

Rural Workforce of India: An Insight

Shruti Bhogal* and Kamal Vatta**

*Centers for international Projects Trust, New Delhi

** Department of Economics and Sociology, Punjab Agricultural University, Ludhiana, Punjab, India

Abstract

Labour in rural areas of the country is undergoing changes which need to be addressed as it has a direct impact on the overall development of the economy. In this direction, based on secondary data, the paper highlights the problems of declining contribution of rural sector in the overall national output despite housing about 70 per cent of the population. Since agriculture is the mainstay of the rural India, more of the workforce shifting away from agriculture despite no visible improvement in the growth rates of other sector raises concerns. Also, rise in unemployment rates, feminization and marginalization of women labour have become commonplace. Steps needs to be directed towards ensuring creation of gainful employment opportunities in rural areas by focusing and offering skill development and education which further are based on the policies for creation of remunerative non-farm employment.

Key words: Rural India, Workforce, Women Participation, Workforce Participation Rate

JEL classification: J01, J10, J11, J16

Introduction

With globalization at play, mainly characterized by unlimited markets for labour, capital and goods, it becomes imperative to understand the internal intricacies of the economies, especially the developing ones that are struggling to match the level of progress of the developed countries. India is a good example of such an economy that has had its own tryst with economic turnarounds. To begin with, post-independence came in the Planning commission to initiate phased developmental programmes with sector centric five-year plans (first plan focusing on agriculture, second plan on basic industries, etc.); then 1960s saw the Green Revolution revamping the agricultural sector, then mid-1990s saw the trio of globalisation, liberalization and privatisation; and later in 1995 India became a part of WTO. The entire idea was to stimulate the development and growth in the country from being food deficit to food self-sufficient and to mobilize a huge industrial sector that caters to the domestic and international market. In the course of this development, the Indian

workforce has undergone structural changes the pattern of which is discussed and debated on various platforms. The economic development and consequent work-force has been long associated with structural change which has been theorized by various economists and theorists with varied factors behind the same. Kuznet (1966) wrote that this structural transformation determines economic development and its sustenance. The most common sequence of structural change, starts from agricultural sector that grows post-modernization thereby increasing its share in the economic growth and renders the labour as surplus. These labour and other rural labour transforms as human resource and shifts to the industrial sector followed by the service sector. Theorists like Kuznet, Fischer and Clark, and Kaldor have given varied reasons for this shift which are identified as changes in demand-supply, income elasticity of demand and diminishing returns (Papola, 2006).

The structural changes and similar changes in employment are no different in Indian economy and follows the theoretical framework as mentioned above. However, there are some grave realities in the pattern of

this shift, arising especially due to policy framework and inefficiencies of the individual sectors (agriculture and industry) and workforce that makes it a case of study. To analyse issues, especially gainful employment and shift of labour becomes crucial in order to identify measures to address the problems of labour market across the economy. The Indian economy that was predominantly an agricultural economy is witnessing shifts in workforce, especially the rural workforce, though much of it is distressed and very often most of them end up being no better (Vaidyanathan, 1986). About 70 per cent of the Indian population belongs to the rural areas. Employment in the rural sector, usually the informal sector, is known to be low productive with low wages. Thus, propelling the vicious cycle of poverty wherein it is hard to generate gainful employment, education, healthcare, etc. for this section of households (Reddy, 2014). According to a study by Krishna and Shariff (2011), the overall poverty level in rural India is 33.3 percent, however, it is 49.4 per cent among farm labour, followed by 39.6 per cent among non-farm labour, 28 per cent among self-employed in non-farm sector, 26.2 per cent among self-employed in agriculture and 14.4 per cent among regular employed. Though during the course of the structural shift, the intermittent sectors and consequent productive employment needs to reach high level of development, the case of Indian structural shift is different on various grounds. Furthermore, labour shift/movement which inadvertently means migration to areas with better economic and social opportunities but the reality is different. Towards this M P Todaro suggested that migration happens in response to expected wage rates than the existing employment. The labour seeks employment in the high paid formal sector. Not all obtain the same and the surplus gets engaged in the low paid informal sector or they get engaged as casual labour.

