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ASSESSING PARTICIPATION IN NON-FARM ACTIVITIES BY RURAL HOUSEHOLDS

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Abstract

Non-farm sectors have gradually evolved to play a major role in Indian economy. Its expansion arose from the structural transformation of the economy from agrarian to industrial, and then to a service-dominated environment, with occupational distribution changing in lockstep. Though, slightly different in Indian scenario where services preceded industries. In Nagaland due to the absence of large-scale urban manufacturing sector, it is unable to absorb the surplus labour force resulting in much attention getting diverted to rural non-farm sector particularly to generate income and employment. The present work focused on the understanding the determinants of growth of rural non-farm sector employment in Nagaland taking the case of Chiechama village. The descriptive survey approach involving gathering primary data through a questionnaire was used to conduct the study from a random sample of 35 households. The Garrett's ranking approach was used for the data analysis to identify the primary factor influencing the respondent's decision to participate in non-farm activities. Higher earning was found to have a considerable impact on households' decision to choose non-farm jobs. Additionally, the quality of employment was impacted by a number of factors, including education level, acquisition of required skills, rural infrastructure development, transport and communication.

Keywords: employment, rural households, participation, non-farm activities

1.Introduction: India has strayed from the theoretical road of structural change post-independence due to its inability to generate sufficient and productive jobs in the manufacturing segment, trapping the majority of its workforce in the agrarian sector. But there are definite indications that the nation is undergoing structural changes. Not everyone has the opportunity for out-migration, and it cannot be assumed that urban centres can offer or are capable of providing adequate opportunities for employment to all those who are not able to make a living in the agriculture sector. In this regard, one strategy that is advocated in literature for growth and development has been the diversification of employment as an alternative method of income generation and employment, lowering poverty, and increasing well-being and standards of living by the rural workforce.

2. Review of Literature: The non-farm sector is heterogeneous in nature and includes all economic activities i.e. mining and quarrying along with other secondary and tertiary sector activities other than agriculture, livestock, fishing and hunting (Lanjouw and Lanjouw, 2001). This would eliminate crop production as well as allied agriculture activities from the non-farm sector. Non-farm sector has been more comprehensively explained by Jha (2005) to include "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 factories."

The rural sector in India is undergoing a transformation and the contribution of rural non-farm sector to rural income and employment is growing (Sivamurugan, 2016). Although agriculture and allied activities continues to be the major source of livelihood for workers in the village, there are clear signs of diversification towards the non-farm sector, especially as younger workers get absorbed into regular jobs (Satheesha, 2023). There has been a declining share of employment in the farm sector and an increasing share in the non-farm sector (Panda, 2017) whereby majority of the workforce preferred to be absorbed in non-farm activities as their principal occupation (Lanjouw &Shariff, 2004). Moreover, the income earned by being engaged in non-farm activities was higher than farm income which is also one of the reasons why the rural labour, particularly the people in the working age group, are influenced to take up non-farm activities (Mech et. al. 2017).

3.Objective of the study: The objective of the study is to assess rural household participation in non-farm activities and to examine which factor is perceived as the most important factor that influences them to engage in these activities.

4.Methodology: The study was carried out in Chiechama Village of Kohima district, Nagaland by adopting a random sampling technique. Based on the review of literature, six factors which tend to influence the rural households to opt for non-farm activities were selected for the study. The primary data was collected from 35 randomly selected households with the help of a questionnaire in order to procure information regarding the reasons behind opting for non-farm employment and its determinants. A quantitative approach was used in the methodology whereby, the Henry Garrett's Ranking Technique was applied in order to assess household participation in non-farm activities. The respondents were asked to rank the factors based on their experience such that the most important factor will be ranked first. The rationale behind selection of this method was because of its advantage in arranging preferences based on the point of view of the respondents and has been extensively used in literature to help identity the most important factor which influences a respondent and can be converted into numerical scores.

4.1. Henry Garrett's Ranking Technique

The study made an attempt to identify the key elements influencing households in rural areas to opt for non-farm activities. Using the method, the components that were evaluated based on respondents' perspectives were then converted into score values, which facilitated them to be ranked using the following formula:

$$\textit{Percent position} = \frac{100(Rij - 0.5}{Nj}$$

Where, R_{ij} = Rank obtained by the i^{th} variable for j^{th} respondents and N_j = Number of variables ranked by j^{th} respondents

Using the above formula, the technique determines the Garrett score in the first phase by evaluating the percentage position of each rank. The total score and mean values of the scores were then determined by adding the corresponding scores of each individual for each factor. Among the factors, those having the highest mean values were considered to be the most significant factor.

5.Results and Discussion: The demographic data from the survey as presented in Table-1 shows that while the male proportion made up 54.29% of the respondents the female proportion was 45.71%. it was found that majority of the respondents, that is 85.71%, were in the age group of 18-35 years. Therefore, this study captures the viewpoint of the young rural population about the factors that influence their engagement in non-farm activities. Most of the respondents possess the education level of a graduate (60%) followed by post-graduation (28.57%) and up to class 12 (11.43%). Furthermore, 34.29% of the respondents were earning a monthly income of Rs. 10,000- Rs. 20,000, and more than Rs. 20,000 respectively while 31.42% of the respondents were earning a monthly income of less than Rs. 10,000. The highest percentage proportion was attributed to construction and other services including education sector with 20% each followed by trade and commerce (17.14%), and household manufacturing (11.43%).

