



Growth and Structural Transformation of Rural Employment in Andhra Pradesh

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ABSTRACT

The paper deals with the dynamics of change with particular reference to rural employment and conditions of life and livelihood of rural areas through growth and structural transformation in Andhra Pradesh State. The structural transformation of rural employment in Andhra Pradesh is characterized by a decline in the share of agriculture and a rise in the share of non-farm employment. Several Government programmes have been undertaken to ensure social justice and protection of marginal and small farmers from losing rights over their land. The percentage of land owners in the implementing the AP Rural Inclusive Growth Project (RIGP) mandals is higher than in all mandals of the State. Only 23.3% of the SCs are land owners as compared to STs (35%). Though the number of ST land owners is higher, the quality of land is generally poor and uncultivable in many areas. Non-farm employment encompasses all jobs outside of the agricultural sector. This includes roles in manufacturing, services, construction, retail, finance, healthcare, education and various other industries. Non-farm employment is a key indicator of a country's economic diversification and industrial development. The present paper tries to review the new policies of the government of Andhra Pradesh intended for the development of non-farm sector to such an extent that it offers a genuine alternative to agriculture as a source of upward mobility in the labour market. This paper suggests that policy makers in Andhra Pradesh should be concerned not only to increase the scale of 37 existing non-farm activities, they emphasised that these policies were aligned with the election manifesto promises, particularly in fostering economic growth, increasing exports, and creating job opportunities and that could ultimately serve as a separate but complementary engine of rural growth.

Key Words: Structural Transformation, Rural Non-Farm Employment, Skill Education, Government Policies etc.

I. Introduction:

Structural transformation of an economy in the form of declining dependence on the agricultural sector, in terms of share in both national income and employment, is a sign of development, and has been witnessed globally in the developed countries. In 2023-24, Andhra Pradesh's GSDP (at constant prices) grew at 7.4%, compared to 5.8% in 2022-23. In comparison, national GDP is estimated to grow at 8.2% in 2023-24. The agriculture sector grew by 2% in 2023-24. Manufacturing sector grew by 8.3% in 2023-24. In comparison, it grew by 5.3% in 2022-23. Services grew by 5.2% in 2023-24, in comparison to 9% growth in 2022-23. In 2023-24, agriculture, manufacturing, and services sectors are estimated to contribute 37%, 23%, and 40% to the economy, respectively (at current prices). Per capita GSDP: The per capita GSDP of Andhra Pradesh in 2023-24 (at current prices) is estimated at Rs 2,70,295, higher than the national average of Rs 1,84,205. Andhra Pradesh has allocated 5.9% of its expenditure on rural development¹. This is higher than the average allocation for rural development by states 5%. Rural employment in India indicates that the employment in rural areas has increasing trend over the years. The estimated WPR, indicating employment, in rural areas has increased to 59.4% during 2022-23 as compared to 48.9% during 2018-19. As the economy develops, more and more people leave agriculture and join occupations in other sectors which are providing higher wages. Such transfers lead to an increase in agricultural wages as labour productivity starts rising, and finally one witnesses a declining gap in labour productivity between agriculture and non-agricultural sectors, meaning that income gaps between the two groups are minimised as the economies progress. The Indian economy has undergone a major structural transformation over the years, and the share of agriculture in national income as well as in employment has come down, but a little differently compared to other developed countries. The sector's contribution to gross domestic product (GDP) has moved down from more than 50% in 1950 to around 16.3% in 2021-22, but its share in employment has remained more or less sticky, especially in recent years. From more than 70% in the pre-2000s, its share in employment came down to around 52% in the 2010s, and still remains at 43% by 2020-21. Thus, rather than moving along the Lewis Path defined in terms of labour-income ratio (the share of agriculture in GDP to share in employment) approaching as labour productivity in agriculture approaches that in non-agriculture, the Indian economy². In this path, the active population in agriculture increases, and income gaps between the agriculture and non-agricultural sectors widen leading to greater inequality and poverty.

Based on the 2011 Census of India, the population of Andhra Pradesh is 49,577,103, with a density of 304/km² (790/sq mi). The rural population accounts for 70.53%, while the urban population accounts for 29.47%. The state has 17.08% scheduled caste (SC) and 5.53% scheduled tribe (ST) population. Livelihood refers to the full range of means that individuals, families and communities utilize to make a living, such as wage-based income, agriculture, fishing, foraging, other natural resource based livelihoods, petty trade and bartering.

