-2000 and 2004-05, agriculture and allied activities such as fishing and forestry contributed 18.5 million of the 59.5 million new jobs generated in India. This was one third of the total increase during the period. It is also interesting to note that GDP growth in agriculture had been statistically insignificant during the first half of the 2000s (refer Table 1 and Table 2).

Table 1: Net Increase in the Number of Workers in India

Period	All Workers	Agricultural Workers	Non-Agricultural Workers
1983 to 1993-94	71.1	32.4	38.7
1993-94 to 1999-2000	24	0.8	23.2
1999-2000 to 2004-05	59.5	18.5	41
2004-05 to 2009-10	1.25	-21.1	22.3
1993-94 to 2009-10	84.7	-1.8	86.5

Source: calculation of various NSSO Rounds

Table 2: Net Increase in Employment and Growth of GDP in India, Sector-wise (1983 to 2009-10)

Sector	Net Increase in Employment in Million Numbers					Growth of GDP in %				
	1983 to 1993-94	1993-94 to 2009-10	1993-94 to 1999-2000	1999-2000 to 2004-05	2004-05 to 2009-10	1983 to 1993-94	1993-94 to 2009-10	1993-94 to 1999-2000	1999-2000 to 2004-05	2004-05 to 2009-10
Agriculture, hunting, forestry & fishing	32.4	-1.8	0.8	18.5	-21.1	3.1	2.7	3.3	1.6	4.1
Mining and quarrying	0.9	0.3	-0.4	0.3	0.4			5.1		
Manufacturing	7.6	9.2	3.4	9.6	-3.7	5.2	7	6.8	6.1	10.5
Electricity, gas water	-0.2	-0.1	-0.4	0.2	0			6.9		
Services and construction	31.1	77.8	22.1	30.7	25	6.5	8.6	8.1	7.8	10.5
Construction	5.3	32	5.4	8.4	18.1	5.5	8.5	6.3	8.8	9.6
Trade, hotels, transport and communication	12.6	29.9	13.4	12.6	3.9	5.7	9.6	9	10	10.5
Financing, real estate and business services	1.6	6.6	1.4	2.9	2.3	9.1	8.7	8	6.7	13.4
Community, social and personal services	11.6	9.3	2	6.7	0.7	5.9	6.7	8	4.8	8
Total employment/GDP	71.1	84.7	24	59.5	1.2	5.2	6.8	6.5	5.9	8.6

Source: calculation of various NSSO Rounds and national Account Statistics

We also note that a considerable no of Farmer suicides were reported from several regions of the country during this period. The study conducted by Foundation for Agrarian Studies in 2005-06 pertaining to Maharashtra and Andhra Pradesh brought forth the instances negative incomes from crop production. This is an area of concern for us studying and analyzing the dynamics of rural economy¹.

Table 3: Net Increase in Employment in Agriculture and Related Activities in India, All Workers and Female Workers (1999-2000 and 2009-10)

Period	Workers, by Status	All Workers	Female Workers
1999-2000 to 2004-05	All workers	18.5	14.4
	Self-employed workers	27.7	16.9
	Casual workers	-7.9	-2.4
2004-05 to 2009-10	All workers	-21.1	-21.8
	Self-employed workers	-23.5	-19
	Casual workers	2.7	-2.5

Source: calculation of various NSSO Rounds

While studying the movement of females into and out of agriculture it is observed that an overwhelming proportion of all persons who joined the agricultural labour force in India

between 1999-2000 and 2004-05 (16.9 million of 18.5 million) were self-employed females (refer Table 3). According to some labour economists these rural women entered the agricultural labour force to supplement the low household incomes, in response to distress conditions in the countryside (Abraham 2009).

