

Emerging Trends in Rural Employment Structure in India:

A Mapping

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Abstract

In India, whilst contribution of agriculture to Gross Domestic Product (GDP) has declined considerably over the years (i.e. only 14.39 percent of GDP during 2018-19), agriculture still remains a dominant mainstay of the rural economy as 53.2 percent of rural males and 71.1 percent rural females are dependent on agricultural sector for employment. Despite this, the gap between job seekers in rural areas and employment opportunities in agriculture has been widening and the non-farm sector has become an increasingly main source of livelihood in rural areas. This paper analyses emerging trends of employment diversification in rural India, factors responsible for the growth of non-farm employment, and identifies industries within the rural non-farm sector which are providing employment opportunities to the rural workforce. Further, the paper also looks into the impact of the ongoing COVID-19 pandemic on rural employment in India. This study is predominantly based on Periodic Labour Force surveys (PLFS, 2017-18 and 2018-19). The broad story that emerged from this analysis is that a significant structural change has taken place but it has failed to generate productive and decent work opportunities in the rural areas. Nevertheless, the ongoing COVID-19 pandemic has further

worsened the situation of the rural economy as the future of the rural labour market would be more uncertain due to pandemic induced reverse migration of urban workers (who were previously employed in casual works in urban areas) to their villages.

Keywords: *Labour force, Workforce Participation Rate, Informalisation, De-feminisation, Reverse Migration.*

I

Introduction

In case of most of the developing countries, growth process witnessed changeover from a primarily agrarian economy to an industrialised one, India was no exception to this process of structural shifting towards major dependence on non-farm sector, and contribution of agriculture to Gross Domestic Product (GDP) has been declined significantly over the years. However, this decline in the share of GDP was not accompanied by a similar decline in agricultural employment. Available data also shows that Indian economy is shifting from the farm sector towards the non-farm sector but still the majority of the workforce in rural areas is highly dependent on the agriculture sector. Furthermore, since the 1980s, the share of the farm sector in total Gross Domestic Product (GDP) of the economy has been decreasing. As, in the year 2011-12, the share of agriculture in GDP of the economy declined to 12.2 percent from 29.82 percent during 1980-81 (Niti Aayog 2015), which further declined to 14.39 percent in 2018-19¹. However, it has been the major

¹As per Ministry of Statistics and Programme Implementation (2020), the share of Agriculture and allied, Industry, and Services Sector have been 14.39 percent, 31.46 percent and 54.15 percent respectively (at 2011-12 prices).

source of employment in India especially for the rural workforce as 57.8 percent total rural workforce (i.e. 53.2 percent male workforce and 71.1 percent female workforce) employed in it during 2018-19. One could observe that 42.2 percent of rural workforce is engaged in the non-farm sector during 2018-19 which increased from 40.6 percent during 2017-18 (as 59.4 percent of rural workforce was engaged in the agriculture sector in 2017-18) by 1.6 percentage points from 2017-18 to 2018-19 (PLFS 2020).

However, the gap between job seekers in rural areas and employment opportunities in the farm sector has been amplifying (which resulted in unemployment in the rural labour market) and the non-farm sector has been slowly emerging as an important source of rural livelihood since the 1980s. Studies also confirmed the importance of non-farm employment in rural areas on the basis of the fact that potentially it can absorb excess labour from agriculture and thereby reduce distress movement of workforce from rural to urban areas by improving households' income and generating structural transformation in the rural economy (Binswanger-Mkhize 2012; Haggblade et al. 2009). After 1991, formal employment has deteriorated and casual work (largely informal in nature) has been dominating. Hence, a significant structural change has taken place but it has failed to generate productive and decent work opportunities for the rural workforce. Moreover, the ongoing COVID-19 pandemic has unfolded the worst job scenario of the rural labour market in India by infuriating the economic crisis of job loss in India. Against this backdrop, the present article attempts to map the importance of rural non-farm employment in India and along with this the overarching objectives of this paper are to analyse emerging trends of employment diversification in rural India, factors responsible for growth of non-farm employment, and identifies industries within rural non-farm sector which have been providing employment

opportunities to the rural workforce. Along with the mentioned objectives it also examines the impacts of Covid-19 pandemic on rural labour market in India.

