

Rural Employment Generation in India: Is Rural Employment Programme Enough For Rural Development?

Author(s) : Ravi Kumar Alaria

Designation: Masters in Economics

Affiliation: Faculty at NCWEB, Aurobindo College, University of Delhi

ABSTRACT

Employment generation with increasing population in India is the biggest problem for its long term economic growth and development. This paper is an attempt to focus on the Indian economy during last 2 decades, which was the period of deceleration in the employment growth. The objective of this paper is to look at the employment potential in rural areas particularly agriculture and allied sectors with the help of time series data. Later, how rural employment generation schemes (relate to wage employment generation and self-employment creation) changed the employment structure within rural areas, along with the conclusion of the paper.

KEYWORDS: Employment generation, GDP, National Rural Employment Guarantee Act (NREGA)

INTRODUCTION

Increasing population without any change in employment is a threat to long term growth and development for any country, When India was facing highest GDP growth, it also faced much of weakening employment growth. Till now India's majority of population depends on agriculture i.e. the output remains the same across period but the employment is keep increasing in this sector.

Employment growth in this context depends on dualistic labour market, formal and informal sector. In India there are small or very few organised regular works and had a majority of low paying subsistence workers. Excess population which is working in agriculture had been absorbed by informal sector which again does not help in increasing employment growth. However it does not mean that this

informal sector doesn't help in development, it does but excess employment in this sector led minimum wages.

The jobless growth of 1990s, employment growth during this period fell sharply in organised or formal sector but with higher employment growth in unorganised or informal sector. Informal sector was the largest employer of unskilled and poor labour, along with the continuous employment creation in this sector also leads to decline the numbers of poverty.

It is claimed that employment creation is very important component of inclusive growth. Not always but as no of labour increases the i.e. more employment leads to more output.

Rural Agriculture Employment

As of now majority of the labour force in rural area nearly 80 percent is engaged in self employment in agriculture. There are almost 120 million operational holdings in the country out of which nearly 75 percent are less than 4 hectares in size.¹ These kinds of labours working on tinny farms do not have proper irrigation facilities, so their labour absorption capacity is limited. Only during the peak agriculture season, all the family members get employed in the farms and rest of the time they are severely underemployed.

The problem of employment and income earned from marginal and sub-marginal farm households are related to those of agriculture labourer household, because these kind of agriculture labour don't have ownership rights over the operational holdings, also secured tendency rights. They did so because the options for other source of income are very limited.

With the recent data release by agriculture census in four set of class wise distribution of operational holding in India for years 2000-01, 2005-06 and 2010-11. From the table 1 we can see the increase in marginal holding from 2000-01 to 2010-11; their number has been increased from almost 66 million to almost 80 million. The number of small and semi-medium holding also had been increased from 20 million to almost 22 million. But the medium and large scale operational holding had decreased with a moderate rate i.e. large scale holding had declined from 1.13 million to 0.8 million over the period of last decade. The data has been

¹ Agriculture census 2010-11

evidence that the dynamics of distribution of operational holding had been a ruthless process of marginalisation.

Table 2 shows the distribution of area operated by holdings of different size classes. Here also we can an increase in marginal class holding from 26 million hectare to 32 million hectare. And a moderate fall in large class size from 14 million hectare to 18 million hectare.

TABLE 1: Number of operational holding (in millions)

Size Class	2000-1	2005-06	2010-11
Marginal (<1 ha)	66.2	72.09	80.03
Small (1-2 ha)	20.32	21.24	21.73
Semi-Medium(2-4ha)	12.7	12.73	12.417
Medium (4-10 ha)	6.1	5.7	5.28
Large (>10 ha)	1.13	.99	0.887
Total	93.75	112.75	120.34 ²

Source: Agriculture census

TABLE 2: Area under operational holdings of different size classes (in million hectares)

Size Class	2000-01	2005-06	2010-11
Marginal (<1 ha)	26.4	28.21	31.3
Small (1-2 ha)	28.8	29.43	30.97
Semi-Medium(2-4ha)	34.7	34.1	33.75
Medium (4-10 ha)	35.3	33.5	30.75
Large (>10 ha)	18.5	15.72	14.6
Total	143.7	140.96	141.37

Source: Agriculture census

² <http://agcensus.dacnet.nic.in/NL/natt1table1.aspx>

Rural Employment Problems

Developing countries like India, rural sector provides majority of the employment and livelihood to the population, hence rural employment will be of high priority. Landless labours who shows a vulnerable group, as they do not have more assets to tide over problem of seasonality or we can say lack of work opportunities. The condition of these labours is worsened and had been characterised by inadequate and uncertain employment opportunities with low level of wage rates, lack of protection etc. Also, the situation of agricultural labourers in rural areas in this context is extremely pathetic because historically the state government fixed the minimum wages for agricultural labourers which were kept at low level because of the weak bargaining power of labourers. Poor implementation of machinery and lack of bargaining power causes low wage rate i.e. the actual wages paid are lower than the statutory level.