2.0 Andhra Pradesh unveils six policies

The Andhra Pradesh State formulated for the period 2024-2029, the new policies are aimed at mobilising ₹30 lakh crore investments and creating five lakh new jobs over the next five years in manufacturing sector alone. In a significant move to boost industrial and economic growth in Andhra Pradesh, **Chief Minister N. Chandrababu Naidu** unveiled six transformative policies on October 16 (Wednesday). The policies were

earlier approved by the State Cabinet, at a meeting conducted at the Secretariat. The six policies were as follows: A.P. Industrial Development Policy 4.0 (IDP 4.0); A.P. MSME & Entrepreneur Development Policy 4.0 (MEDP 4.0); A.P. Food Processing Policy 4.0 (FPP 4.0); A.P. Electronics Policy 4.0 (EP 4.0); A.P. Private Parks Policy 4.0 (PPP 4.0); and A.P. Integrated Clean Energy Policy 4.0 (ICE 4.0). These policies were designed to revitalise key sectors and attract large-scale investments, and formulated for the period 2024-2029. The new policies aim at mobilising ₹30 lakh crore investments across the manufacturing sector, with an ambitious employment target of five-lakh new jobs over the next five years.

2.1 Special incentives

The A.P. Industrial Development Policy 4.0 focuses on making Andhra Pradesh a global manufacturing hub, with ₹83,000 crore targeted in Foreign Direct Investment (FDI) and specific incentives for companies generating higher employment and reducing their carbon footprint. Under the A.P. MSME & Entrepreneur Development Policy 4.0, the State seeks to encourage setting up of 22 lakh MSME units and attract ₹50,000 crore investments. This will be achieved through the Ratan Tata Innovation Hub proposed in Amaravati. This initiative will act as a central pillar for mentoring, innovation, and collaboration with the universities, propelling MSMEs into the global value chain. In addition to Amaravati, the government will establish the Ratan Tata Innovation centres in Visakhapatnam, Rajahmundry, Vijayawada or Guntur, Tirupati and Anantapur.

2.2 Food processing

The A.P. Food Processing Policy 4.0 is set to attract ₹30,000 crore investments and create three-lakh jobs, while promoting value addition and organic farming practices. This policy includes establishment of commodity boards and specific product clusters. The A.P. Electronics Policy 4.0 targets to mobilise ₹84,000 crore investments and create five-lakh jobs. The focus on advanced sectors such as IoT devices, 5G communication equipment, and semiconductors will position Andhra Pradesh as a leader in electronics manufacturing. The A.P. Private Parks Policy 4.0 introduces flexible models for private participation in park development, incentivising large and mega parks with capital subsidies and exemptions on various charges. Improve Livestock Productivity. Conserve soil and improve the land productivity, Regenerate the vegetation cover on denuded wastelands, promote tree based farming systems and sustainable agriculture. Bring the underprivileged sections of society in to the mainstream. These parks are expected to drive sector-specific growth in areas such as biotechnology, aerospace, electric vehicles, and more.

2.3 Clean energy

The A.P. Integrated Clean Energy Policy 4.0 sets an ambitious agenda for transitioning to renewable energy. With plans to develop 78.5 GW of solar and 35 GW of wind energy capacity, along with 25 GWh of battery storage, the State aims to become a clean energy power house. This policy will not only contribute to India's net-zero target but also foster a circular economy, create 7.5 lakh jobs, and attract investments worth ₹10 lakh crore. Together, these policies mark a new chapter for Andhra Pradesh, positioning it as an industrial leader, while addressing sustainability, technological advancement, and inclusive growth³.

3.0 Dip in NREGA Person days in Andhra Pradesh

The number of person days generated under National Rural Employment Guarantee Act (NREGA) in the state has come down 11.8% in during the current fiscal when compared to same period in 2023-24. This declined mirrors the national trend, which saw a 16% reduction, indicating wider challenge across the country, about 22 districts in the state experienced a decline in employment. An NGO which has been working on implementation of NREGA for the past several years is its report that at least 22 of the total 26 districts experienced a decline in employment. Nellore 35.1%, Kurnool 30.9% and Tirupati 22.4% reported the highest reduction. Districts like Parvathipuram Manyam 17.6%, Sri Sathya Sai 8.0% and Alluri Sitharama Raju 4.7% bucked the trend with increases in person days, suggesting a reduction in employment opportunities and economic activity. The potential challenges in the labour market in Andhra Pradesh highlighting the need for targeted interventions to address the issues affecting household engagement and job creation in the region. They made a caste-wise analysis in implementation of NREGA and its impact on different sections of society. The significant declines for Scheduled Castes 15.5% and the others category 12.6%, while Scheduled Tribes saw a slight increase 1.7% in person days, including possible improvements in tribal participation. Libtech observed that about 2.85 lakh workers were deleted from the lists in State but added 3.43 lakh new workeers, resulting in a net positive inclusion of 0.59 lakh workers. They suggest a significant slowdown in the State employment generation raising concerns about the future of MGNREGA in the Andhra Pradesh⁴.