As documented, the slow pace share of non-farm activities in total labour is increasingly casual natured. The explainable reasons for the same are less promising growth of industrial sector and low availability of infrastructure. The modernisation of agricultural activities is rendering rural population underemployed and unemployed. Further, the casual labour households seek work from varied sources and destinations across geographical space and time. (Reddy *et al.*, 2014). Furthermore, the Indian workforce is constrained by the gender issue. The workforce participation rate (WPR) of females in the rural India is 17.5 per cent and 14.2 per

cent in urban areas (PLFS, 2019). Empirical evidence suggests that gender disparity exists not only in terms of wage differential but also obtaining gainful employment (Ahlawat and Renu, 2018). With a gender ratio which is now 952 in rural India and 965 in urban India, the constrained and less remunerative opportunities for women are detrimental for the societal and economic growth (PLFS, 2019).

There is a need to mull over the distinct features of occupational diversification in the Indian economy, especially in times when it is targeted as a hope to reduce poverty. Large proportion of the workforce that is shifting away from agriculture, and the shift is mainly of push type (Singh and Bhogal, 2016). Without the much-needed correction in the pattern of structural shift of workforce, education, women empowerment, policy framework, infrastructure development, etc., the diminishing returns might soon become inherent in the primary and tertiary sector eventually. The present study is crafted to understand employment scenario in rural India vis-à-vis gender, educational attainment and nature of employment.

Data Sources and Methodology

For the present study, the data were compiled from various issues of the National Sample Survey Organization (NSSO) reports, Periodic Labour Force Survey (PLFS) report and other similar government reports and publications.

Concepts: As stated by NSSO, labour force in the usual status includes the labour force with principal (ps) + subsidiary (ss). Persons who have either worked or were available for work for a relatively long part of the 365 days preceding the date of survey were considered as labour force (ps); and those who had worked at least for 30 days during the reference period of 365 days preceding the date of survey were considered as labour force (ss). Further, labour force includes both employed and unemployed persons which supply or seek to supply labour for production. The Worker Population Ratio (WPR) is the percentage of employed persons in the population. The difference between the LFPR and WPR is usually the rate of unemployment.

Results and Discussion

Before we start with studying the role of labour force and workforce it is imperative to understand the locale of the population. A larger proportion of

the Indian population (66%) happens to be residing in the rural areas overtime, the rural sector has played an important role in the Indian economy though the expanse varies.

Table 1. Share of rural areas in workforce and Net Domestic Product (Per cent)

Year	Economy	Workforce
1970-71	62.4	84.1
1980-81	58.9	80.8
1993-94	54.3	77.8
1999-00	48.1	76.1
2004-05	48.1	74.6
2011-12	46.9	70.9

Source: NitiAyog (2019)

Among the various indicators to point towards the role of rural areas, is its share in national output and employment (Table 1). The period of 1970s saw the major share of the rural areas in the national employment and output as 84.1 per cent of the total workforce and produced 62.4 per cent of the total net domestic product (NDP) was a contribution of the rural sector. Ever since till 2011-12, the contribution of the rural areas has declined, though pace of the decline for both these aspects varied. The urban areas, seem to have surpassed the rural areas with regards to output generation as the share of rural areas declined to less than 50 per cent of the total national output but still it was a major employer of population as its share in employment was more than 70 per cent in 2011-12.

The agricultural sector forms a major proportion of the rural economy. However, the share of agriculture in the overall Gross Value Added in the economy has been declining as evident from Table 2. It now hovers around 18 per cent. This raises concerns because the agricultural sector engages a large proportion of the

population. Therefore, studying status of the labour force engaged in the rural economy is imperative.

