

1. Rural Non-Farm Employment in Karnataka

D V Gopalappa

Introduction

The term 'non-farm' encompasses all the non-crop agricultural activities; it includes manufacturing activities, mining and quarrying, transport, trade and services in rural areas. Further, the seasonal and contractual jobs unconnected with farming as such, available within the village or a nearby town are a part of Non-Farm Employment (NFE). Rural Non-farm Activities (RNFAs) play an important role in developing countries such as India. These activities provide supplementary employment to small and marginal farm households especially during the slack season. Consequently, incomes of these households tend to be smooth during the year. RNFAs also have the potential to reduce income inequalities and rural-urban migration. The Non-Farm Sector (NFS) is, therefore, seen as a method by which the problems of unemployment, particularly rural unemployment, can be tackled and poverty reduced, and many efforts are being made in this area of work.

The literature reveals that the NFE generation has been depending on two factors. First, the growth-related factors. Among the growth-related factors, agricultural development is important. The demand for non-farm goods and services in rural areas naturally depends on agricultural prosperity and incomes as the growth of RNFAs depends on the linkages that the Rural Non-Farm Sector (RNFS) has with the processing sector (backward linkages). By creating demand for inputs such as fertilisers (forward linkages), rapid agricultural growth would have a direct impact on RNFA.

Second, the shift to non-agricultural activities can also be attributed to poverty-related factors such as unemployment, low agricultural wages and high incidence of poverty. Unable to obtain productive employment in agriculture all the year, the rural poor seem to be compelled to take up RNFAs. This phenomenon is called 'distress diversification,' i.e., diversification into unproductive and low-paid non-farm jobs. This occurs especially when underemployment in agriculture is high and the NFS acts as a sponge for the excess labour. Therefore, the available studies have concluded that agricultural growth and distress diversification play a major role in increasing NFE. More precisely, Rural Non-Farm Employment (RNFE) is due to non-availability of land for agricultural activities and agricultural labour in rural areas.

There have been studies to assess the determinants of RNFE but researchers have mostly tried to substantiate one of the above propositions about the process of NFE diversification. As their approaches were different, so were the results. Often, aggregation of data has also contributed to this confusion; data on NFS aggregated even at the micro level may not show a clear-cut trend; since a wide range of activities are being pooled together. Therefore, a disaggregate analysis of the factors responsible for

diversification of RNFE at the household level is desired.

In order to address some of these concerns, the present study focussed on the following objectives:

1. To study the pattern of rural non-farm employment diversification at the household level.
2. To estimate the determinants of employment in the selected non-farm rural activities.

Methodology

The present study was coordinated by the AER Centre, IEG, New Delhi; ADRT Unit conducted the study in Karnataka State. To fulfil the first and second objectives of the study about employment diversification at the household level and to select the sample households multi-stage stratified random sampling techniques are adopted. Two districts were selected for the study, one having the highest density of non-farm workers, and another having the lowest density of workers. The available secondary data show that Kodagu, Dakshina Kannada (DK) and Chickmagalur districts have the highest concentration of non-farm workers and rank first in all the three years (1971, 1981 and 1991). Therefore, we have selected DK by lottery method out of these three districts. Among the lowest density districts are found Raichur, Mandya and Shimoga. However, on the basis of the latest figures of 1991, Raichur occupies the 19th position as compared with Mandya and Shimoga districts, which have taken 16th and 18th positions respectively. We have put all these three districts in the selection list, and Raichur district was selected on the basis of the same lottery method.

In the second stage of sampling, two village clusters (each of three villages) from each of the selected districts were selected on the basis of level of employment diversification in the villages. The available literature indicates proximity to town as the most important determinants of non-farm employment diversification in a specific region; therefore two village clusters, one situated within 3 kms of the town and another situated more than 10 km away from any town were selected in each district.

A sample of 30 rural households was selected randomly from each of the village clusters. The proportion of these categories of households in the sample was based on their distribution in the village population. However, a minimum of three households in each industry category was selected on the basis of the random sampling method. In brief, two districts on the basis of concentration of non-farm rural workers, 2 village clusters from each of the selected districts on the basis of proximity to Class II town, and 30 sample households from each village cluster; altogether 120 households, 4 village clusters, and 2 districts in the state.

Findings

The study reveals that the NFE is not based on growth-related factors like agricultural development. This is evident from the fact that though the Raichur district has been one of the agriculturally developed districts, the NFE has been very low as compared with the other district, DK. Agricultural development can be explained in terms of the availability of irrigation facilities, land-man ratio, cropped area, etc. The distress diversification hypothesis holds good partially in DK district, which has very high NFE.

This can be explained by distress factors such as land-man ratio and the cropped area, which are less and the non-availability of irrigation facilities. However, the major factors determining the NFE are the literacy rate, people's awareness, willingness to work and the availability of infrastructure facilities. In DK the literacy rate is high, more infrastructure is available, people are well aware of the problems and are willing to work and, therefore, NFE is high. In addition to these the NFE in DK district is not as a last resort, which is mentioned in the distress diversification hypothesis, because people have been opting for this occupation, which pays more as compared with other occupations especially agricultural labour in rural areas.