This study is primarily based on the careful statistical analysis of data from Annual Periodic Labour Force surveys for the years 2017-18 and 2018-19. This study also takes into account various scholarly articles as well as statistical data sources from government and private sources.

Noticeably, one could argue that this paper has four major points. First, structural transformation has been emerging in rural areas at a slower pace which is considerably insufficient to acquire the gains of 'demographic dividend' of the working age population in India. Hence, the problem of rural unemployment is worsening. The second point is, unlike China, rural diversification is distorted² because the manufacturing sector has failed to absorb a substantial workforce in India. After 1991, the majority of workers are employed by 'construction, trade and transport' sector which is an indicator of mounting significance of casual jobs in the rural economy. A dearth of 'decent job' opportunities has pushed the rural workforce to engage in casual works without job security measures. Hence, growing casualisation and informalisation in the rural labour market have been an emerging concern in India. The third point of the paper is that the percentage of rural female workforce in total rural workforce is

²Unlike China, the Services sector is the largest sector of India, whereas the manufacturing sector has lagged behind it. As per Ministry of Statistics and Programme Implementation (MOSPI, 2020), Gross Value Added (GVA) at current prices for Services sector is estimated at 92.26 lakh crore INR in 2018-19. Services sector accounts for 54.40 percent of total India's GVA of 169.61 lakh crore Indian rupees. With a GVA of Rs. 50.43 lakh crore, Industry sector contributes 29.73 percent, whereas Agriculture and allied sector shares 15.87 percent in 2018-19. On the other hand, at 2011-12 prices, the composition of Agriculture & allied, Industry, and Services sector are 14.39 percent, 31.46 percent, and 54.15 percent respectively in 2018-19.

flagging. Though, participation of women in MGNREGA and services has improved but declining female work participation rate is a pointer of paucity of safe and adequate work opportunities for the women in rural areas. Owing to the forceful withdrawal from the labour market they engage in unpaid family works which is further deteriorating their economic as well as social status. The fourth point is, rural economy has already been suffering with mentioned hurdles of development which has further been worsened by the ongoing COVID-19 pandemic due to reverse migration because casual workers (such as construction workers, hawkers, drivers and white collared professionals) have lost their jobs in rural as well as in urban areas.

This article is divided into six sections. After the introduction, the second section of this paper provides the summary of literature on the issue of non-farm employment which helps to understand the major determining factors of spill-over of rural workforce to non-farm sector. While the third section discusses major sources of income in rural areas and its varying nature over the time, the fourth section maps emerging trends of employment diversification in rural India and identifies industries within rural non-farm sector which are providing employment opportunities to the rural workforce. The fifth section of the paper discusses the worst impacts of COVID-19 pandemic on rural employment. The last section concludes the discussion.

II

Emerging Debates for the Determining Factors: An Analysis

The significance of India's rural labour market persists in numerous reasons. Firstly, the working-age population of India (people

between 15 and 64 years of age) has been growing in size. This ‘demographic dividend’ would likely to be continued till 2055 (i.e. 37 years from its beginning)³ which would also be expected to increase in the potential labour force of the country. About 70 percent of the population of India lives in rural areas (Census 2011) thus, it is significant to observe whether the demand for rural labour in the country has been keeping pace with the increase in potential labour supply in rural areas. Secondly, the pattern of economic and employment growth has implications for the structural transformation of the country’s labour force in India. Remarkably, it is a studied fact that India is undergoing a structural transformation but that too at a slower pace⁴ (Unni 1989; Chandrasekhar 1993; Sen 1996; Abraham 2008; Mehrotra et al. 2014; Thomas and Jayesh 2016; Thomas 2020 and others) though it has shown a diversified nature (Sen and Jha 2005; Papola 2008), which has also been described as a ‘distorted or stunted’⁵ structural transformation (Binswanger-Mkhize, 2013). Further, the major transformation that India is experiencing in favour of non-farm activities has been seen an option to generate employment and alleviate poverty in rural areas