With the share of agriculture in the national economy dwindling the contribution in service sector is soaring. However, this raises eyebrows to the well-being of the 54.6 per cent of the population dependent on agriculture sector for livelihood. Also, it raises concerns about the scenario in rural areas which are mostly harbouring agriculture. The GDP rose from 5.6 per cent in 2012-13 to 6.2 per cent in 2015-16.

Various experts highlight the role of rural non-farm sector of the economy in improving the level of employment and consequent levels of living of the rural households. The understanding of employment in rural economy is further strengthened by observing the sector-wise disaggregation. Agriculture is the prime occupation in the rural areas. The data given in Table 3 highlights that besides being the food-giver, about one third of non-farm output and 48.7 per cent of non-farm employment in the country is generated by the rural sector. Similarly, the share of the rural sector in generation of employment and NDP in the manufacturing sector is noticeable but not sufficient to be the driver of the favourable structural transformation. Also, the rural service sector is the weak link. Though rural construction sector was gaining importance in terms of increasing proportion of contribution to NDP and employment, whether such employment generation is sustainable and gainful is debatable.

The distribution of WPR indicates the extent of employment created by an economy overtime. A country with higher WPR often indicates a progressive economy. Table 4 shows that the capacity of the agriculture sector to generate gainful employment has declined overtime. The engagement of both male and female workers (WPR) in this sector declined from about 81 per cent

Table 2. Share of agriculture, forestry and fishing in GVA at current basic prices

Year	(Rs. in '000 crores)		
	Overall Economy	Agriculture, forestry and Fishing	% share
2011-12	8,107	1,502	18.5
2012-13	9,203	1,675	18.2
2013-14	10,363	1,926	18.6
2014-15	11,504	2,094	18.2
2015-16	12,574	2,228	17.7
2016-17	13,936	2,496	17.9

Source: National Statistical Office Ministry of Statistics and Programme Implementation Government of India

Table 3. Growth rates in rural NDP (at 2004-05 prices) and rural employment (per cent)

Year	Agriculture		Manufacturing		Construction		Services		Non-agri.	
	NDP	Emp.	NDP	Emp.	NDP	Emp.	NDP	Emp.	NDP	Emp.
1970-71	96.2	96.8	25.8	51.5	43.2	64.6	32.8	42.1	32.4	47.3
1980-81	94.9	95.9	31.8	48.1	45.6	58.8	34	41.7	35	44.9
1993-94	93.9	95.8	29.8	51.3	45.1	57.2	33.6	42.3	34.8	46.6
1999-00	93.2	96.6	41.6	51.5	43.3	57.6	27.1	40.7	31.8	45.8
2004-05	94.1	96.1	42.5	49.6	45.5	64.4	32.7	41.9	36.7	47.2
2011-12	95.1	95.9	51.3	47.4	48.7	74.6	25.9	39.6	35.3	48.7

Source: NitiAyog (2019)

Table 4. Percentage distribution of rural workers in usual status by broad industry division

Broad industry Division	Category of workers	32 nd	38 th	43 rd	50 th	55 th	61 st	66 th	68 th	PLFS
		(1977-78)	(1983)	(1987-88)	(1993-94)	(1999-00)	(2004-05)	(2009-10)	(2011-12)	(2017-18)
Agriculture	Male	80.6	77.5	74.5	74.1	71.4	66.5	62.8	59.4	55
	Female				86.2	85.4	83.3	79.4	74.9	73.2
Mining & quarrying	Male	0.5	0.6	0.7	0.7	0.6	0.6	0.8	0.5	0.5
	Female				0.4	0.3	0.3	0.3	0.3	0.3
Manufacturing	Male	6.4	7	7.4	7	7.3	7.9	7	8.1	7.7
	Female				7	7.6	8.4	7.5	9.8	8.1
Electricity, water, etc.	Male	0.2	0.2	0.3	0.3	0.2	0.2	0.2	0.3	0.5
	Female				-	-	0	0	0.1	0
Construction	Male	4	4.4	5.1	5.5	6.8	8.3	8.2	8	9.2
	Female				2.1	2	2.5	2.8	6.6	5.3
Trade, hotel &	Male	1.2	1.7	2	2.2	3.2	3.8	4.1	4.2	5.2
	Female				0.1	0.1	0.2	0.2	3	4
Transport, storage & communications	Male	5.3	6.1	6.2	7	6.1	5.9	5.5	6.4	7.6
	Female				3.4	3.7	3.9	4.6	0.2	0.3
Others	Male	5.3	6.1	6.2	7	6.1	5.9	5.5	6.4	7.6
	Female	3	2.8	3	3.4	3.7	3.9	4.6	5.2	8.9
Total	Rural+Urban (male+ female)	100	100	100	100	100	100	100	100	100

