

A Study on Rural Non-Agricultural Employment in Mizoram

M. S. Dawngliana Hnamte

Research Scholar, Mahatma Gandhi University

Email: msamamit[at]gmail.com

Abstract: *Employment opportunities in rural areas of India have historically been limited to those in the agriculture industry. However, the function of non-agricultural sector is becoming more significant nowadays due to the rising demand of people on land and the restricted ability to increase the cultivated area. Agricultural jobs and non-farming jobs are the two main types of rural employment. However, the levels of household income and that of living standards are not uniform among the households across the villages. This is especially true if the income levels of agricultural and non-agricultural families are taken into account. In light of this, the current research attempts to analyse, with the use of primary data collected from several villages, the income levels and the degree of poverty among the rural families, as well as the variables which impact the same. At the all India level, the contribution of primary sector in the gross domestic product (GDP) has declined enormously comparing to its share in the total workforce. The contribution of primary sector has decline from 51.81 % in 1950-1951, 26.2 % in 2000-2001 to 21.82 % in 2020-2021, while the latter has declined from 72 % in 1999-2000 to 67.1 % in 2007-2008 and 52 % in 2009-2010. During the same period, the share in the total workforce in secondary sector has increased from 9.4 % to 12 % in 1950-1951 and gone up to 25.8 % in 2009-2010.*

Keywords: Rural non-agricultural employment, enterprises, rural employment, rural economy, poverty

1. Introduction

The 2011 Census found that 68.8% of India's population and 72.4% of its working-age population were located in rural regions. Due to rural-urban migration, India's urban population increased by 31.8 % between 2001 and 2011, whereas the rural population rose by just 12.18 % over the same time period. According to UN population projections, rural regions in India will remain economically relevant until at least the year 2050. More than half of the increase in urban population during this time period may be attributed to people moving from the rural to the city (Pradhan, 2013). It has been noted that the low-income population is being further disadvantaged by unplanned rural-urban movement in quest of better work and other economic prospects. Therefore, it is important to strengthen the rural economy and provide job prospects in rural regions in order to reduce the involuntary movement of rural residents to urban centres.

In the years after the reforms, the Indian economy grew at a pace of 6.5% annually, which is exceptional. Despite the fact that the number of available jobs has grown, this gain has not kept pace with the expanding labour force. Sectoral employment trends reveal that the private sector's rapid expansion throughout the 1990s led to just a modest growth in jobs in the organized sector, which offers workers the most protection. Therefore, the unorganized sector must shoulder the responsibility of finding work for a continuously expanding labour force. In the 1990s, the unorganized sector accounted for more than 95% of all new employment. However, the success of the rural and urban informal sectors has been different; the rate of increase of urban employment in the last several decades has been above 2%, while the rate of development of rural employment is just 0.5%. According to the data on employment, the country's unorganized sector has also expanded toward the country's major cities. Migration from

rural to urban regions is only one of many issues brought on by the informal sector's asymmetrical expansion. This predicts an extremely unstable and worrying job market in rural portions of the country.

2. Literature Survey

Nayyar and Sharma (2005) found that the percentage of Indians working in non-farming occupations in rural areas increased dramatically between 1978 and 2000, from 16.6% to 23.8%. In the post reform period male employment is growing faster in compared with female employment. according to various studies, the of rural non-agricultural employment is mainly due to agricultural development through productive linkages, consumption linkages, economic reforms, infrastructure, labour supply, government development programmes, etc.

According to Amitabh Kundu, Niranjana Sarangi, and Bal Paritosh Dash's (2003) examination of India's labour market in the 1990s, non-farm employment in rural regions has increased at a rather rapid clip since 1993. Non-farm rural employment grew faster than the labour force from 1993 to 2000, although this increase was still much lower than the rate seen in the preceding decade (i. e., 1983 to 1993). As individuals increasingly look for ways to supplement their incomes beyond farming, the slowing of non-farm job growth in rural areas may not necessarily be cause for fear. Amitabh Kundu (2003) stated that In metropolitan settings, non-agricultural activities do not always represent a residual sector. No doubt rural non-agricultural employment has grown bringing multiple incomes to households with manufacturing and services sector generating more employment opportunities with a decrease in farm income according to the National Labour Force Survey (1996-2000). Utilizing data from the 2005-2006 Economic Census and the National Sample Survey of Occupations (NSSO), Mukhopadhyay and Nayak (2008) looked at the