³For more please refer to The Economic Times (22nd July 2019). <https://economictimes.indiatimes.com/news/economy/indicators/india-enters-37-year-period-of-demographic-dividend/articleshow/70324782.cms> (accessed on 18-9-2020)

⁴During 1983, the shares of agriculture and allied activities in India’s gross domestic product (GDP) and total employment were 35.1 percent and 68.2 percent respectively, whereas, during the period 2011–12, agriculture and allied activities accounted for a share of only 14 percent of India’s GDP and share of these sectors in total employment was 47.5 percent (Thomas, 2015; Thomas and Jayesh, 2016)

⁵Unlike the experience of most of the countries (like China) where the growth of the economies and the growth of non-farm employment leads to shift of labour from rural to urban locations, in India the growth of non-farm employment is more in the form of Rural Non-Farm Employment (RNFE), which is referred to as a unique feature of India’s rural transformation. India has been experiencing a ‘stunted transformation’ which is different from a ‘normal structural transformation’ which is experienced by other countries like China (Binswanger-Mkhize 2012).

owing to the incapability of farm sector and urban areas to absorb excess rural labour force (Dev 1990; 1994; Lanjouw and Shariff 2004; Thomas 2014; Subramanian 2015).

The aforesaid discussion obliges one to analyse the emerging debates/ hypotheses in context of the determining factors of structural transformation in rural labour market, which has been a distinguished feature of India's economic development (which has been on the lines of Lewis 1954).

Further, Mellor (1976) in his 'agricultural growth linkage theory' confirmed that increases in agricultural productivity accelerate the employment in non-farm sector through multiple linkages (i.e., production linkages⁶, Consumption linkages⁷ and potential linkages⁸). Following, Mellor numerous scholars found positive linkages between agricultural growth and the growth of non-agricultural activities (Dev 1990; Basant and Kumar 1989; Basant 1994 and others).

Contrarily, Vaidyanathan (1986) negated 'agricultural-led growth hypothesis' and proposed 'residual hypothesis' and he argued that rural diversification is due to push factors or driven by agricultural distress. Following Vaidyanathan various studies have explained several 'push factors' such as unemployment, poverty, population pressure, landlessness and inequality (Basant and Kumar 1989). Conversely, numerous studies have negated the distress

⁶Production linkages are, both backward, via the demand of agriculturalists for inputs such as plows, engines and tools, and also forward through the need to procure agricultural goods such as spinning, milling, etc.

⁷Consumption linkages are explained with increased agricultural income and more demand for goods and services produced in nearby villages and towns would increase.

⁸Potential linkages indicate that more supply of labour and capital due to increase in productivity in agriculture and hence, new agricultural surplus would be a source of investment funds for the non-farm sector.

hypothesis (Unni; 1980; 1989; 1997; Dev 1990; Basant 1994) and clarified that casualisation of workforce has not been an indicator of distress as wage rates in rural non-farm sectors are always higher than that of farm sector (Basant 1994).

However, Chandrasekhar (1993) suggested that the size of employment in the non-agricultural sector has been the result of simultaneous working of both 'push and pull' factors. Additionally, some studies (Unni 1994; Basant 1994; Lanjouw & Shariff 2004 and others) recognized the importance of other factors such as increase in the local demand of goods and services, expansion of governmental rural development schemes, improvement in rural infrastructure, improvement in human capital (health and education), caste, gender and the proximity of rural towns or urbanisation, size of the household, caste, village-level agricultural conditions and population densities for the growth of rural non-farm sectors. Likewise, Jha (1997) also argued that the movement of rural households from the farm sector to non-farm sector depends upon the characteristics of households.

Thus, one could argue that spill-over of rural workforce from the farm sector to the non-farm sector has not only been the result of a single factor but a result of a combination of different determinants.