India's labour force increased by 11.7 million to 428.9 million in the second half of the decade from 2004-05 to 2009-10 on a current daily status basis in comparison to increase of 52.3 million in the first half of the decade. This marginal increase was surprising particularly when the population was growing at a compound annual growth rate (CAGR) of 1.54% and the economy was doing well with a CAGR of 8.6%. The workforce grew much higher 18 million to reach 400.8 million although substantially lower than the increase of 44.6 million in the first half of the decade 1999-04. The higher growth of employment has helped push down the number of unemployed from 34.4 million in 2004-05 to 28.1 million by 2009-10; a decline of 6.3 million unemployed during the second half of the decade, decline in unemployment rate from 8.28 to% to 6.6%. This was in contrast to the increase in the unemployment in the first half of the decade to 8.28% from 7.31 %. The substantial fall in unemployment is a major achievement as it tantamount to the reversal of increasing trend of unemployment, unemployed had steadily picked up

from 20.2 million in 1993-94 to 26.7 million in 1999-2000 and further to 34.4 million in 2004-05.

As it is observed from table 3, about 22 million women left agricultural work in the period between 2004 -05 and 2009-10, out of that 19 million were in the self-employed category. Interestingly, Just as the steep rise in female agricultural employment during the first half of the 2000s was linked to rural distress; its equally steep decline during the second half of the 2000s was attributed to improvement in India's rural economy.

There has been a substantial difference in the growth of labour force and employment in rural and urban sectors. In the rural sector, the labour force moved up only marginally by 3.8 million to 306.3 million in the five years between 2004-05 and 2009-10 in comparison to 31.9 million in the first half of the decade. , while the size of the workforce went up by 7.8 million, which is double the size of the increase in labour force, to touch 285.4 million as compared to 26.4 million in the first half of the decade. This may probably be due to the MGNREGA programme and other new opportunities in the rural sector. Consequently, the number of unemployed in the rural sector fell from 24.8 million in 2004-05 to 20.9 million in 2009-10, pushing down unemployment rates from 8.2% in 2004-05 to 6.8% in 2009-10.

From table 2 we observe that the growth of agricultural incomes in India indicated acceleration during the second half of the 2000s .The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), which is the most important scheme of the present Union Government has brought a substantial impact on rural employment and rural wages. As per the NSS data, the number of casual workers engaged in public works (as per current weekly status) registered an increase of 5.8million between 2004-05 and 2009-10. Of this, an increase of 2.5 million occurred due to public works carried out under MGNREGA (refer Table 3).

As per statistics available through NSS Round, in the period 2004-05 to 2009-10, 313 million people opted out of the labour force to study as against 267 million in the previous five years 1999-2000 to 2004-05. In addition, people opted out of the labour force to attend to domestic duties including activities like weaving, tailoring and gathering firewood for free for the household. In 2004-05, this category constituted 170 million persons, which rose quite sharply to 220 million in 2009-10. The growth of the workforce, that is, total employment, also decelerated sharply in Second half although the growth in workforce was higher than the growth in the labour force in later half of the decade which decreased the unemployment rate from 8.28% 2004-05 to 6.60% in 2009-10. If we measure this in absolute terms, the average annual increase in employment opportunities during second half works out to was 3.6 million on CDS basis which is lower than the annual increase of 8.92 million in first half.

We also note that in the period between 1999-2000 and 2004-05, rural women who reported their economic status as “attending to domestic duties only” declined in number. On the other hand self-employed rural females grew in strength. Interestingly, this was reversed between 2004-05 and 2009-10. There was a sharp rise in the numbers of rural females who were attending to domestic duties only and a fall in the numbers of rural females who were self-employed in agriculture (refer Table 4). The reason seen behind the women moving back to household work during the second half of the 2000s is the improvement in the availability of income-earning opportunities for male members of the family.

Table 4: Distribution of Incremental Population of Rural Females in India, by Activity Status and Household Consumption

Activity Status	1999-2000 to 2004-05		2004-05 to 2009-10	
	Bottom 60%	Top 40%	Bottom 60%	Top 40%
Self-employed in agriculture	8	7.6	-9.3	-8.6
Attend to domestic duties only	-3.3	-2.4	16.5	8
Attend to domestic duties and also engage in free collection of goods (e g, vegetables), tailoring,weaving, etc, for household use	3.6	2.1	8.2	2
Students	10.9	4.3	12.8	1.5
Total incremental population	12.4	13.3	20	1

Source: calculation of various NSSO Rounds

As observed through the analysis of table- 4 above, an important aspect of the shifts in activity status of the women took place among relatively poor as well as for relatively rich household groups (refer Table 4). The inference drawn here is that the distress induced movement of rural females to self-employment in agriculture during the first-half of the 2000s occurred even among the better-off rural households. It appears very likely because a substantial segment of even the top 40% (by consumption expenditure) of households in rural India could be surviving just above the subsistence levels. Moreover, it is natural that opportunities for self employment in agriculture will be better for relatively rich households since they possess land and livestock.