development and significance of non-farm rural employment in India. According to their research based on the Economic Census of 2005, there were about 17.855 million non-agricultural enterprises in the nation, while 19.83 million were located in rural regions. Thirteen million (66.89%) of the 19.83 million non-agricultural enterprises in rural regions were run by their owners, while the remaining six million (33.11%) employed people. Between 1998 and 2005, the number of businesses in both the agricultural and non-agricultural sectors grew by 4.56 % and 8.62 %, respectively. Evidence demonstrates that a non-agricultural economy may effectively absorb the expanding rural labour population and contribute to higher economic development. The majority of rural non-farming businesses (39.28%) were engaged in retail commerce, followed by manufacturing (26.02%), and then other communal, social, and personal services (8.15%).

Using National Sample Survey (NSS) and Economic Census data, researchers have examined the employment trends of rural non-agricultural workers. Visaria and Basant (1993) conduct a comprehensive review of employment trends in the non-agricultural sector using NSS data and Census data. The primary data sources on employment trends have definitional and comparability difficulties that limit the scope of this sort of study. The share of rural employees in non-agricultural occupations increased throughout the 1980s, with the increase being seen more strongly among men than women. Acharya and Mitra (2000) evaluated data from the National Sample Survey (NSS; 1984-1997) and the Economic Census (corresponds to 1990 and 1998) to see whether there was a positive trend in the case of non-agricultural employment throughout the 1980s. They find that between 1983 and 1987-1988, the share of the rural Indian labour force employed in the secondary and tertiary sectors increased from 22% to 25%. The 1990s saw little expansion, and a 24.4% employment rate is reported by the most recent NSS poll, conducted in 1997. While some states, like Kerala, Punjab, Haryana, Gujarat, and Tamil Nadu, are more occupationally diverse than others, the authors found no evidence of growth in non-agricultural employment rates during the 1990s in any state other than Kerala (Acharya and Mitra, 2000). Employment outside of agriculture in rural areas follows a different development pattern, which is affected by a number of variables. Using data from the Indian state of Uttar Pradesh, Sharad Ranjan (2009) demonstrated that push factors, such as economic hardship, are responsible for the shift away from agriculture in rural areas. Using NSS data on employment from 1990-2000, 2004-2005, and 2009-2010, Pandey and Raman (2012) illustrated a significant increase in rural non-agricultural employment in their research of Uttar Pradesh. Non-farm rural employment grew more quickly in the West than in the South between 1999 and 2000 and 2004 and 2005. As a result, it's clear that a thriving rural economy is crucial for fostering agricultural job growth in the countryside. The structural restructuring of the Indian economy, as studied by Binswanger, Mkhizen (2012), reveals an increasing gap in labour productivity between the agricultural and non-agricultural sectors. Despite rising incomes, the data demonstrates that agricultural expansion has not been matched by a corresponding increase in agricultural employment. In rural regions and throughout the economy,

the rate of self-employment is soaring in the non-agricultural sector.

Several researchers over the last two decades (Basant and Kumar, 1989; Chadha, 1993; Visaria, 1995 and Sahu, 2002; Mukhopahyay and Rajaraman, 2000) have studied the extent and rate of job diversification in India's rural areas. Most have come to the conclusion that the non-farming sector's proportion is growing and that the farming industry's ability to absorb new workers is almost at capacity. High-productivity workers in rural non-agricultural occupations tend to have higher wage growth over time, according to the research (Barrett, 2001; Lanjouw, 2001). Those with higher starting incomes and levels of education are better able to take advantage of high-return non-agricultural ventures and reap the advantages of rural non-agricultural employment (Barrett, 2005). Access to finance and savings is an essential determinant for transitioning into higher return rural non-agricultural work, according to research by Barrett and Bezu (2011), who studied the diversity of non-farm activity in Ethiopia. To better comprehend the economic shift away from agriculture and the emergence of rural non-agricultural employment opportunities, Chawonote and Barrett (2011) investigated occupational and earning dynamics in Thailand's rural areas. This sector is dominated by business and self-employment. Many people in rural Thailand are changing careers, but the shift is away from agriculture and toward service and other industries. Although some research has looked at the dynamics of micro and small firms in rural non-agricultural employment in developing countries, other research has looked at the shift from wage to self-employment in middle-income and developed countries (Carrasco, 1999; Bruce, 2000; Dunn and Holtz-Eakin, 2000).