The structural transformation of rural employment in Andhra Pradesh is characterized by a decline in the share of agriculture and a rise in the share of non-farm employment.

4.0 Agriculture sector rural employment

The share of agriculture in rural employment in Andhra Pradesh was over 80% until 1983, but declined to 65% by 2009-10. Between 2004-05 and 2009-10, the share of agriculture in rural employment declined at a faster rate, with a net decline of 0.19% per year. The State of A.P, basically being Agro-Based economy, agriculture and Allied sectors contribute more than 29% of GSDP as against 17% in All India GDP. 10 major crops occupy 80% of the gross cropped area against 165 crops enumerated. The 2024-2025 agriculture budget for Andhra Pradesh focuses on supporting farmers, improving rural development, and increasing agricultural growth.

5.0 Non-farm employment

Economy needs to generate nearly 78.51 lakh jobs annually in the non-farm sector. The survey noted that employment has recovered from pandemic shocks in both urban and rural areas. India's workforce is nearly 56.5 crore, with more than 45% employed in agriculture, 11.4% in manufacturing, 28.9% in services, and 13.0% in construction, highlights the Economic Survey 2023-24 released by the finance ministry on July 22. The survey also added that female labour force participation has been rising over the last six years, and the unemployment rate is on the decline, the survey highlighted improvements in Indian labour market indicators over the past six years, with the unemployment rate dropping to 3.2% in 2022-23. An employment has recovered from pandemic shocks in both urban and rural areas. It stated,

The female labour force participation rate has been rising for six years, from 23.3% in 2017-18 to 37% in 2022-23, driven mainly by the rising participation of rural women.” Amid the government's push for the infrastructure sector, the survey stated that while the services sector remains a major job creator, the construction sector has been rising in prominence lately. To meet the demands of the employment sector amid a growing population the survey pointed out that the Indian economy needs to generate nearly 78.51 lakh jobs annually in the non-farm sector. The net payroll additions under EPFO have more than doubled in the past five years, signalling healthy growth in formal employment. On AI Artificial Intelligence becomes more prevalent in various economic activities, steering technological choices towards collective welfare is crucial. Employers must balance deploying technology and labour. It suggests that agro-processing and the care economy are promising sectors for generating and sustaining quality employment. The increase in candidates undergoing skill development through the Government's flagship programs has highlighted the emphasis on '*Skill India*.' However, regulatory obstacles such as land use restrictions, building codes, and limits on sectors and hours for women's employment hinder job creation. Removing these barriers is essential to boost employment and raise women's labour force participation rate. The states that the key areas of policy focus in the short to medium term include job and skill creation, tapping the full potential of the agriculture sector, addressing MSME bottlenecks, managing India's green transition, deftly dealing with the Chinese conundrum, deepening the corporate bond market, tackling inequality and improving our young population's quality of health.

The growth strategy for 'Amrit Kaal' is predicated on six key areas. Firstly, there must be a deliberate focus on boosting private investment. Secondly, the growth and expansion of India's Mittelstand (MSMEs) is a strategic priority. Thirdly, the potential of agriculture as an engine of future growth must be recognised and policy impediments removed. Fourthly, there is a need to secure the financing of green transition in India. Fifthly, the education-employment gap must be bridged. And finally, focused building of state capacity and capability is required for sustaining and accelerating India's progress. The document reads. According to the survey, in the medium term, the Indian economy can grow at a rate of 7 per cent plus on a sustained basis if we build on the structural reforms undertaken over the last decade. This requires a tripartite compact between the Union Government, State Governments and the private sector⁵.

The share of non-farm employment in rural areas has increased significantly, especially since 1993-94. Within non-farm employment, the share of construction has changed dramatically, but this raises questions about sustainability. Non-farm employment encompasses all jobs outside of the agricultural sector. This includes roles in manufacturing, services, construction, retail, finance, healthcare, education and various other industries. Non-farm employment is a key indicator of a country's economic diversification and industrial development.

Here are some initiatives that support non-farm employment in Andhra Pradesh.

5.1. Prime Minister Employment Guarantee Programme (PMEGP):

A credit-linked subsidy program that helps unemployed youth and traditional artisans start micro-enterprises in the non-farm sector.

5.2. Andhra Yuva Shakti (AYS):

An initiative by SEEDAP that helps young people become entrepreneurs and self-employed in agriculture and related activities.