(1977-78) to 55 per cent (2017-18) for males and about 86 per cent (1993-94) to 73.2 per cent (2017-18) for females. Despite the fact that the WPR has declined, the female WPR still seems to be higher. This is an indication of feminization of agriculture (Veppa, 2005). Though these figures might seem pleasing from the point of view of women empowerment but there is a flip side to it. Notwithstanding the extensive mechanisation of the agricultural processes, evident from escalating

number of farm machinery and implements in the country, women still manage to find employment in this sector for being cost effective – less paid than their male counterparts. This could also indicate marginalisation of women labour. The WPR of males in construction, trade & hotels, transport and other sectors exhibit improving trends. With regards to women, the WPR improved in 2017-18 with minor fluctuations during a few years except in agriculture, mining and

quarrying, and transport, storage and communication. The contribution of MGNREGA in mobilizing women in various sectors is acknowledgeable (Salgotra *et al.*, 2018).

The rate of unemployment indicates the apathy of the development process in an economy. It was observed that in the rural areas the rate of unemployment had been increasing steadily since 1972-73, with slight variations in the years in between, for males and females up till 2011-12 (Table 5). It showed an increase from 1.2 per cent to 1.7 per cent for males during this period; and 0.5 per cent to 1.7 per cent for females. However, as per the PLFS, after the year 2011-12 to 2017-18 the rate of unemployment exhibited a steep rise for males and females as it increased to 5.8 and 3.8 respectively. The rate of unemployment for females was found to be lower relatively to the males which corroborates with the fact of rising WPR for the females in the rural areas.

One of the important indicators of the activity pattern and consequent prospects of growth is the nature and type of prime source of livelihood that generates a major proportion of income of households. The NSSO classifies the prime occupation of the household depending on the income generated from economic/non-economic activities pursued by the members of the households during the 365 days preceding the date of survey. Based on this, households are categorised into different household types. The information given in Table 6 displays the distribution of households by household type for rural India. The method of classification of the household type was different prior

Table 5. Rural unemployment rates according to usual status (per cent)

Description	Rural	
	Male	Female
PLFS (2017-18)	5.8	3.8
68th (2011-12)	1.7	1.7
66th (2009-10)	1.6	1.6
61st (2004-05)	1.6	1.8
55th (1999-00)	1.7	1
50th (1993-94)	1.4	0.9
43rd (1987-88)	1.8	2.4
38th (1983)	1.4	2
32nd (1977-78)	1.3	2
27th (1972-73)	1.2	0.5

the 68th round of NSSO (2011-12). Thus, for comparison the information for the periods 2011-12 (NSS 68th round) and 2017-18 (PLFS) was used. About 52 per cent of rural households in 2017-18 derived their major proportion of income from self-employment, two per cent higher than the previous year of study (2011-12). The population of regular wage earner increased in 2017-18 as compared to 2011-12 by about three per cent. Engagement of more labour in the non-agriculture sector could be understood a one of the reasons behind the same. Casualization of labour was seen to have declined since 2011-12 as it declined from 21 per cent to 12.1 per cent in agriculture. Since the overall engagement in the agriculture sector declined, so did the casual labour (agriculture) household. For the non-agriculture sector, the casual labour household declined from 13.5 per cent to 12.9 per cent. Self-employment in agriculture witnessed an increase of nearly four percentage points from 2011-12 to 2017-18. However, the decrease in self-employed households in the non-agricultural sector is a matter of concern especially, when the intellectuals across streams are recommending promotion of non-farm employment and self-employment as a way out of the economically vulnerable agricultural sector. This could further point that the government programmes like Make-in-India, etc. seem to have less efficient penetration in the rural areas.

