



## **Restructuring of rural enlargement through non farm sector**

**Ms Vibha Sharma** (Assistant Professor), **Ms Tanu Gupta** (Assistant professor)

*IIMT Group of Colleges, Greater Noida*

### **ABSTRACT**

*India is a country of villages and about 50% of the villages have very poor socio-economic conditions. While around 85% of population lives in village. In villages the agriculture sector is not capable of creating opportunities of gainful employment for growth. This study about rural non farm sector and its contribution to decline poverty and population. Though, agricultural sector has played a very significant role for generation of rural employment in ruler areas. But for expending the opportunities in rural areas, the ruler workforce are detaching from the farm sectors to various nonfarm activities to supplement their income. The nonfarm sectors can play significant role for solving the problem of poverty, unemployment, migration and calamities like drought. Recent years have seen that the rural non farm economy has grown rapidly, and give the contribution in economic growth. Long neglected by policy makers, the rural nonfarm sectors is gaining attention and have a great chance to grow in these sectors. And in doing so, can it, in fact, provide a pathway out of poverty for the rural poor. Therefore present study investigate the strength and weaknesses of the rural non farm sector of India*

### **Introduction**

The term “rural enlargement” signifies a process of improvement of economic progress of people in the rural areas. Rural development needs much enhancement in both farm economy and non-farm economy. Agriculture and its similar activities like plantation, field crop production. Fishing, hunting etc are covered by farm economy. On the other hand non-farm economy covers wide field of activities in the rural areas. Non-farm sectors are included employed and self employed activities in the manufacturing and other services. Over fifty per





agricultural sector has performed a significant role for generation of rural employment in the Asia and Pacific region, its contribution to the economy has reduced recent past. Therefore, development of various nonfarm activities can be effectively stimulator for further economic growth offering better employment on sustainable sources.

### **Rural-non-farm sector and its importance:**

As we have cited above non-farm sector represent 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 acknowledgment 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 (Islam1987).
- 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

Trough a wide network of rural non-farm activities, there is considerable solution to rural poverty as well as urban poverty.

### **Rural non-farm sectors: Its dimension and composition**

In this section, we emphasize the composition and element of rural non-farm sectors. The diversification of employment from agricultural to non agricultural activities, we can see through gender wise. Male workers are diversified from agricultural to non-farm activities while female workers are more or less constant in agriculture. During 1999-2000 this proportion was estimated about 68% for females as compare to 90% of male of rural area.

#### **1- Formation and escalation of rural-non-farm sector**

The rural non farm sector in India is too varied in respect of activities, unit size, and geographic distribution. Further, it does not consist of homogenous set of activities in the term of income and productivity levels. The rural non farm sector is divided in to three sub sectors (saxena2004). The first sub sector consists of enterprises that are run on more or less



constant with goal on the excess generation and expansion. The second sub part consists of merchandise or action which is often seasonal run only with the help of unpaid family labour, using primal technology. The third sub-sector consists of waged workforce consider by near to ground earning. As per economic census 2005, the data suggests that with the foremost contribution of non-agricultural activities, the increasing work force can effectively be engaged as rural non-farm sectors workers generating additional earning for better economic development of the rural community

