



NON-FARM SECTOR- AN INSTRUMENT FOR SUSTAINABLE RURAL DEVELOPMENT OF INDIA

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Introduction and Background

Agriculture plays a pivotal role in the Indian economy. Although its contribution to gross domestic product (GDP) is now around one sixth, it provides employment to 56 per cent of the Indian workforce. Also, the forward and backward linkage effects of agriculture growth increase the incomes in the non-agriculture sector. Farm activity means agricultural activity and non-farm activity is used synonymously with non-agricultural activity. Farming activities involve the various measures and acts of producing food from the ground up. These include tilling fields, feeding livestock, building new corrals, etc. Farming is the activity of growing crops and raising livestock. Farming was the key development in the rise of sedentary human civilization. Non- farm activities taking place in India Rural non-farm economy. Many studies on rural non-farm employment in developing countries indicate a lively engagement of rural households in various kinds of non-farm activities. It includes various types of income generating and entrepreneurial activities including trade and commerce .The non farming activities in India are Dairy, Manufacturing, Transport, Shop-keeping. The non farming activities in villages are dairy farming, shop keeping, transport, small scale manufacturing. the activities which are not related to farming or agriculture are known as Non- farm activities for example transportation, production, manufacturing . the different Non-farm activities are mining. transport. storage. manufacturing. education. health. defence, social security. post. construction. real estate. hotels and restaurants. retail trade.

Rural-Non-Farm-Activities (RNFAs), thus, play an important role to provide supplementary employment to small and marginal farm households, special considerations for farmers in the agricultural flat rate scheme who also have non-farming business activities the activities which are not related to farming or agriculture are known as non farm activities .Many studies on rural non-farm employment in developing countries indicate a lively engagement of rural households in various kinds of non-farm activities.

Rural-Non-Farm-Sector (RNFS) includes all economic activities viz., household and non-household manufacturing, handicrafts, processing, repairs, construction, mining and quarrying, transport, trade, communication, community and personal services etc. in rural areas., In recent times Rural non-farm economy, is considered as an effectual strategy for decentralization of economic activities to rural India.. However, the sector has been contending with a number of factors like inadequate rural infrastructure, particularly roads, electricity and communication facilities, lack of sufficient skilled labour and adequate access to credit, information and training facilities etc.

Objectives of Rural Development:

In the Indian context Rural development programmes have aimed at achieving the Programmes introduced for Rural Development following objectives.

1. To change the attitude of rural people towards development.
2. To promote democratic leadership by setting up local self government.
- 3 To provide basic needs such as drinking water, health care, sanitation, housing and employment i.e. to improve standard of living
4. To improve communal harmony and unity among rural people
5. To develop farming and non- farming activities without adverse affecting the environment.

Importance of Rural Non- Farm Sector (RNFS)

The Rural Non- Farm Sector (RNFS) refers all non- agricultural activities like mining and quarrying, household and non-household manufacturing, processing, repair, construction, trade and commerce, transport and other services in villages and rural towns undertaken by enterprises varying in size from household own account enterprises to huge industries. The level and growth in urbanization is expected to have a positive impact on the level of non-farm employment in rural areas. In many areas, agriculture alone cannot provide sufficient livelihood opportunities. Migration is not an option for everyone and where possible, policy makers may in any case prefer to limit the worst excess of urbanization with its associated social and environmental problems. Rural Non- farm employment can play a potentially significant role in reducing rural poverty and numerous studies indicate the importance of non-farm enterprise to rural incomes.

Natural Capital

The rural resource stocks from which resource flows useful for livelihoods are derived. (e.g. land, water, wildlife, bio diversity environmental resources).



Social Capital

The social resources upon which people draw in pursuit of livelihood. (e.g. networks, membership of groups, relationship of trusts across to wider institutions of society)

Human Capital

The skills, knowledge, ability to labour and good health importance to the ability to pursue different livelihood strategies.

Physical capital

The basic infrastructure and production equipment and means which enable people to pursue their livelihoods. (e.g. transport, shelter, water, energy and communications)

Financial Capital

The financial resources which are available to the people and which provide them with different livelihood options. (e.g. savings, supply of credit, regular remittances, pensions).