3. EMPLOYMENT FOR WOMEN

If we really aim at improving the rural economy, we need to orient the policy for creating better employment opportunities for rural women some hope is reflected in this regard through a perusal of the “*Report of the Working Group on Employment, Planning & Policy for the Twelfth Five Year Plan (2012-17)*”.

The said working group has attempted to make detailed analysis of the employment scenario particularly among the rural women and has made considerable recommendation. Some of the key observation and recommendation made by the working group are as follows:

- a) "We have noted that the labour force participation rate for women fell in the latter half of the decade, especially in rural areas, because women are participating to a greater extent in education. A larger number of these educated girls will enter the labour force during the period of the 12th Five Year Plan, and it is critical that this cohort of girls is also provided for in the vocational education stream of secondary education, which is to start from class IX onwards with the beginning of 12th Five Year Plan. In addition, ITIs must provide for more courses which are likely to be found attractive by adolescent girls, for example, computing, beautician, etc.
- b) We noted above that the number of women home based workers grew from about 29 million in 1999-2000 to 40 million in 2009-10. Many of these workers are employed in economic activities that are being undertaken in the 5500 clusters of traditional artisanal products spread through out the country (Bidi making, zari-zardoshi embroidery work, chikan work, bangle making, handloom, textile weaving, handicrafts) . These clusters are in urgent need of credit from formal banking sources, support for their marketing efforts, design innovation and technology upgradation. Government policy during the 12th Plan must focus on these four requirements of the traditional industries, using the cluster approach (as suggested earlier by the National Commission for Enterprises in the Unorganized Sector).
- c) The self help group approach of supporting women's work has been extremely successful in two southern states, Andhra Pradesh (the Velugu programme) and in Kerala (the Kudumbashree programme). The approach in these states has been so successful in reinforcing the livelihoods of women, especially in rural areas, that this model is now being taken to scale during the 12th Five Year Plan in the National Rural Livelihoods Mission, a programme of the Ministry of Rural Development. It will be critical that this programme does not remained funded during the 12th Five Year Plan, given that it had already been strongly recommended as a replacement for the Sampoorna Grameen Swarozgar Yojana (SGSY) in the 11th Plan itself."

We also observed that a large part of the variation in employment in India during the 2000s occurred due to the shifts in the activity status of rural females between "attending to domestic duties only" (which is not considered a part of the labour force) and self-employment in agriculture. Decline in female agricultural employment during the second half of the 2000s occurred due to an improvement—and not a worsening—in the economic conditions in rural India which should not be considered as deteriorations.

When we study the dynamics of employment particularly in the context of rural employment, we have to begin with analyzing the employment potentials of agriculture sector. Through the review of the period 2004-05 to 2009-10 we observed that there was decline in total employment in agriculture by 14 million. What was expected that there would be an increase of employment in agricultural activities like horticulture, animal husbandry, forestry and fisheries etc. This expectation was in view of the high income elasticity of demand for fruits and vegetables, eggs, meat and fish etc. However surprisingly, the employment in these activities decline from 50.8 million to 34.6 million in the latter half of the decade. Out of the decline of 16 million, 11 million was because of decline in employment in animal husbandry from 34 million in 2004-05 and by a four million in horticulture. It is important to note here that a sizable proportion of animal husbandry activities and horticulture activities are undertaken by women. Due to retention of younger women and adolescent in education and migrating of males for rural nonfarm for urban work the burden of such work falls on the shoulders of women. Due to paucity of time women can neither abandon there household works nor can they neglect the family farm producing essential food crops. It is hence desirable the government provides due policy support for these allied activities with a view to enhance employment opportunities particularly in rural areas.

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