3. Statement of the problem

Employment opportunities in rural areas of India have historically been limited to those in the agriculture industry. However, the function of non-agricultural sector is becoming more significant nowadays due to the rising demand of people on land and the restricted ability to increase the cultivated area. Agricultural jobs and non-farming jobs are the two main types of rural employment. Comparatively, the urban informal sector employs around 22 % of the country's overall labour force, while the rural non-agricultural sector only accounts for 11 %. Employment opportunities in rural areas outside of agriculture are promising due to the region's huge population and relatively modest non-agricultural basis. Employment prospects for rural residents have not been adequately increased by rural development efforts. Employment growth in rural regions is a key factor in reducing rural poverty.

However, the levels of household income and that of living standards are not uniform among the households across the villages. This is especially true if the income levels of agricultural and non-agricultural families are taken into account. In light of this, the current research attempts to analyse, with the use of secondary data collected from several villages, the income levels and the degree of poverty among the rural families, as well as the variables which impact the same.

4. Methodology

Secondary sources were used to compile the data for this research. The data which have been collected are analysed on the basis of sex, education, community, income and nature of employment of the sample respondents. The secondary data on employment and unemployment have been collected from the survey report of NSSO, Reports of Economic Censuses, Statistical Handbooks, Mamit District Profile, Government Report, Books, Journals, e-resources, etc.

Rural economy and non-agricultural employment in India

In India's rural areas, agriculture and its supporting industries form the mainstay of the economy. As a result, agriculture provides work and income for the vast majority of rural residents. In the meanwhile, a wide range of non-farming pursuits contribute significantly to the economy by giving people from both farming and non-farming families a chance to work and earn a living. Since the establishment of the Planning Commission, economic planning has prioritized the creation of jobs and the alleviation of poverty. According to the National Sample Survey (NSS), in 1978–1979, over 12% of rural India's female workforce and approximately 20% of men's workforce were involved in non-agricultural actions. The gap between the growth of agriculture and non-agricultural sector has been increasing since 1981-1982 and more particularly since 1996-1997. The part of agriculture in the GDP has felled from 36.4 % in 1982-1983 to 18.5 % in 2006 – 2007 even though it provides 52 % of the workforce (Economic Survey 2007 – 2008). (Economic Survey 2007-08, P-155).

The Report of Food and Agricultural Organization (FAO) in 2018 indicates that 70% of the rural households still depend primarily on agricultural and allied sectors for their livelihood while only 23% of the country's GDP was contributed by the agricultural sector. According to Press Information Bureau (PIB), the labour force participation rate in India has been decreased to 49.8% in 2017-2018 from 57.1% in 2009-2010. The decline in the labour force participation in 2011-2012 implies that there is an increase in the unemployment rate in the country. To reduce unemployment problems and poverty in India, increase in engagement of workforces under Rural Non-Farm Employment (RNFE) is very important.

Prior to the late 1960s, most developing countries, including India, paid little attention to the position of rural non-agricultural employment (RNAE) in as long as employment and income to rural households (Chadha 1993). In the late 1970s, when unemployment and poverty in rural parts of emerging nations became more pressing issues, the importance of rural non-farm industries became widely

acknowledged as a potential solution. The rapid growth in population, the resulting sizable increase in the labour force, and the resulting fragmentation of land holdings have made it clear that the agricultural sector, by itself, cannot provide adequate employment for the growing rural labour force or ensure the financial security of rural households.

The National Sample Survey Office (NSSO) Report on the 38th Round (1983), the share of employment under farm sector provides was 65.43% while non-farm sector shared 34.57%. Manufacturing sector contributes the highest share of 11.27% from non-farm sector. The contribution of non-farm sector has been increased to 37.97% while the contribution of farm sector was reduced to 63.03% in the 50th Round (1993-1994). The contribution of non-farm sector further increased to 48.94% and the contribution of farm sector declined to 52.06% in the 61st Round (2004-2005).

Diversification of rural employment towards the non-agricultural sector is inevitable and necessary for the development of rural economy in India. This reduces the pressure on land by bringing down the volume of underemployment, disguised employment in the rural agricultural sector, decline in the land man ratio thereby increasing the wage rate and the income level. Non-agricultural employment also helps in the development of agricultural sector as households with non-agricultural income invest more on their farm-related activities. Thus, the overall rural economy benefits from the growth of non-agricultural sector.