III

Major Sources of Income in Rural Areas: An Overview

After the discussion of the relevant debates regarding determining factors of rural structural change, one could proceed to discuss major sources of income in rural areas and their varying trends. A well acknowledged fact that in developing countries, farming is the major activity but along with it people in rural areas are involved in a diversity of other activities (non-farm activities). Therefore, a

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complex pattern of diverse activities dominate in the rural areas (Basant and Kumar 1989). One could exemplify that during 2018-19, self-employment has been the major source of income in rural areas as 51.7 percent of households were dependent on self employment, second major source of income has been casual labour as 25.1 percent households were dependent on it, whereas 13.1 percent households derive their income from regular jobs (Table 1).

Table 1. Percentage distribution of rural households by household type during 2011-12 (NSS 68th round), 2017-18 (PLFS) and 2018-19 (PLFS)

Household Type	NSS 68th round (2011-12)	PLFS (2017-18)	PLFS (2018-19)
Self-employed in:			
Agriculture	34.3	37.8	36.6
non-agriculture	15.5	14.3	15.1
Self-employed	49.8	52.2	51.7
Regular wage/ salary earning	9.6	12.7	13.1
Casual labour in:			
Agriculture	21.0	12.1	11.7
non-agriculture	13.5	12.9	13.4
Casual labour	34.5	25.0	25.1
Others	6.1	10.1	10.1
All	100.0	100.0	100.0

Source: Period Labour Force Survey (PLFS, 2017-18 & 2018-19), Government of India.

Emerging Trends of Employment Diversification in Rural India: a Mapping

This section maps the emerging trends of employment diversification in rural India and identifies industries within the rural non-farm sector which are providing employment opportunities to the rural workforce.

A well recognized challenge faced by the Indian economy (especially in rural areas) has been the small size of its labour force participation rate (LFPR)⁹ as well as workforce participation rate (WPR)¹⁰ relative to the size of the population (especially in case of females), which has been an indicator of persistent rural unemployment. It has also been substantiated by the study conducted in 2020 by World Bank wherein it is stated that in 2018, labour force participation rate (LFPR, taking into account the population aged 15 years and above) in India was 76.2 percent (for males) and 20.7 percent (for females) whereas it was 75.7 percent (for males) and 61.1 percent (for females) in China.¹¹ Table (2) also shows that Labour Force Participation Rate (LFPR) is significantly lower for females than for males.

⁹LFPR denotes the sum of persons who are employed and persons who are unemployed but seeking jobs as a proportion of the population.

¹⁰The proportion of persons in the population who are employed is denoted by the work force participation rate (WPR) or worker population ratio.

¹¹World Bank. 2020. World Development Indicators. viewed on 16th September 2020, <http://data.worldbank.org/indicator/SL.TLF.CACT.NE.ZS>.

Table 2. Rural Labour force participation rate (LFPR in percent for persons of all ages) according to usual status (ps+ss) and current weekly status (CWS)

Year (NSS round)	Usual (PS + SS)		CWS	
	Male	Female	Male	Female
1993-94 (50th)	56.1	33.0	54.7	27.6
1999-00 (55th)	54.0	30.2	53.1	26.3
2004-05 (61st)	55.5	33.3	54.5	28.7
2009-10 (66th)	55.6	26.5	54.8	23.1
2011-12 (68th)	55.3	25.3	54.5	21.5
2017-18 (PLFS)	54.9	18.2	54.4	16.1
2018-19 (PLFS)	55.1	19.7	54.5	16.7

Source: Period Labour Force Survey (PLFS, 2017-18 & 2018-19), Government of India.

In a way, to map trends and nature of rural transformation or changes in the rural labour market, work participation rate (WPR) could be a major indicator. This section attempts to analyse changes in WPR of the rural labour market since the 1980s by comparing it with urban as well as all India WPR (Table 3).