The non-farm sector, particularly in rural areas is being accorded wide recognition in recent years for the following reasons:

1. Employment growth in the farm sector has not been in consonance with employment growth in general.
2. A planned strategy of rural non-farm development may prevent many rural people from migrating to urban industrial and commercial centers.
3. When the economic base of the rural economy extends beyond agriculture, rural-urban economic gaps are bound to get narrower along with salutary effects in many other aspects associated with the life and aspirations of the people.
4. Rural industries are generally less capital-intensive and more labour absorbing.
5. Rural industrialization has significant spin-offs for agricultural development as well.
6. Rural income distribution is much less unequal in areas where a wide network of non-farm avenues of employment exists; the lower strata of rural societies participate much more intensely in non-farm activities

Government Initiatives Towards Rural Development With Support of Rural Non- Farm Sector

The following measures are useful to protect environment especially in rural areas, while performing non- farm activities. Under Globalization the following measures can be suggested regarding Rural- Non- Farm activities. Non-farm activities either keep the poor falling into deeper poverty or are advantageous in lifting the poor above the poverty line. Keeping this in view, it becomes imperative to identify the strengths and weaknesses of the non-farm sector in India to focus on, in order to alleviate poverty.

1. Provision of adequate and suitable infrastructure support.
2. availability of fiscal and financial incentives.
3. Provision of Marketing outlets.
4. Information about improved technology.
5. Maintenance of harmonious relationship between farm and non- farm activities.
6. Policy review and changes in must be made as per requirement.
7. To educate and train the politicians, bureaucrats, NGOs and policy makers who are responsible for making and implementation of laws over environmental degradation in rural areas when undertaking the non- farm activities.
8. By keeping non- farm activities in mind Vanasamrakshna Samithis are to be upgraded with knowledge, mission and vision.
9. The sarpanches or administrators of villages and their ward member are given exposure to environmental protection and their merits for farm as well as non- farm activities.
10. At the cost of non- farm activities, a strong dose of advertisements would be given in press and electronic media about degradation and result of sustainability in rural.
11. Environmental clubs in schools, colleges, universities are to be prompted and make it mandatory in villages by giving priority to the non- farm activities.
12. In connection with non- farm activities, Environment budgeting and auditing is to be introduced in village panchayats.
13. Public participation is needed for sustainable development. For this motivation of the people about the importance of sustainable development is needed while introducing non- farm activities in rural areas.
14. Brining awareness among the rural people regarding non-farm activities and undertake them at suitable environment by using the services of NGO and other voluntary organizations.

Basic Drawbacks Associated With Substantial Rural Development of Non-Farm Sector In India

1. Infrastructure

The most significant bottleneck in generating higher levels of rural nonfarm activity in India is the quantity, quality and reliability of infrastructure. Although corrective steps are now being taken, increased infrastructure remains the most important priority for the future. To achieve a sustained growth rate of 8 - 9 percent, the investment rate has to be stepped up from the current level of 24 percent to nearly 35 percent over the next decade, with investment directed at the rural sector (Planning Commission, 2000).

2. Regulatory Restrictions on Small-Scale Sector

Regulation of the small-scale sector constitutes an important aspect of nonfarm development policy in India. In the initial stages, capital investment restrictions were imposed to protect the small-scale sector, especially in rural areas, from predation by large industry. Reservation of products for the sector was initiated to create a domestic market and quantitative restrictions imposed to protect them from competition from imports.. Several official reports have recommended a substantial increase in the capital investment limit (from the present level of around \$200,000) to make better use of technology and improve productivity (Planning Commission, 2000). However, no such policy announcement has been made as yet.

3. Quality of manpower

High levels of illiteracy in rural India have hampered the growth of the rural nonfarm sector. Education has both intrinsic and instrumental value. Apart from having a positive correlation with wages, a minimum basic standard of education is necessary to apply for credit, to be aware of one's rights and responsibilities and to deal with instances of corruption and malpractice. Often, a lack of education is intrinsic to poverty, which seems to have been the case in India until recently. In the rural areas, lack of education leads to labor being stagnant in agriculture, or moving to casual work occupations in the nonfarm sector, and not to salaried employment with higher wages and benefits. Together with lack of technical skills, there is little incentive for rural firms to invest in technology, leading to low levels of labor productivity in the rural manufacturing sector compared to urban manufacturing (Chadha, 2003). The same is true of the service sector as well, which has the potential for expansion given the already strong base in the urban economy. Higher investment to improve both the quality and the access to education (primary, secondary and above) needs to be a priority for policymakers.