Therefore, it is evident that in the absence of diversification of labour force towards rural non-agricultural employment, people are forced to depend only on agriculture, which will adversely affect the sector itself, the workers and the economy as a whole. To overcome this grim situation, diversification of labour force towards rural non-agricultural employment becomes inevitable.

Non-agricultural enterprises in Mizoram

The total number of Non-Agricultural Enterprises in Mizoram as per the Sixth Economic Census 2013 comes to 45455, out of which 17319 (38.10%) are located in Rural areas and 28136 (61.90%) are located in Urban areas. Further, 27746 (61.04%) number of Non-Agricultural Enterprises are under OAE whereas 17709 (38.96%) are under Enterprises (H).

The total number of 100974 persons are engaged in the Non-Agricultural Enterprises, out of which 35802 persons (35.46%) worked in Rural areas and 65172 persons (64.54%) worked in Urban areas. Further, 34354 persons (34.02%) worked under OAE whereas 66620 persons (65.98%) worked under Enterprises (H).

Table 1: Number of Non-Agricultural Enterprises and Employment therein by Type of Location and Type of Enterprises

Type of Enterprises	Rural		Urban		Combined	
	Number	percentage to Total	Number	percentage to Total	Total (2+4)	percentage to Total of Column 6
1	2	3	4	5	6	7
OAE						
Number of OAE	9884	21.74%	17862	39.30%	27746	61.04%
Number of Employment	12696	12.57%	21658	21.45%	34354	34.02%
Average Employment	1.28	-	1.21	-	1.24	-
Enterprises (H)						
Number of Enterprises (H)	7435	16.36%	10274	22.60%	17709	38.96%
Number of Employment	23106	22.89%	43514	43.09%	66620	65.98%
Average Employment	3.11	-	4.24	-	3.76	-
All Enterprises						
Number of All Enterprises	17319	38.10%	28136	61.90%	45455	100%
Total Number of Employment	35802	35.46%	65172	64.54%	100974	100%
Overall Average Employment	2.07	-	2.32	-	2.22	-

Source: Sixth Economic Census of Mizoram, 2013

Note: Average employment: Number of employment divided by Number of OAE/Enterprises (H)

Out of the total 45455 number of Non-Agricultural Enterprises as per the Sixth Economic census 2013, Retail Trade Activity captured the maximum number of total enterprises and OAE i. e.18968 (41.73%) and 16291 (35.48%) respectively. Education activity captured the maximum number of Enterprises (H), i. e.4496 (9.89%). Services activities accounted for 88.49 % of total Non-Agricultural Enterprises whereas ‘Other than Services’ activities accounted for 11.51 % to Non-Agricultural Enterprises.

Table 2: Number of Non-Agricultural Enterprises by Major Activity Group

Sl. No.	Major Activity	OAE	percentage to Grand Total	Enterprises (H)	percentage to Grand Total	Total 3+5	percentage to Grand Total
1	2	3	4	5	6	7	8
Other than Services							
1.	Mining and Quarrying	51	0.11%	80	0.18%	131	0.29%
2.	Manufacturing	2967	6.53%	1935	4.26%	4902	10.78%
3.	Electricity, Gas, Steam and Airconditioning supply	5	0.01%	56	0.12%	61	0.13%
4.	“Water supply, Sewerage, Waste management and Remediation activities”	10	0.02%	13	0.03%	23	0.05%
5.	Construction	46	0.10%	71	0.16%	117	0.26%
Total (Other than Services)		3079	6.77%	2155	4.74%	5234	11.51%
Services							
6.	Wholesale Trade, Retail Trade and Repair of Motor Vehicles and Motor Cycles	254	0.56%	644	1.42%	898	1.98%
7.	Wholesale trade (not covered in item 10)	140	0.31%	138	0.30%	278	0.61%
8.	Retail trade (not covered in item 10)	16291	35.84%	2677	5.89%	18968	41.73%
9.	Transportation and Storage	5717	12.58%	806	1.77%	6523	14.35%
10.	Accommodation and Food Service	909	2.00%	1633	3.59%	2542	5.59%
11.	Information and Communications	114	0.25%	164	0.36%	278	0.61%
12.	Financial and Insurance activities	8	0.02%	163	0.36%	278	0.61%
13.	Real Estate activities	1	0.00%	6	0.10%	7	0.02%
14.	Professional, Scientific and Technical Activities	114	0.25%	116	0.26%	230	0.51%
15.	Administrative and Support Service activities”	46	0.10%	87	0.19%	133	0.29%
16.	Education	65	0.14%	4496	9.89%	4561	10.03%
17.	Human Health and Social Work activities	84	0.18%	1058	2.33%	1142	2.51%
18.	Arts, Entertainment, Sports and Amusement and Recreation	87	0.19%	94	0.21%	181	0.40%
19.	Other Service activities (not elsewhere classified)	837	1.84%	3472	7.64%	4309	9.48%
Total (Services)		24667	54.27%	15554	34.22%	40221	88.49%
Grand Total		27746	61.04%	17709	38.96%	45455	100%