Table 3. WPR (in percent) in usual status (PS + SS) at all-India level

Year (NSS round)	Rural			Urban			All		
	Male	Female	Person	Male	Female	Person	Male	Female	Person
1977-78 (32nd)	55.2	33.1	44.4	50.8	15.6	34.1	54.3	29.7	42.3
1983 (38th)	54.7	34.0	44.5	51.2	15.1	34.0	53.8	29.6	42.0
1987-88 (43rd)	53.9	32.3	43.4	50.6	15.2	33.7	53.1	28.5	41.2
1993-94 (50th)	55.3	32.8	44.4	52.1	15.5	34.7	54.5	28.6	42.0
1999-00 (55th)	53.1	29.9	41.7	51.8	13.9	33.7	52.7	25.9	39.7
2004-05 (61st)	54.6	32.7	43.9	54.9	16.6	36.5	54.7	28.7	42.0
2009-10 (66th)	54.7	26.1	40.8	54.3	13.8	35.0	54.6	22.8	39.2
2011-12 (68th)	54.3	24.8	39.9	54.6	14.7	35.5	54.4	21.9	38.6
2017-18 (PLFS)	51.7	17.5	35.0	53.0	14.2	33.9	52.1	16.5	34.7
2018-19 (PLFS)	52.1	19.0	35.8	52.7	14.5	34.1	52.3	17.6	35.3

Source: Period Labour Force Survey (PLFS, 2017-18 & 2018-19), Government of India.

One could analyse that (from Table 3) Indian economy has not been able to absorb increasing labour supply especially in rural areas which has resulted in a grave situation of rural unemployment. Further, to understand the changing nature and trends of rural employment structural transformation and its diversified nature one could explain the industry-wise division of rural workforce.

Table 4. Rural Percentage distribution of workers in usual status (ps+ss) by broad industry division¹²

Broad industry division	Category of worker	Year (NSS round)								
		1977 -78 (32 nd)	1983 (38 th)	1987 -88 (43 rd)	1993 -94 (50 th)	1999 -00 (55 th)	2004 -05 (61 st)	2009 -10 (66 th)	2011 -12 (68 th)	2017 -18 (PLFS)
Agriculture	Male	80.6	77.5	74.5	74.1	71.4	66.5	62.8	59.4	55.0
	Female	88.1	87.5	84.7	86.2	85.4	83.3	79.4	74.9	73.2
Mining & Quarrying	Male	0.5	0.6	0.7	0.7	0.6	0.6	0.8	0.5	0.5
	Female	0.2	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.2
Manufacturing	Male	6.4	7.0	7.4	7.0	7.3	7.9	7.0	8.1	7.7
	Female	5.9	6.4	6.9	7.0	7.6	8.4	7.5	9.8	8.1
Electricity, water, etc.	Male	0.2	0.2	0.3	0.3	0.2	0.2	0.2	0.3	0.5
	Female	0	0	0	0	0	0	0	0.1	0
Construction	Male	1.7	2.2	3.7	3.2	4.5	6.8	11.3	13.0	14.5
	Female	0.6	0.7	2.7	0.9	1.1	1.5	5.2	6.6	5.3
Industry	Male	8.8	10	12.1	11.2	12.6	15.5	19.3	21.9	23.2
	Female	6.7	7.4	10	8.3	9	10.2	13	16.8	13.6
Trade, hotel & restaurant	Male	4.0	4.4	5.1	5.5	6.8	8.3	8.2	8.0	9.2
	Female	2.0	1.9	2.1	2.1	2.0	2.5	2.8	3.0	4.0
Transport, storage and communications	Male	1.2	1.7	2.0	2.2	3.2	3.8	4.1	4.2	5.2
	Female	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.3
Other services	Male	5.3	6.1	6.2	7.0	6.1	5.9	5.5	6.4	7.6
	Female	3.0	2.8	3.0	3.4	3.7	3.9	4.6	5.2	8.9
Services	Male	10.5	12.2	13.3	14.7	16.1	18	17.8	18.6	22
	Female	5.1	4.8	5.2	5.6	5.8	6.6	7.6	8.4	13.2
Non-farm	Male	19.3	22.2	25.4	25.9	28.7	33.5	37.1	40.5	45.2
	Female	11.8	12.2	15.2	13.9	14.8	16.8	20.6	25.2	26.8
All	-	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

¹²For classification of industry, National Industrial Classification (NIC) 2008 was used in PLFS (2017-18) and NSS 68th round. NIC 2004 was used in 66th round, NIC 1998 in 61st and 55th rounds, NIC 1987 in 50th round and NIC 1970 was used in NSS 43rd, 38th and 32nd rounds.