5.3. Deen Dayaal Upadhyaya Grameen Kaushalya Yojana:

A program by the Ministry of Rural Development that provides skill development training to poor rural youth.

5.4. Sagarmala:

A joint initiative by the Ministry of Rural Development and the Ministry of Shipping that provides skill development training to unemployed youth in the port and maritime sector.

5.5. SANKALP:

An initiative that aims to develop a strong skill ecosystem in the state by strengthening existing and new skilling systems.

6.0 Self-employment

In rural Andhra Pradesh, 43% of the total workforce in agriculture is self-employed, while 27% are casual labourers. The National Rural Employment Guarantee Scheme (NREGS) was launched in Andhra Pradesh in 2006 to provide 100 days of guaranteed wage employment. However, the performance of Andhra Pradesh in implementing NREGS was rated as average. According to the Times of India, there is a reported 11.8% decline in NREGA employment in Andhra Pradesh for 2024-25.

Here are some other employment-related initiatives in Andhra Pradesh:

6.1 APREGS

The Andhra Pradesh Rural Employment Guarantee Scheme (APREGS) guarantees at least 100 days of wage employment per year to rural households that volunteer unskilled manual work.

6.2 AP Food Processing Policy

This policy aims to attract investments and create jobs in the food processing industry.

6.3 AP Electronics Policy

This policy aims to attract investments and create jobs in the electronics manufacturing industry.

6.4 AP Private Parks Policy

This policy aims to encourage private participation in park development, which is expected to drive growth in sectors like biotechnology, aerospace, and electric vehicles¹⁴.

The Government of India also has several initiatives to generate employment, including:

- ✓ Prime Minister's Employment Generation Programme (PMEGP)
- ✓ Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)
- ✓ Deen Dayal Antodaya Yojana-National Urban Livelihoods Mission (DAY-NULM)
- ✓ Rural Self Employment and Training Institutes (RSETIs)

- ✓ National Apprenticeship Promotion Scheme (NAPS)
- ✓ Pradhan Mantri Kaushal Vikas Yojana (PMKVY)
- ✓ Jan Shikshan Sansthan (JSS) Scheme
- ✓ Craftsman Training Scheme (CTS)

7. Sustainable Livelihood

Livelihood is the economic activity that is required to support and to sustain a given standard of living. It encompasses multiple dimensions like cash or kind income, social institutions (kin, family, compound, village and so on), gender relations, property rights, etc., and provides the social identity to a person. The live-livelihood pattern of a region depends on economic, social, climatic and geographical factors, and is an indicator of the well-being or welfare of the households. Livelihood diversification happens when rural families construct a diverse portfolio of activities and social support capabilities in order to survive and improve their standards of living without leaving their main occupation. In contrast, an occupational shift occurs when the present occupation stops being rewarding, or the households acquire new skills and enter a different high-paying sector leaving the previous main occupation. With development, people shift out from agriculture to industries or to the tertiary sectors with varying rates of transition across urban and rural areas. The most frequently used one is the sustainable livelihood framework. Households' access and ability to use these assets and make livelihood choices depend on various transforming structures, such as governments and processes like laws, policies, institutions and cultural aspects. Exogenous factors like seasonality, climate shocks, etc., which are described under the vulnerability context affect the livelihood assets, and are addressed by the transforming structures and processes⁶. As per the latest available Annual PLFS reports, the estimated Worker Population Ratio (WPR), indicating employment, on usual status for persons of age 15 years & above in rural areas during 2018-19 to 2022-23 are as follow

Table 1
Worker Population Ratio

Years	Worker Population Ratio (in %)
2018-19	48.9
2019-20	53.3
2020-21	55.5
2021-22	55.6
2022-23	59.4

Source: Annual Report of Periodic Labour Force Survey (PLFS) & Ministry of Statistics & Programme Implementation (MoSPI) (2018-19 to 2022-23)

The employment in rural areas has increasing trend over the years. The estimated Worker Population Ratio (WPR), indicating employment, in rural areas has increased to 59.4% during 2022-23 as compared to 48.9% during 2018-19⁷. As per the latest available Annual PLFS report 2022-23, the percentage distribution of rural workers by broad industry division are as follows

Table - 2
Worker Population Ratio in Broad Industry Division

S. No.	Broad Industry Division as per NIC- 2008	2022-23
1.	Agriculture	58.4
2.	Mining & quarrying	0.3
3.	Manufacturing	8.2
4.	Electricity, water, etc.	0.4
5.	Construction	13.9
6.	Trade, hotel & restaurant	8.3
7.	Transport, storage & communications	3.5
8.	Other services	7.0
	All	100.0