The another serious problem faced by agriculture labourer was finding a new employment where wages are pre determined with job security and other facilities but this kind of jobs are offered only in organised sector and there is no such guarantee for agricultural labourers will get employment in this sector. The agricultural labourer on an average get 130 days of employment in two crop irrigated areas and 80 days in dry areas, there is no additional income of these labourers, uncertainty of wages and don't have any worthwhile assets. All these things together make them the most vulnerable segment of the labour force. Some employment generation schemes were being launched by government in rural areas but it had some implementation problems.

On the other hand organised sector labour get periodic increase in their real wages as their productivity increase and also real wages increases as inflation increases. But this is not the case seen with agricultural labourers i.e. there had been hardly any increase in their real wages. In a study of *A V Jose (1988), "Agricultural Wages in India"* shows a declining trend of real wages of agricultural labourer in some of the states over a period of time, also the agriculturally more prosperous ones wages gone down. And there are no efforts made by political parties to strengthen the bargaining power of unorganised agricultural labour.

Rural Non-Farm Employment

The bulk of rural non-farm employment increased because of the marginal operation holding in which household owing land less than 1 hectare were shifting from agriculture to informal or unorganised sector though it is increasing in agriculture as well. Reason being they have little access to capital or credit to engage in productive non-farm enterprises. But again people were shifting back to marginal agriculture because of the minimum wage in unorganised sector without job security.

TABLE 3: Sectoral composition of employment in rural areas; per 1000 distribution of workers by industry groups/divisions during 2009-10

Category	Agriculture	Agriculture allied activities	Non-agriculture	total
All men	450	22	528	1000
All female	595	92	313	1000
Total	491	41	468	1000

Source: NSS Report No. 539

The employment in rural non-agriculture sector is increasing over period of time; also employment in agriculture small operational holding was increasing because people engaged in self employment in rural areas as their wages are again at subsistence level.

National Rural Employment Guarantee Act (NREGA)

In India many rural employment schemes had launched with different names after post reforms but on an average all these schemes had shown a declining trend on men days of employment generation.

During the eight five year plan from 1992-97, about 5000 million men days employment had been generated under the schemes of employment generation including Jawahar Rozgar Yojana (JRY) and Employment assurance scheme (EAS). Later in 1999 the JRY had changed to Jawahar Gram Samridhhi Yojana (JGSY). Another scheme was launched in 2000 for draught affected states Food for Work (FW). In 2001 all these schemes composed to one scheme Sampoorna Gramin Rozgar Yojana. From the table 4 we can see the average annual generation of employment came down from eighth plan 1020 to 570 in ninth five year plan.

TABLE 4: Average Annual Generation of Employment in Man-Days (millions)

Average of eighth plan, 1992-97	1020
Average of ninth plan, 1997-2002	570
2002-03	750
2003-04	760