Source: Sixth Economic Census of Mizoram, 2013

District-Wise number of Non-Agricultural Enterprises

Out of the total 45455 number of Non-Agricultural Enterprises as per the Six Economic Census 2013, 61.04 % of Enterprises (27746 numbers) are under OAE whereas 38.96 % (17709 numbers) are under Enterprises (H). Aizawl District captured the highest number of total enterprises, OAE and Enterprises (H) which accounts for 20368 (44.81%), 12459 (27.41%) and 7909 (17.40%) respectively.

Table 3 District-Wise Number of Non-Agricultural Enterprises by Sector and Type of Enterprises

Sl. No.	Name of District	Rural			Urban			Combined		
		OAE	Enterprises (H)	Total	OAE	Enterprises(H)	Total	OAE	Enterprises (H)	Total
1	2	3	4	5	6	7	8	9	10	11
1.	Mamit	1249	859	2108	414	248	662	1663	1107	2770
2.	Kolasib	603	511	1114	1556	857	2413	2159	1368	3527
3.	Aizawl	2324	1814	4138	10135	6095	16230	12459	7909	20368
4.	Champhai	1244	1148	2392	1318	832	2150	2562	1980	4542
5.	Serchhip	528	542	1070	1091	643	1734	1619	1185	2804
6.	Lunglei	1779	1295	3074	1986	1062	3048	3765	2357	6122
7.	Lawngtlai	1708	902	2610	571	209	780	2279	1111	3390
8.	Saiha	449	364	813	791	328	1119	1240	692	1932
Total		9884	7435	17319	17862	10274	28136	27746	17709	45455

Source: Sixth Economic Census of Mizoram, 2013

Employment Status in the Non-Agricultural Enterprise

Out of the total 100974 number of Non-agricultural workers as per the Sixth Economic Census 2013, Retail Trade activity captured the maximum number of workers under Total Enterprises and Owned Account Enterprises, i. e.28, 146 (27.87%) and 20, 673 persons (20.47%) respectively. Education activity captured the maximum number of

workers under the enterprises which hired at least one labour (H), i. e.25, 878 numbers (25.63%).

Meanwhile, Services activities captured 87.15 % of total Non-agricultural workers whereas “Other than Services” activities captured 12.85% of total Non-agricultural workers.

Table 4: Number of Non-Agricultural Workers by Major Activity Group

Sl. No.	Major Activity	Under OAE	% to Total	Under Enterprises (H)	% to Total	Total (3+5)	% to Total
1	2	3	4	5	6	7	8
Other than Services							
1.	Mining and quarrying	78	0.08%	473	0.47%	551	0.55%
2.	Manufacturing	3687	3.65%	7962	7.89%	11649	11.54%
3.	Electricity, Gas, Steam and Air Conditioning Supply	7	0.01%	309	0.31%	316	0.31%
4.	Water Supply, Sewerage, Waste Management and Remediation Activities	13	0.01%	66	0.07%	79	0.08%
5.	Construction	49	0.05%	336	0.33%	385	0.38%
Total (Other than Services)		3834	3.79%	9146	9.06%	12980	12.85%
Services							
6.	Wholesale Trade, Retail Trade and Repair of Motor Vehicles & Motor Cycles	343	0.34%	2723	2.70%	3066	3.04%
7.	Wholesale Trade (not covered in item 6 above)	241	0.24%	526	0.52%	767	0.76%
8.	Retail Trade (not cover in item 6 above)	20673	20.47%	7473	7.40%	28146	27.87%
9.	Transportation and Storage	5831	5.77%	2118	2.10%	7949	7.87%
10.	Accommodation and Food Service Activities	1661	1.64%	5912	5.85%	7573	7.50%
11.	Information and Communication	155	0.15%	679	0.67%	834	0.83%
12.	Financial & Insurance Activities	18	0.02%	1167	1.16%	1185	1.17%
13.	Real Estate Activity	1	0.00%	24	0.02%	25	0.02%
14.	Professional, Scientific & Technical Activities	143	0.14%	367	0.36%	510	0.51%
15.	Administrative and Support Service Activities	71	0.07%	452	0.45%	523	0.52%
16.	Education	127	0.13%	25878	25.63%	26005	25.75%
17.	Human Health & Social Work Activities	123	0.12%	5685	5.63%	5808	5.75%
18.	Arts Entertainment, Sports & Amusement and Recreation	142	0.14%	239	0.24%	381	0.38%
19.	Other Service Activities (not elsewhere classified)	991	0.98%	4231	4.19%	5222	5.17%
Total Services		30520	30.23%	57474	56.92%	87994	87.15%
Grand Total		34354	34.02%	66620	65.98%	100974	100%