4. Forward and backward linkages

Absence of appropriate forward and backward integration greatly affects performance of non farm activities in rural areas. Forward linkages of the RNF sector serve as inputs to other sectors. Also, in backward linkages the RNF sector demands the outputs of other sectors. Empirical studies indicate that forward linkages from RNF activities to agriculture (rurally produced agricultural inputs) are particularly important where traditional agricultural technologies are utilized, while in case of backward linkages between RNF activities and agriculture, especially the linkages between rural agricultural processing and the agriculture sector and between rural transport and rural marketing activities are quite significant for rural economic development. However, gaps in the integration of the production linkages brought about by poor infrastructure, low accessibility of market, support service weaknesses and intervention of middle men have constrained the development of non-farm enterprises in India.

Suggestions For Improving The Non-Farming Sector In India

1. Preventive measures for degradation of Environment

At present, the most dangerous common problem to mankind in the world is degradation of environment. In order to make comfortable life, human beings are going to exploit natural resources by applying modern technology and on the other side, totally neglecting future generation's needs. Industrialization, massive deforestation and urbanization result in downfall of quality in land, water, air and depletion of ozone layer, acid rains, green house effects, global warming etc.

2. Sustainable Development

The concept of Sustainable Development conveys the message that environment and economic development are closely interdependent and mutually supportive. It deals with quite simply the largest and most extreme problem ever faced by humanity.. The World Commission on Environment and Development(WCED) 1987, headed by Brundtland defined Sustainable Development as follows. "Development that meets the needs of the present without compromising the ability of future generation's to meet their own needs."

3. Rural India

Environmental Measures

The problems like lack of sanitation, shortage of safe drinking water, ill-designed habitats and kitchens, living of animals and human in close proximity etc. are very common. The farmers and agricultural labours are suffering from soil erosion, chemical seeding, chemical fertilizers, pesticides spraying etc. Unscientific agriculture is also

causing for environment problems in rural areas. Recently noise pollution is also becoming as major environmental hazard in rural areas. There is a forecast that there will be more pressure on water and other natural resources in India by 2020.

4. Policy Measures for Sustainable Rural Development

For the overall development of the country in the long run, protection of environmental resources, particularly in the rural areas is needed. India has two-tier system for combating pollution i.e. Central Pollution Control Board (1974) and State Pollution Control Board. In this regard, the Indian Constitution adopted the articles like 48A, 51A(g) and 253. On the basis of these articles, the Indian Parliament enacted Water Act of 1974, the Prevention and Control of Pollution Act (Air Act) 1981, the Environmental Protection Act 1986, The Public Liability Insurance Act.

5. Labour Force Growth And Employment Requirements

To provide employment for additional labour force which is estimated to grow at the rate of 2.51 % per annum during the Tenth Plan period (2002-2007), besides reducing the backlog of unemployment accumulated from the past, is a daunting challenge for India. Growth or decline in the labour force participation rates (LFPRs) depends on certain factors. With the increasing thrust on education, LFPRs in the age group 15-19 years will decline. On the other hand, with improved health and longevity, Unemployment is estimated at 21.15 million, 5.11 % of the total population. Distribution of male and female work force in non-farm activity in rural areas during 1983 – 2015 has been depicted as follows.

Table : Labour Force, Employment and Unemployment

Parameter	2000	2001-2002	2006-2007	2014-2015	% per annum
Labour force	363.33	378.21	413.50	697.52	2.98
Employed	336.75	343.36	392.35	453.53	4.65
Unemployed	26.58	34.85	21.15	3.06	-9.50
Unemployed rate (%)	7.32	9.21	5.11	0.64	-

Source: Planning commission, Govt. of India, year plan 2014-15, 2015-16,

Table :Distribution of Male/Female Per 1000 Person-Days Employed In Rural India

Current daily Status	Male			Female		
	1999-2000	1993-1994	1987-1988	1999-2000	1993-1994	1987-1988
Employed	897	909	926	676	663	638
Unemployed	53	40	27	41	30	26
Not in labour force	51	51	47	283	306	336
All	1000	1000	1000	1000	1000	1000

Source: NSSO, India

Table:Distribution of Workers In The Rural Area By The Level Of Education (%), 2010-2011

Rural area	Level of general education				Share in workforce
	Illiterate	Up to Primary	Secondary and above	Total	
Male	39.6	27.3	33.1	100	49.74
Female	74.0	15.5	10.5	100	25.77
Person	51.3	23.3	25.4	100	75.51

Source: This section draws upon the Report of the Task Force on Employment Opportunities, Planning Commission, Govt. of India (2001)

6. Institutional Support For Rural Non-Farm Sector

In India, the institutions underlying the development of the rural non-farm sector are very strong. These include secure property rights; a well-developed financial system with preferential access to credit for the sector; supporting institutions such as the KVIC, State Khadi Board, NHHDC, Small Industries Development Bank of India (SIDBI), State industrial corporations; policies and programs promoting linkages with agriculture, especially agro-industries; domestic marketing channels for rural nonfarm production; as well as government support in export promotion. The institutional mechanisms for a rapid growth of the rural nonfarm sector are already in place.