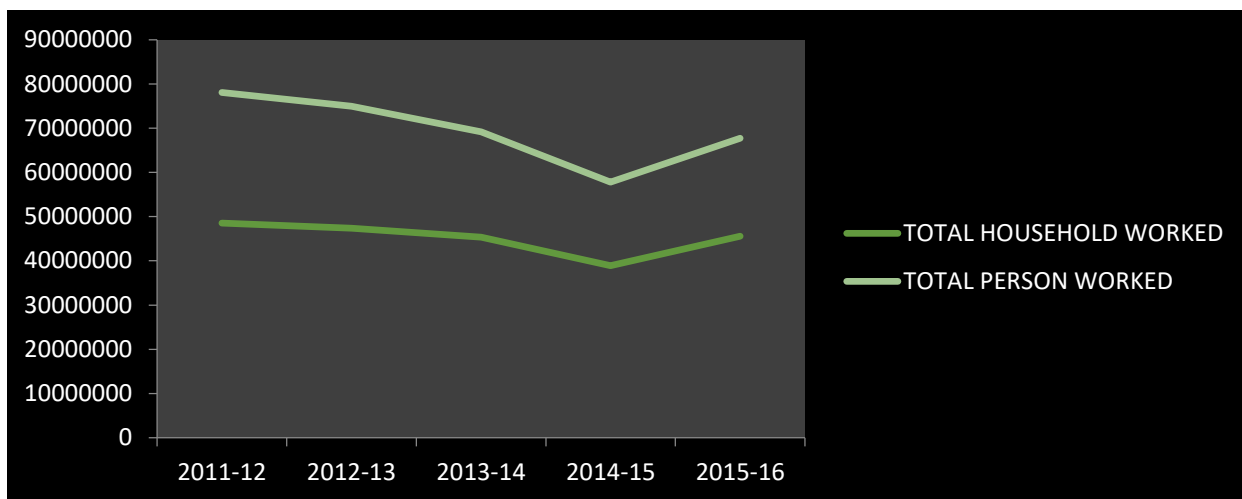
Source: Tenth plan documents

NREGA started by UPA government in 2005 initially the implementation of this programme were done in 200 districts of India which were the most backward districts i.e. under developed, low agriculture productivity, high residence of schedule caste/tribe, high incidence of poverty etc. but the number of districts had been increased in the second phase on 1st April 2008 by 130 and further increased in 3rd phase, now total number of are 625. This scheme is majorly financed by the centre except for the unemployment allowance that is being paid by the state government.

In this scheme individual who is willing to do casual labour at minimum wage can be employed in local public work within 15 days. But there are several problems are there in the scheme which does not led the employment to increase in rural areas, effective implementation of the scheme. According to CAG's finding only 3.2 percent of registered household were provided for work 100 days (which is the minimum number of days work is being provided individuals).

Only 55 percent of household actually got work out of total no of household registered, therefore it does not mean that the number of household had registered actually got employment for 100 days.

GRAPH 1: Employment of total households and persons during 2011-15



Data Source: NREGA

Above graph also shows that the total number of person worked under NREGA scheme over the period of time had declined so as households.

Conclusion

Excess unemployment in India is barrier to its long term economic growth and development, especially in rural areas i.e. lack of employment opportunities, the only employment they are left with is agriculture and individuals are keep increasing in operational holding land less than 4 hectare even the whole family work as labourers but the output they are producing would remain same. As population is increasing rapidly over period of time led some individuals to switch from agriculture to; self employment, non-agriculture employment (like construction work) and informal sector. However, here also they are getting minimum wages without any job security. There is an urgent attention required for employment generation in India.

Government had launched many schemes in context of rural employment generation but the implementation of the schemes was very poor. NREGA the rural employment generation programme had a lot of ineffectiveness in its implementation.

One loophole of the programme in CAG's finding is that lack of administrative and technical staff. Only few states had appointed full time programme officers (PO), other states had given additional charge to block developmental officers (responsible only for block level). Also, there is shortage of staff within the program from gram rozgar sevak to state level i.e. data entry operators assistant engineers, junior engineer and state NREGA commissioners.

CAG finding showed some proofs of non-payment of minimum wages which was the main objective of NREGA for providing livelihood security. The report also indicates that the state government failed to pay unemployment allowances to households; in short the program for employment generation in rural areas had not been implemented properly and needs urgent remedial actions.

Special employment creation schemes or programmes alone cannot solve the problem of poverty and employment in rural areas; these schemes are the partial measures of poverty alleviation. The policies which focused on long term economic growth and growth of industrial sector, especially in rural areas it will help in employment generation. Also some type of structural reforms is required for rural workers in order to change their position.

References

- Jha, R., Gaiha, R., & Shankar, S. (2008). Reviewing the National Rural Employment Guarantee Programme. *Economic and Political Weekly*, 44-48.
- Siddhartha, A. V. (2008). CAG report on NREGA: Fact and fiction. *Economic & Political Weekly*, 39.
- Wickramasekara, P., & Wickramasekhra, P. (1990). Rural Employment Generation Schemes: Review of Asian Experiences. *Indian Journal of Industrial Relations*, 354-371.
- Kurian, N. J. (1990). Employment Potential in Rural India: An Analysis. *Economic and Political Weekly*, A177-A188.
- Dogra, B. (2005). Rural employment schemes: Rhetoric and reality. *Economic and Political Weekly*, 1809-1810.
- Raj, K. N. (1976). Trends in rural unemployment in India: an analysis with reference to conceptual and measurement problems. *Economic and Political Weekly*, 1281-1292.
- Hansda, S. K., & Ray, P. (2006). Employment and Poverty in India during the 1990s: Is there a Diverging Trend?. *Economic and Political Weekly*, 3014-3023.
- www.nrega.nic.in
- www.agcensus.dacnet.nic.in
- NSS Report No. 539