A further analysis of the status of unemployment vis-a-vis the educational status would help us generate a clearer understanding with regards to the nature of employment in the rural sector of the country. A perusal of Table 7 exhibits the categorization of the unemployed

Table 6. Percentage distribution of rural households by household type (per cent)

Household type	2011-12	2017-18
Self-employed	49.8	52.2
Agriculture	34.3	37.8
Non-agriculture	15.5	14.3
Regular wage/ salary earning	9.6	12.7
Casual labour	34.5	25
Agriculture	21	12.1
Non-agriculture	13.5	12.9
Others	6.1	10.1
All	100	100

Table 7. Rural unemployment rates according to usual status for the persons of age 15 years and above with different educational attainments (per cent)

Educational level	2004-05		2009-10		2011-12		2017-18	
	Male	Female	Male	Female	Male	Female	Male	Female
Not literate	0.3	0.2	0.3	0	0.5	0.2	1.7	0.1
Literate & up to primary	1	1.1	1	0.5	1	0.3	3.1	0.6
Middle	1.6	3.4	1.8	2.3	1.8	2.5	5.7	3.7
Secondary & above	4.4	15.2	3.5	11.8	3.6	9.7	10.5	17.3
All	1.6	1.8	1.6	1.6	1.7	1.6	5.7	3.8

above the age of 15 years as per their educational attainment.

Educational qualifications determine the kind of employment/career one takes up. Often the relationship between less education and low paid labour jobs is directly proportional. Further, in case of women, the low paid labour jobs are more exploitative. The information from the above table indicates lower rate of unemployment of non-literate women as compared to their male counterparts. This indicates engagement of women in less-paying and more laborious jobs, often referred to as marginalization of women labour. This trend has been the same overtime since 2004-05. Further, another fact of non-availability of remunerative jobs for educated women in rural areas is seen from the study. It was found that women with higher education (secondary and above), the level of unemployment exhibited higher rates than their male counterparts. This is a clear case of unemployment wherein the persons do not find appropriate jobs. On the other hand, for males, the rate of unemployment has been increasing across all categories of educational qualifications.

Conclusion and Policy Implications

Discussions on structural shift of the rural Indian economy with regards to employment of workforce has become a commonplace. Shift of workforce from agriculture - when agriculture growth reaches potential - to secondary and then tertiary sector has been propounded as signs of growth and development by various theorists and economists. However, the shift of workforce away from agriculture, in the Indian economy, has not followed the aforementioned path in totality as the growth rate of agriculture has declined over time. In order to analyse the role of the rural sector, which is house to a major proportion of the labour, in the overall economic scenario of the country, this paper

made an attempt to understand employment scenario in rural India vis-à-vis gender, educational attainment, consumption expenditure and nature of employment.

Notwithstanding, the fact that agricultural sector forms a major proportion of the rural sector economy, the share of agriculture in the overall Gross Value Added in the economy has been declining over time. It was observed that though the share in total national output of rural areas declined to less than 50 per cent but still it was a major employer of population as its share in employment was more than 70 per cent in 2011-12. This raises concerns because the agricultural sector engages a large proportion of the population. But is it remunerative enough?

The paper shows that besides the rural areas being the prime source of generating food, about one third of non-farm output and 48.7 per cent of non-farm employment in the country is generated by the rural sector. Further, the share of the rural sector in generation of employment and NDP in the manufacturing sector is noticeable but not sufficient to be the driver of the favourable structural transformation. Moreover, the shift of labour away from agriculture to non-agriculture sectors is visible but the fact that whether such shift can be corroborated with visible growth and development of the shifting labour is debatable.