Source: Period Labour Force Survey (PLFS, 2017-18 & 2018-19), Government of India.

The pre-reform discussion (1980-1991) discovers the facts that the share of the farm sector in total rural employment was decreasing but still dominated the sector, whereas non-farm sector was making progress in total rural employment (Table 4). Whilst, owing to the neo-liberal policies since the early 1990s, decline in public expenditure caused unchanged occupational structure of rural workforce and also caused increase in unemployment which increased to 7.3 percent in the period 1999-2000 from 6 percent in the period 1993-94 (Jha 1997; 2003; 2015).

As far as the occupation division of the rural workforce is concerned the largest percentage of rural workforce is self employed i.e. 57.8 percent, second occupation where majority of rural workforce is employed is casual work i.e. 28.2 percent and 14.0 percent of the rural workforce is regular or salaried. Whereas, the decline in self employment in agriculture among women during 2004-05 and 2011-12 has been a sign of increase in income earning opportunities of men in the rural areas (Table 5).

Table 5. Percentage distribution of rural workers in usual status (PS + SS) by statuses in employment (1983 to 2017-18)

Year (NSS round)	Male			Female		
	Self- employed	Regular wage/ salaried employees	casual labour	Self- employed	Regular wage/ salaried employees	casual labour
	Rural					
1983 (38 th)	60.5	10.3	29.2	61.9	2.8	35.3

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1987-88 (43 rd)	58.6	10.0	31.4	60.8	3.7	35.5
1993-94 (50 th)	57.7	8.5	33.8	58.6	2.7	38.7
1999-00 (55 th)	55.0	8.8	36.2	57.3	3.1	39.6
2004-05 (61 st)	58.1	9.0	32.9	63.7	3.7	32.6
2009-10 (66 th)	53.5	8.5	38.0	55.7	4.4	39.9
2011-12 (68 th)	54.5	10.0	35.5	59.3	5.6	35.1
2017-18 (PLFS)	57.8	14.0	28.2	57.7	10.5	31.8

Source: Period Labour Force Survey (PLFS, 2017-18), Government of India.

Noticeably, from the previous discussions it could be inferred that the emerging trends of rural Indian economy has been the poor employment quality due to the three main facts: firstly, the continuing dominance of agriculture in employment¹³, secondly, the

¹³Even though its share in employment has declined over the years, it still accounted for over half the workers in 2009-10. Its share in GDP, however, has declined from about 43 percent in 1972-73 (when its employment share was 74 percent) to 15 percent in 2009-10. Lack of similar structural change in workforce as in the national output has meant a steep relative deterioration in the quality of employment in agriculture (Papola and Sahu, 2012).

predominance of the informal employment¹⁴ and thirdly, the dominance of the self-employed and casual labour categories as the regular employer category forming a small percentage of total workers. These features are elaborated in the following way:

(a) The Mounting Growth of Non-Farm Employment

Non-farm sector is gradually becoming an increasingly important source of livelihood in rural India as the majority of people in rural areas have diversified their sources of income. One could observe that during 1999-2000 to 2011-12, average annual growth rate of real GDP (at 2004-05 prices) was 7.4 percent, overall rural employment grew at an average of 0.81 percent (i.e. by less than one percent per annum), while rural non-farm employment registered substantial increase of 5.1 percent (Saha and Verick 2016).