### **2- Trend of non-farm employment and earning**

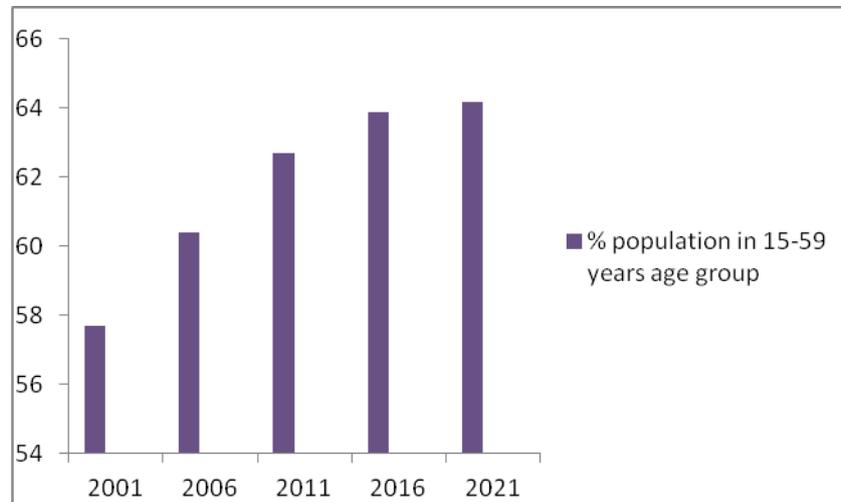
In current period, rural non-farm economy is considered as an effective approach for decentralization of financial action to rural India and playing important role in close down to migration to people in urban areas. Various studies has estimated that the earning of usual worker rural non-farm sector were 2.4 time higher than that of farming worker. According to national sample survey, just 10% of male rural worker and 5% of female workers were normally engaged. Non-farm employment can be classified in to three categories: regular employment, self employment and casual employment. Estimate suggests that 92% of Indian labourers are engaged in unorganised sector in India while only 8% labourers are occupied in organised sector. Non-agricultural activities become visible to be unorganised in India.

### **3- Labour force expansion and employment necessity**

The age structure of population is changed due to this characteristics and the most active working age group (15-59) is augmented in the population (table1). Growth and decline of labour force participation rate depend on certain factors. Labour force participation rate will decrease in the age group 15-59 years due to raise belief on education while due to better and awareness about health, labour force participation rate in the old age group (50+ years) will increase. The census projection report show that the proportion of population in the working age group (15-59years) is likely to in increase from approximately 58% in 2001 to more than 64% by 2021in figure 1.



**Figure 1 % of population in age group of 15-59 years**



Source: The annual report of employment people (office of registrar general & census commissioner (RGCC), 2006.

**Table 1 Increase in labour force and working age population (million)**

Basis of situation	2002-2007	2007-2012
Increase in labour force (specific group)	35.29	40.02
Increase in working age population(15+)	55.25	55.82

Source: Report of planning commission special group on creation on creation 10 million employments opportunities, per year since 2002.

### **Strength and weakness of non-farm sector**

Non-farm sector can fruitful for lifting the poor above the poverty as well as it can be failed to remove the poverty. So strength and weakness of rural non-farm sector in India is highlighted by mukharjee and zhang (2005).

### **Strength**

**Institutional basis for rural non-farm sector:** In India, institution is play vital role in foundation of growth of rural non-farm sector. Institutions such as small industry development bank of India (SIDBI), state Industrial Corporation, as well as government support export promotion. These institutions make strong non-farm activities.



**Rural employment schemes:** Rural employment schemes are provided the promotion of rural industries and corporation in non-farm economy and increase the self employment in rural areas such as Swarna jayanti gram swarozgar yojana, national rural employment guarantee act etc are government schemes. Overall, transformation of rural economy must include strong measures for employment generation and shifting workers out of conventional agricultural activities

### **Weakness**

**Regulatory restriction on small-scale sector:** In India, the capital investment limitations were imposed to protect the small-scale sector, mainly rural areas from predation by large industry. After opening up our economy in 1991, increase the capital investment limit especially rural areas and conduct the progressive programme to better use of new technology for growth of non-farm sectors.

**Quality of work force:** In rural areas, lack of education direct to labour being casual work employment in the non-farm sector and not to high salaried employment and directing low level of labour efficiency in the rural manufacture sector compared to urban manufacturing (Chadha 2003).

### **Conclusion**

The rural non-farm sector play significant role in development of rural areas in India. It should be mention that rural non-farm economy is not replacement of agricultural employment. Agricultural growth is still considerable matter and should be pursued as necessary requirement. Many strategy and promotion are regulated rural non-farm economy. Government's policies and yojana are helpful hand of rural development but it is not enough for expansion of rural non-farm sector. So strategic alliances and partnership should contribute and come with government for improving the sustainability of small village and tiny enterprises in rural areas. Other considerable thing is that need to be focused on human resource development, financial facilities, research & development and to identify the role of women to making the activities self employment in changing competitive environment for non-farm economy. PMKVY can play a major role in this by promoting and imparting skills required in modern agriculture, value addition and primary processing. India should explore possibilities of creating blue collar jobs in and around agriculture.