Source: Sixth Economic Census of Mizoram, 2013

District-Wise Number of Non-Agricultural Workers

Out of the total 1, 00, 974 number of Non-Agricultural workers as per the Sixth Economic census 2013, 34.02% (34, 354 persons) are under OAE whereas 65.98% (66620 persons) are under Enterprises (H). Aizawl District captured

the maximum number of workers under Total Enterprises, OAE and Enterprises (H) which accounts for 47, 975 persons (47.51%), 14, 942 persons (14.80%) and 33, 033 persons (32.71%) respectively.

Table 5: District-Wise Number of Non-Agricultural Workers Sector and Type of Enterprises

Sl. No.	Name of District	Rural			Urban			Combined		
		OAE	Enterprises (H)	Total	OAE	Enterprises (H)	Total	OAE	Enterprises (H)	Total
1	2	3	4	5	6	7	8	9	10	11
1.	Mamit	1606	4787	4393	477	1021	1498	2083	3808	5891
2.	Kolasib	770	1533	2303	2120	3151	5271	2890	4684	7574
3.	Aizawl	2855	5721	8576	12087	27312	39399	14942	33033	47975
4.	Champhai	1586	3213	4799	1632	2930	4562	3218	6143	9361
5.	Serchhip	723	1735	2458	1366	2566	3932	2089	4301	6390
6.	Lunglei	2236	3751	4987	2302	4447	6749	4538	8198	12736
7.	Lawngtlai	2315	2176	5491	683	291	1474	2998	3967	6965
8.	Saiha	605	1190	1795	991	1296	2287	1596	2486	4082
Total		12696	23106	35802	21658	43514	65172	34354	66620	100974

Source: Sixth Economic Census of Mizoram, 2013

Growth of non-agricultural enterprises

The overall CARG of non-agricultural enterprises per year during 2005-2013 was 2.62 %. The CARG of non-

agricultural enterprises per year during 2005-2013 in rural areas and urban areas were 3.05 % and 2.37 % respectively.

Table 6: Compound Annual Growth Rate (CAGR) of Non-Agricultural Enterprises and Employment

Sl. No	Sector	Items	5 th Economic Census (2005)	6 th Economic Census (2013)	CAGR (%)
1.	Rural	Enterprises	13617	17319	3.05
		Employment	27983	35802	3.13
2.	Urban	Enterprises	23331	28136	2.37
		Employment	65242	65172	- 0.01
3.	Combined	Enterprises	36948	45455	2.62
		Employment	93225	100974	1.00

Source: Report on 5th & 6th Economic Census, Govt. of Mizoram

Regarding employment, the overall CAGR during 2005-2013 was 1.00 %. The CAGR of employment per year during 2005-2013 in rural areas and urban areas were 3.13 % and -0.01 % respectively.

5. Conclusion

The primary sector gives way to the secondary sector, and the secondary sector to the tertiary sector, as the economy develops and undergoes structural changes. Because of the sluggish growth of secondary sector in providing gainful employment to the increasing labour force in the developing countries, there is a structural move from the primary sector to the tertiary sector which results in a mismatch between the rate of decrease in the share of agriculture and employment. This further leads to increase in underemployment and disguised unemployment, aggravating the degree of casualization of employment.