(b) Increasing Casualisation and Informalisation

One of the noteworthy features of rural workforce is the increasing casualisation and informalisation in India (Table 6). After 1991, neo-liberal reforms resulted in the decline of employment in farm sector and more employment of rural workforce in the 'construction, trade and hotels' (Table 4) which are basically low productive sectors with a greater degree of informality which is an indicator of deteriorating quality of rural employment (Jha 2003; 2019; Sen and Jha 2015).

¹⁴Papola and Sahu (2012) documented that almost all the employment in agriculture is informal, but in manufacturing also about 88 percent of employment is in this category. Average earnings per worker were Rs. 62 in the unorganized sector as against Rs. 239 in the organized sector in 2004-05. In terms of social protection, only about 0.4 percent of the workers in the unorganized sector were covered under any statutory social security scheme, whilst in the organized sector the extent of such coverage was only 53 percent.

Table 6. Percentage of Rural Regular Wage/ Salaried Employees in usual status (PS + SS) engaged in Non-agriculture sector in various conditions of Employment in India, 2017-18 and 2018-19

category of regular wage/salaried employees	percentage of regular wage/salaried employees who had no written job contract		percentage of regular wage/salaried employees not eligible for paid leave		percentage of regular wage/salaried employees not eligible for any social security benefit	
	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
Male	71.7	70.4	58.1	58.6	51.9	55.4
Female	58.5	58.2	47.9	49.5	55.1	57.7
Person	69.2	67.8	56.2	56.7	52.5	55.9

Source: Period Labour Force Survey (PLFS, 2017-18 & 2018-19), Government of India.

(c) Increase in De-Feminization

The striking trend of the rural labour force has been the increasing withdrawal of females from the workforce. While rural men increasingly move into non-farm work, particularly in construction labour, women appear to be stuck in agriculture (table 3). Among various causes, significant factors have been less work opportunities to rural females, increasing educational enrolment, improvement in economic conditions of the households, patriarchal pressure, social norms, safety issues and lower skills (Jha 2003; Abraham 2013; Mehrotra et. al. 2014).

V

Impact of Covid-19 on Rural Employment: a way forward

Indian rural economy has been suffering from an acute problem of

unemployment (Table 7) and the ongoing COVID-19 pandemic has worsened the same. Hence, in the current section impacts of Covid-19 have been discussed.

Table 7. Unemployment rate (in percent) among the youth (15 to 29 years) in usual status (PS + SS) at the all-India level

Category of persons	Period (NSS round)			
	2004-05 (61 st)	2009-10 (66 th)	2011-12 (68 th)	2017-18 (PLFS)
Rural male	3.9	4.7	5.0	17.4
Rural female	4.2	4.6	4.8	13.6
Urban male	8.8	7.5	8.1	18.7
Urban female	14.9	14.3	13.1	27.2

Source: Period Labour Force Survey (PLFS, 2017-18), Government of India.

In India, due to paucity of employment opportunities a large proportion of the rural workers migrated to towns and cities to work in non-agricultural activities which are casual as well as of low quality jobs such as construction labour, loading/unloading in mandis, shop assistants, mechanics, hawkers, as well as salaried workers. These migrant workers are out of work either temporarily or permanently due to the pandemic induced lockdown conditions. As a result of lack of social security measures and the relatively higher cost of living in urban centres migrant workers (Srivastava 2020) have migrated to their villages. The said pandemic induced reverse migration to the rural areas has severely impacted demography, society and economy of rural India as reverse migration proved a big threat to people to fall into severe poverty due to increase in unemployment. In 2020 unemployment rate in the country has increased from 8.7 percent in March, 2020 to a disturbing level of 23 percent in April, 2020 (Vyas 2020).

On the Gross Domestic Product (GDP) front, it can be argued that India has been experiencing slower economic growth and rising unemployment problems which further are severely worsened by the ongoing pandemic. From table 8, one could also explain that in April, 2020 economic growth of India was only 1.9 percent which was 4.2 percent during 2019.

Table 8. The trend of decreasing economic growth in India (2016-2020)

Real GDP growth annual percentage change	2016	2017	2018	2019	2020
IMF	8.3	7.0	6.1	4.2	1.9#
Ministry of Statistics and Programme Implementation	8.0	8.3*	7.0#	6.1@	5.0!