Source: Annual Report of Periodic Labour Force Survey (PLFS)& Ministry of Statistics & Programme Implementation (MoSPI) (2018-19 to 2022-23)

Table – 3

State/UT-wise details of Rural Workers Population Ratio (WPR) on usual status for persons of age 15 years and above for the year 2022-23.(in %)

S. No.	States/UTs	2022-23		
		Male	Female	Persons
1	Andhra Pradesh	76.0	50.2	62.8
2	Arunachal Pradesh	74.5	60.8	67.9
3	Assam	89.7	19.3	54.7
4	Bihar	72.0	23.0	47.8
5	Chhattisgarh	83.2	65.8	74.7
6	Delhi	65.6	3.9	35.7
7	Goa	65.5	21.7	42.4
8	Gujarat	83.3	54.2	68.9
9	Haryana	68.1	20.5	44.7
10	Himachal Pradesh	81.1	72.0	76.5
11	Jharkhand	79.5	52.3	65.6

12	Karnataka	75.9	42.0	59.0
13	Kerala	72.6	37.0	53.4
14	Madhya Pradesh	84.8	52.0	69.0
15	Maharashtra	76.1	49.8	63.2
16	Manipur	69.3	28.7	49.1
17	Meghalaya	78.5	61.6	69.9
18	Mizoram	68.0	47.3	58.2
19	Nagaland	79.3	69.6	74.7
20	Odisha	75.5	46.5	60.7
21	Punjab	74.7	26.3	50.8
22	Rajasthan	72.4	54.8	63.6
23	Sikkim	81.4	74.1	77.9
24	Tamil Nadu	72.4	47.5	59.6
25	Telangana	74.7	53.7	64.1
26	Tripura	74.2	36.6	55.6
27	Uttarakhand	70.7	44.1	57.1
28	Uttar Pradesh	79.2	35.2	57.0
29	West Bengal	81.0	36.2	58.6
30	Andaman & N. Island	81.2	45.2	64.0
31	Chandigarh	88.3	26.1	57.1
32	Dadra & Nagar Haveli Daman & Diu	85.6	52.2	70.1
33	Jammu & Kashmir	75.6	52.5	64.2
34	Ladakh	57.8	57.2	57.5
35	Lakshadweep	78.8	8.9	40.3
36	Puducherry	74.9	47.0	60.1
All India		78.0	40.7	59.4

Source: Annual Report of Periodic Labour Force Survey (PLFS)& Ministry of Statistics & Programme Implementation (MoSPI) (2018-19to 2022-23).

The above 2 & 3 tables reveals that worker population ratio to occupy the high level of 58.4% of agriculture sector and manufacturing, Construction and trade, hotel & restaurant sectors in 30.4% in Andhra Pradesh, Rural Workers Population Ratio on usual status for persons of age 15 years and above for the year 2022-23 in male 76.0%, female 50.6%, persons in 62.8% in India.

8. Conclusion:

Employment and Livelihoods growth and structural formation main focus on Land is a major asset and a principal source of livelihoods in the rural areas. The major occupation of the Households in RIGP mandals is casual labour/daily wage earners (72%). Traditionally this occupation represents the most backward and the poor communities due to uncertainties of income generation, exploitation and lack of security and safety nets. Agriculture labour constitutes 16% of the workers and around 9% earn incomes through self-employment in

agriculture. The rest, a very minuscule percentage of workers are migrated labour, skilled labour, business, employee etc. Bonded labour is reported to exist constituting 1.3% of workers. In rest of the mandals, the percentage of daily wage labourers is higher (77%), due to larger number of STs (75%) working as daily wage labourers as compared to the STs (68%) in RIGP mandals. This may be due to lower number of STs self-employed in agriculture in rest of the mandals. In the overall mandals in A.P, the occupation profile of workers is similar to that of the Rest of the mandals with around 75% of the workers engaged as daily wage labourers and around 15% engaged as agricultural labourer. Over 6% are self-occupied in their own farms. It can be concluded that since landlessness is predominant with the Poorest Households, a majority of the workers are daily wage labourers. In addition, amongst the land holding poor, the farm size is small and they take up agricultural or daily wage labourer occupation. A very small proportion of workers are engaged in business or work as employees. The MGNREGS is widely popular in the rural areas and it a great boon for the poor especially the landless poor during the offseason. In this situation, the most prosperous households would seem to be those specialized in high return agricultural activities. The non-farm sector needs to be developed to such an extent that it offers a genuine alternative to agriculture as a source of upward mobility. This suggests that policy makers in AP should be concerned not only to increase the scale of 37 existing non-farm activities, but also to promote non-farm activities that are high-return and that could ultimately serve as a separate but complementary engine of rural growth.

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