7. Decentralization Process

Over the last two decades the State governments in India have been able to exercise far more independence in decision-making than in the pre-1980 period. Regional parties are an integral part in coalition governments at the Center. In turn, they have negotiated economic autonomy in the formation of state specific policies for development. Moreover, with the opening up of the economy in 1991, foreign direct investment (FDI) has come to play an important role in the overall policy environment. State governments are in competition with one another to attract higher FDI levels both in manufacturing and infrastructure. In some ways, it mirrors the path followed by China, although the volume of FDI coming to India is less than 10 percent of what is flowing into China. On the positive side, however, this creates an opportunity for higher levels of investment in the future.

7. Women Empowerment

Agriculture is becoming increasingly feminized as men are migrating to rural non-farm sector. They work in “land preparation, seed selection and seed production, sowing, in applying manure, fertilizer and pesticides, weeding, transplanting, threshing, winnowing and harvesting etc as well as in animal husbandry and dairying, fish processing, collection of non timber forest produces (NTFPs), back yard poultry, and collection of fuel wood, fodder and other products for family needs” (GOI, 2007). Despite their importance, women are continually denied their property rights and access to other productive resources.

8. Enhance The Level of Formal Education And Skills To Rural People

Education and skills are important for improving non-farming practices, investment and productivity. It is important for small holding farmers to have a reasonable level of awareness regarding information on agriculture. The low level of farmers’ education limits public dissemination of knowledge. The NSS farmers’ Survey clearly shows that awareness about bio-fertilizers, minimum support prices and WTO is associated with education levels which are lower for marginal and small farmers.

9. Policies To Support of Small Scale Holders

In India the land mark in the history of rural development is introduction of Community Development Programme on October 2nd, 1952. After that for the elimination of poverty and unemployment in the rural areas, the programmes like Small Farmers Development Agency(SFDA), Marginal Farmers and Agriculture Labour Development Agency (MFADA), Minimum Needs Programme (MNP), Food for Work Programme (FWP), Development of Women and Children in Rural Areas (DWCRA), Training for Rural Youth for Self Employment (TRYSEM), Ganga Kalyan Yojana (GKY), JawaharRojgar Yojana (JRY) Swarna Jayanthi Swagram Yojana (SJSY), Anthyodaya Programme etc. Besides this, NABARD, RRB, SBI and other commercial banks are helping for the development of rural areas. During 1995-96 Rural Infrastructure Development Fund was established and maintained by NABARD.

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11. Rural non-farm sector

As mentioned above, the income from small and marginal farms is not enough to take care of daily consumption and they have to borrow to survive. Therefore, small holdings farmers have to get part of income from rural non-farm activities. Therefore, promotion of rural non-farm sector is essential for generating incomes for rural population. Poverty can not be removed with 55% of workers in agricultural sector. Ultimately, many of the small and marginal farmers have to be shifted to rural non-farm sector and urban areas.

Conclusion

For the prosperity of any economy either in Developed or Underdeveloped country sustainable rural development is required by giving priority to non- farm activities. Though governments are implementing number of programmes there is more focus on elimination of poverty and unemployment and less priority to protection of environment. It is necessary that by taking the strategies of developed countries, India has to go to achieve sustainable rural development. The RNF sector is increasingly playing an important role in the development of rural areas in Asia and the Pacific region. The RNFS will need



to become more and more a major provider of employment and income to many rural folks. however, that RNFE are not a substitute for employment in agriculture but rather as a supplementary measure.. The promotion of RNFE also should be undertaken within the broader context of rural development. Efforts are needed to identify appropriate and effective institutional vehicles for development of non-farm sector policy and interventions for creating employment opportunities. It is also vital to improve the marketing links between the village entrepreneurs and the larger business firms located in the towns/cities. Other important considerations that need to be focused on may include human resource development, financial/credit facilities, research and development and women's participation with a view to making the activities self-sustaining in the changing competitive environment. For the prosperity of any economy either in Developed or Underdeveloped country sustainable rural development is required by giving priority to non- farm activities.

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