Table-1: Personal Profile of the Respondents

Characteristics	Category	Frequency	Percentage
Gender Proportion	Male	19	54.29
	Female	16	45.71
Age	Less than 18 Years	0	0
	18 Years – 35 Years	30	85.71
	36 Years – 55 Years	5	14.29
	More than 55 Years	0	0
Marital Status	Single	31	88.57
	Married	4	11.43
	Divorced	0	0
	Widowed	0	0
Educational Qualification	Illiterate	0	0
	Up to class 10	0	0
	up to class 12	4	11.43
	Graduate	21	60
	Post Graduate	10	28.57
Monthly Income	Less than Rs.10,000	11	31.42
	Rs.10,000 – Rs.20,000	12	34.29
	More than Rs.20,000	12	34.29
Non-Farm Activities	Minning and Quarrying	2	5.72
	Manufacturing	3	8.57
	Household Manufacturing	4	11.43
	Non – Household Manufacturing	3	8.57
	Construction	7	20
	Trade and Commerce	6	17.14
	Transport, storage and communication	3	8.57
	Other Services	7	20

Table-2 represents the rankings provided by the respondents on the various factors influencing them to opt for non-farm activities. Among the 35 respondents, 12 of them gave the first rank to higher earnings followed by respondents citing urban linkage and better connectivity respectively as the most important factor.

Table-2: Ranking of Factors Influencing engagement in Non-Farm Activities

Sl. No.	Reasons Behind Opting for Non-Farm Activities	Ranks given by the Respondents					
		1st	2nd	3rd	4th	5th	6th
1.	Land insufficiency	4	2	5	7	9	8
2.	Poverty	2	3	2	7	8	13
3.	High earnings	12	9	8	4	1	1
4.	Irrigation problems	4	5	4	6	5	11
5.	Better connectivity	5	6	10	4	9	1
6.	Urban linkage	8	10	6	7	3	1

The percent position for the ranks were then calculated through the application of the Garrett's ranking formula, whereby, based on the percent position, the Garrett value for the corresponding rank was found using the Garrett ranking table presented in table-3.

Table-3: Calculation of Percent Positions and the Garrett Value

Sl. No.	Percentage Position		Garrett Value
	$\frac{100(Rij-0.5}{Nj}$	Calculated Value	
1.	$\frac{100(1-0.5)}{6}$	8.33	77
2.	$\frac{100(2-0.5)}{6}$	25	63
3.	$\frac{100(3-0.5)}{6}$	41.67	54
4.	$\frac{100(4-0.5)}{6}$	58.33	46
5.	$\frac{100(5-0.5)}{6}$	75	36
6.	$\frac{100(6-0.5)}{6}$	91.67	23

Furthermore, in order to obtain the mean scores for each factor, the Garrett value was first multiplied with the corresponding frequencies of the respective rank (for example: 4 x 77 = 308). Then, each of the rows were added to obtain the total scores. The mean value of Garret score was obtained by dividing the total score with the total number of respondents. With the help of the mean score, the most important factor influencing the respondents were ranked accordingly. This has been represented in table-4.

Table-4: Calculation of the Garrett Mean Score and Ranking

Sl. No.	Factors	Ranks given by the Respondents						Total	Mean	Rank
		1st	2nd	3rd	4th	5th	6th			
1.	Land Insufficiency	308	315	324	368	180	161	1656	47.31	V
2.	Poverty	231	315	252	322	360	138	1618	46.23	VI
3.	High Earnings	924	567	504	230	36	0	2261	64.60	I
4.	Irrigation Problems	462	567	315	138	288	92	1862	53.20	IV
5.	Better Connectivity	462	630	504	230	144	46	2016	57.60	II
6.	Urban Linkage	616	378	567	138	180	92	1971	56.31	III

The results which have been presented in the above table based on the Garrett's ranking method after analysis of data reveals that high earnings was the most significant factor which influences the rural households to opt for non-farm activities with a Garrett mean score of 64.60 (1st rank) followed by better connectivity and urban linkage with mean scores of 57.60 (2nd) and 56.31 (3rd) respectively. Mechet. al. (2017) states that the income earned by being engaged in non-farm activities was higher than farm income and thus, influences rural labour, particularly the people in the working age group, to take up non-farm activities. The same has been observed in the study whereby there is an increasing proportion of rural workforce engaging in non-farm employment with the prospects of higher earnings.

6. Conclusion: The findings of the study indicated that the young rural workforce opt for non-farm activities due to the prospects of higher earnings which suggest that the earnings from farm activities are not sufficient and hence influence the workforce to shift to non-farm activities. In addition, the study also covered the factors that affect the quality of employment through the distributed questionnaire. It was found that factors such as access to market and commercialization of agricultural produce helps in the generation of income for the rural households and that by improving modes of communication and transportation and skill acquisition would greatly enhance the quality of employment and further help the rural workforce to diversify to non-farm activities.

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