Feminization and marginalization of women workers in agriculture has become a commonplace. Also, increased in engagement of women in agriculture, construction and manufacturing sector raises debates about remunerative and better-off employment. When the women employment was seen from the view point of education, it was observed that education and employment of women was inversely related, more of the illiterate women were employed as compared to their educated counterparts. The overall rural

unemployment rates need to be paid heed to since as per the documented data, it has increased from 1.2 per cent in 1972-73 to 5.8 per cent in 2017-18 for males and from 0.5 per cent in 1972-73 to 3.8 per cent in 2017-18 for females.

The study shows that with regards to the nature of employment, the proportion of households with regular employment had increased. Engagement of more labour in the non-agriculture sector could be understood as one of the reasons behind the same. The households with employment of casual nature had declined. Since the overall engagement in the agriculture sector declined, so did the casual labour (agriculture) household. However, self-employment in non-agriculture sector had declined. This is a matter of concern especially, when the intellectuals across streams are recommending promotion of non-farm employment and self-employment as a way out of the economically vulnerable agricultural sector.

Efforts are required to firstly identify the seriousness of the issue of unpromising structural shift of workforce across sectors, the rising unemployment and marginalization of women labour. Policies to create more employment in rural areas are crucial as they house majority of the population. Rural industrialization and setting up of service sector in rural areas, especially larger service provider companies could turnaround the rural economy. Further, since more of the educated laid unemployed, the government needs to emphasize on policies which would promote mandating educational degrees/diplomas that would cater to the sectors that are in alliance to the policies that would be focusing on employment generation in rural sector. This would indirectly ease the burden on the urban economy as the spills of unemployed labour force from rural areas could be avoided.

References

- Ahlawat Vanita and Renu 2018. An Analysis of Growth and Association between Labour Productivity and Wages in Indian Textile Industry. *Management and Labour Studies* **43**:78-87.
- Krishna A and Shariff A 2011. The Irrelevance of National Strategies? Rural Poverty Dynamics in States and Regions of India, 1993-2005. *World Development* **39**:533-49.
- Kuznets S 1966. *Modern Economic Growth*, New Haven, CT: Yale University Press. https://eh.net/book_reviews/modern-economic-growth-rate-structure-and-spread/ accessed in November, 2019.
- Papola, Trilok S 2006. Emerging Structure of Indian Economy Growing Inter-Sectoral Imbalances. *Indian Economic Journal* **54**:1-29.
- PLFS 2019. *Periodic Labour Force Survey*. Ministry of Statistics and Programme Implementation, National Statistical Office, Government of India.
- Reddy Amarender A 2014. Rural Labour Markets: Insights from Indian Villages. *Asia-Pacific Journal of Rural Development* **21**:107-36.
- Reddy D N, Reddy A A, Nagaraj N and Bantilan C 2014. Emerging Trends in Rural Employment Structure and Rural Labor Markets in India, Working Paper Series No. 56. Patancheru 502 324, Telangana, India: International Crops Research Institute for the Semi-Arid Tropics. 26 pp.
- Salgotra AK, Singh PD, Manhas A S 2018. Empowerment of women through MGNREGA: Issues and Challenges. *Research Direction* **5**:1-5.
- Singh S and Bhogal S 2016. The forgotten ones: Looking at Agricultural Labourers. *The Tribune*, May 3, <https://www.tribuneindia.com/news/archive/comment/the-forgotten-ones-looking-at-agricultural-labourers-230994>.
- Vaidyanathan A 1986. Labour Use in Rural India: A study of Spatial and Temporal Variations. *Economic and Political Weekly* **21**:130-39.
- Veppa SS 2005. Feminisation of Agriculture and Marginalisation of Their Economic Stake. *Economic and Political Weekly* **40**:2563-2568.

Received: April 24, 2020 Accepted: May 30, 2020