Agriculture plays an important role in providing employment and income for the rural masses, especially in developing countries. The growth of agriculture is hampered by different factors like rapid increase in population, declining per capita land holding, fragmentation and subdivision of land holdings and unfavourable monsoon season. This results in the increase in underemployment and disguised employment leading to decline in the agricultural wage rate. This further results in declining the level of income and living standard of the rural population. Therefore, improvement in the income of the rural masses and decreasing pressure on land is necessary to alleviate rural poverty. One of the very important tasks is diversification of rural workers towards the non-agricultural sector especially when the rural agricultural sector is incapable of giving employment gainfully. Where there is excessive pressure on

agriculture and in the absence of such diversification towards non-agricultural sector, people are forced to rely only on agriculture, thereby driving the economy towards vicious circle of poverty. In order to overcome this situation, diversification towards non-agriculture sector is a must. Economic development of the rural area would definitely lead to social development which will increase literacy level, reducing population growth, financial literacy, etc.

At the all India level, the contribution of primary sector in the gross domestic product (GDP) has declined enormously comparing to its share in the total workforce. The contribution of primary sector has decline from 51.81 % in 1950-1951, 26.2 % in 2000-2001 to 21.82 % in 2020-2021, while the latter has declined from 72 % in 1999-2000 to 67.1 % in 2007-2008 and 52 % in 2009-2010. During the same period, the share in the total workforce in secondary sector has increased from 9.4 % to 12 % in 1950-1951 and gone up to 25.8 % in 2009-2010.

For a number of decades rural economy was dominated by agricultural sector. However, as a result of rising population demands and a shrinking availability of farmable land, the non-farming economy is playing an increasingly vital role. Clearly, the presence of a modest base of non-farm sector and a big population in rural areas reflects the employment potential in the rural non-farm sector. While just 11% of Indians are employed in the non-farming sector, 22% of the country's labour force is engaged in the informal economy of the country's cities.

Even though rural development in India hasn't generated nearly enough jobs, there is a negative correlation between rural poverty and the number of people working outside the home. The living standards and household income are not

uniform among the households in all the villages. This is especially true when we consider the economic condition of the households who depend on agricultural and non-agricultural sector. So, analysis of the levels of income and extent of poverty, factors influencing them by using primary data are very important.

Even though government has taken various steps to reduce poverty and increase employment in the rural areas, the level of poverty is very high. However, the non-agricultural households are better off as compared to the agricultural households in terms of its regular nature of employment and higher income level, which indicates that their standard of living and level of poverty will also be different. Thus, it is very important to analyze the role of agriculture and non-agriculture sector in determining the poverty level, unemployment and living standard of the rural population.