Notes: IMF: # - April 2020 estimate; MOSPI: * - Third Revised Estimates; # - Second Revised Estimates; @ - First Revised Estimates; ! - Second Advance Estimates.

Source: Government of India, MOSPI. 2020; IMF, April 2020 and ILO, June 2020.

Noticeably, both farm and non-farm sectors have already been unable to absorb the increasing labour force in India due to decline in their value addition over the years. Similarly, Indian manufacturing has already been experiencing a slowdown due to a decline in both domestic demand and exports as well as due to the effects of the credit scarcity we could note that between 2018-19 and 2019- 20 the rate of growth of gross value-added (at 2011-12 prices) in manufacturing decreased from 6.9 to 2.0 percent. The GDP at

market price declined from 6.8 percent to 5.0 percent during the period under review (Economic Survey 2019-20). Similarly, as per one survey of enterprises (micro, small and medium-sized enterprises) conducted by UNIDO (United Nations Industrial Development Organisation) during April, 2020 showed that COVID-19 hit Indian manufacturing sector very hard. Likewise, the construction activities as well as ‘transport, storage and communication’ sector totally ceased during the initial phase of Covid-19.

Nonetheless, the rural labour market in India suffered worse than that of urban areas due to the ongoing COVID-19 pandemic. With regard to this, CMIE¹⁵ reported that the urban labour force increased by 4.8 million (out of 4.8 million workers only 3.4 million got jobs and remaining 1.4 million were left unemployed) in the month August 2020. Whereas during the mentioned period, in rural India employment decreased by 3.6 million which resulted in an increase of unemployment in rural areas by 2.8 million and the remaining rural workforce has left the labour market, which caused shrinkage of rural labour force by 0.8 million (which has been reported as a sign of growing stress in the hinterland). Likewise, the fall in employment in rural India has been a combination of fall in employment across farming by 0.5 million (due to a fall in kharif-sowing related employment) and a decrease in non-farming activities related employment which declined by 3.2 million (due to a fall in MGNREGS employment) particularly in the month of August 2020. Further, labour markets in India have shown signs of stress as Labour Force Participation had reached 42 percent in June 2020 during its recovery from the decline in April and May 2020 but this level could not be maintained as it fluctuated between 40.4 percent and 42.2

¹⁵<https://www.cmie.com/kommon/bin/sr.php?kall=warticle&dt=2020-09-03%2012:56:40&msec=336>.

percent during mid-June through late August 2020. Then, it declined during September and October to between 40 percent and 41.4 percent¹⁶. Additionally, it is being expected that due to the ongoing crisis India will face a serious economic crisis of job loss in the near future. Contextually, India Today on 16th June, 2020 reported that India will lose 130 million jobs due to Covid-19 pandemic.

VI

Conclusion

This study has been undertaken in order to try and arrive at some broad conclusions regarding the factors that influence growth and development of the rural non-farm sector and its consequences on overall rural livelihoods. Owing to the rise in casual wage employment in the rural non-farm sector, the biggest challenge for Indian economy has been to provide decent job opportunities. One could argue that the structural transformation should be about shifting from low productive-low wage sector to high productivity-high wage sector and that too with some rational social security. In this context, one could suggest that more skill enhancement initiatives for males and females, provision of substantial and safe job opportunities for females, more initiatives to the farm, manufacturing, service sectors and provision of adequate social security measures for informal or casual workers should be on the priority list while framing policies for rural development. In the wake of COVID-19 pandemic, one could also suggest an essentiality to set out medium and long term strategy to manage slugging demand and to accelerate the revival of the rural labour market through promoting jobs with social security initiatives and enhancing productivity of

¹⁶<https://unemploymentinindia.cmie.com/kommon/bin/sr.php?kall=wtabnav&tab=4080&nvdt=20201123134124340&nvpc=091000000000&nvtype=INSIGHTS>

rural economy along with adequate health facilities in the economy.

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