References

- [1] Basanta R., B. L. Kumar, R. Parthasarthy: (Ed) *Non-Agricultural Employment in Rural India: The Case of Gujarat*, (Rawat Publications, Jaipur, 1998), pp.45-49
- [2] Biradar, R. R. (2009), 'Rural Non-Agricultural Employment' Concept Publishing Company, New Delhi
- [3] Chadha, G. K. (1993), 'Non-Farm Employment for Rural Households in India, Evidence and Prognosis', *Indian Journal of Labour Economics*, Vol.36.
- [4] Clark, Colin (1940). *The Conditions of Economic Progress*, London: Macmillan
- [5] Despande, Sudha: "Changing Structure of Employment in India, 1981-1991", *Indian Journal of Labour Economics* Vol.39, No.4, Oct.-Dec. ., 1996, pp.741-746.
- [6] Economic Survey 2007-2008, Govt. of India, Ministry of Finance, Economic Division.
- [7] Haggblade, Steven, Hazell, Peter and Brown, James: "Farm – Non-farm Linkages in Rural Sub-Saharan Africa", *World Development*, Vol.17, No.8, 1989, p.1191.
- [8] Harriss, Barbara: "Regional Growth Linkages from Agriculture and Resource Flows in Non-Farm Economy", *Economic and Political Weekly*, Vol.22, Nos.1&2, January, 3-10, 1987, p.33
- [9] Jayaraj, D.: "Determinants of Rural Non-Agricultural Employment: A Village Analysis of the Data fro Tamil Nadu", in Subramanian, S. (ed), "*Themes in Development Economics: Essays in Honour of Malcom Adiseshiah*", (Oxford University Press, New Delhi, 1992), p.-300
- [10] Kumar, P. S. Sujith: "Income Portfolios of Rural Households: A Kilvazhithunayankuppam (K. V. Kuppam) Experience", *IASSI Quarterly*, Vol.22, No.3, Jan.-Mar., 2004, P.78)
- [11] Lewis, W, Arthur: "Economic Development with Unlimited Supply of Labour", *The Manchester School of Economics and Social Studies*, May, 1954, pp.139-191.
- [12] Lewis, W. Arthur, Ranis, Gustav and Fei, J. C. H.: "A Theory of Economic Development", *American Economic Review*, September, 1961, pp.533-565
- [13] Majumdar, Bhaskar (2007), 'Rural Non-Farm Employment in India', Kanishka Publishers, Distributors, New Delhi
- [14] Mehta, G. S. (2003), 'Non-Farm Economy and Rural Development', Anmol Publications Pvt. Limited, New Delhi.
- [15] Mellor John W., and Lele, Uma J: "Growth Linkages of the New Food Grain Technologies", *Indian Journal of Agricultural Economics*, Vol.29, No.4, Oct.-Dec., 1973, p.43.
- [16] Mellor, John W., and Lele, Uma J.: "Growth Linkages of the New Food Grain Technologies", *Indian Journal of Agricultural Economics*, Vol.50, No.3, Jul.-Sept., 1995, p.426.
- [17] *Mizoram Economic Survey (2018-2019)*, Government of Mizoram, Planning and Programme Implementation Department,
- [18] National Sample Survey Organization, 38th (1983), 50th (1993-1994), 55th (1999-2000) and 61st Round (2004-2005), Ministry of Statistics and Programme Implementation, Government of India.
- [19] Papola, T. S: "Rural Industrialisation and Agricultural Growth: A Case Study on India", *Working Paper*, (ILO, ARTEP, New Delhi, 1986), pp.64-68.
- [20] Ranjan, S. (2009), 'Growth of Rural Non-Farm Employment in Uttar Pradesh: Reflections from Recent Data', *Economic & Political Weekly*, Vol.21, pp 63-70.
- [21] Ray, Sunil: "Farm – Non-Farm Interaction in a Labour Surplus Economy", *Economic and Political Weekly*, Vol.29, Nos.53, December 31, 1994, p. A173.
- [22] *Report of the Fifth (2005) and Sixth Economic Census (2013)*, Directorate of Economics and Statistics, Govt. of Mizoram, Aizawl.
- [23] Sen Abhijit: "Economic Reforms, Employment and Poverty: Trends and Options", *Economic and Political Weekly*, Vol.31, Nos.35-37, September, Special No.1996, pp.29-44.
- [24] Sen, Abhijit: "Globalisation Growth and Inequality in South Asia – The Evidence from Rural India" in Jayati Ghosh and C. P. Chandrasekhar (eds) *Work and Wellbeing in the Age of Finance*, (Tulika Books, New Delhi, 2003), pp.469-507
- [25] Shukla, Vibhooti: "Rural Non-Farm Activity: A Regional Model and Its Empirical Application to Maharashtra", *Economic and Political Weekly*, Vol.26, No.45, November 9.1991, p.2589
- [26] Shukla, Vibhooti: "Rural Non-Farm Employment in India: Issues and Policy", *Economic and Political Weekly*, Vol.27, No.28, July 11.1992, p.1488.
- [27] Statistical Handbook of Mamit District (2018), Economics and Statistics Department, Mamit District.
- [28] Statistical Handbook of Mizoram 2016&2018, Directorate of Economics & Statistics, Mizoram; Aizawl.
- [29] Vaidyanathan A., (1986) 'Labour used in Rural India: A Study of Spatial and Temporal Variations', *Economic & Political Weekly*, Vol.21, No.52, December, 2, p A 139.
- [30] Visaria, Pravin: "Rural Non-Farm Employment in India; Trends and Issues for Research". *Indian Journal of Agricultural Economics*, vol.50, No.3, July-September, 1995, p.398.

- [31] Vyas V. S., and Mathai, George (1978), 'Farm and Non-Farm Employment in Rural Areas: A Perspective for Planning', *Economic & Political Weekly*, Vol.13, No.6&7 pp 33-347.

Author Profile



M. S. Dawngliana Hnamte has been teaching for 18 years in Government College, now serving as Principal of Government Mamit College. He is doing his Ph. D at the Mahatma Gandhi University, Meghalaya. He has participated as well as presented papers in various seminars/workshops. He has also published a number of research papers in reputed journals.