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Rural Non-Farm Employment: A Study in Uttar Pradash

Institute of Applied Manpower Research

Planning Commission, Government of India

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Executive Summary

Diversification of the rural economy is regarded as an essential component of rural transformation. An expanding non-farm sector contributes to higher rural incomes by providing additional opportunities for employment and income in the rural areas. It also helps in raising income levels of the remaining workers in the agricultural sector by reducing population pressure on land as well as through its impact on the agricultural wages. The growth of the non-agricultural sector is rightly regarded as an important element of the strategy for alleviation of rural poverty. Rural households themselves greatly value non-farm employment opportunities as additional or alternative sources of income and employment. It is in this context that the present study was undertaken to look into the situation of RNFE in Uttar Pradesh.

Objectives of the Study

(1) To map the RNFE activities in sample rural areas;
(2) To examine the differences across caste and gender in the RNFE;
(3) To assess the number of days of employment in RNFE;
(4) To study the income levels of various RNFE activities in the select villages;
(5) To analyse the factors which encourage employment in rural non-farm sector and
(6) To examine the constraints that inhibits the growth of rural non-farm sector.

Methodology and Sampling Technique

The study was mainly based on primary data. For the purpose of the survey two districts each were selected from the two major agro-climatic regions of the state, namely Upper Gangetic Plain and Eastern Plain. Meerut and Varanasi were selected to represent the high RNFE districts and Kannauj and Gonda to represent the low RNFE districts. From each selected district five villages were selected (3 villages near the town with good connectivity and 2 villages from remote areas). A complete house listing was done in the village. All the households were then divided into various groups based on principal occupation and social groups. About 20 percent of the households in each subgroup were selected for detailed interview, subject to a maximum of 100 households per village. Thus, total sample size consisted of 4 districts, 20 villages and 1643 households. An enterprise survey was also conducted in the sampled villages. Focus Group discussions were organized at the district headquarters in all the four districts with different stakeholders to understand the dynamics of RNFE.

Major Findings of the Study

The study found out that there is a considerable amount of variations in the proportion of non-farm workers across districts and regions of the state according to 2001 census. The pace of diversification towards non-farm activities has been much faster in the western and central

regions during the period 1981 and 2001. In the other two regions, the proportion of non-agricultural workers remains more or less the same as it was in 1981.

The analysis of secondary data also revealed that the dynamics of change seem to be different in different regions. It also reveals that there has been a gradual shift in workers away from the agricultural sector during the past decade. Agriculture and animal husbandry employed 58.2 percent workers ten years ago. This proportion declined to 48.1 percent five years ago and presently stands at 43.5 percent. The proportion of agricultural labourers has remained stable at around 3 percent during the decade. The main reasons reported for occupational shifts were small size of land holdings and search for new employment opportunity. Low income in agriculture propelled shift to other sectors. More than half of the non-agricultural labourers were employed in the construction activity and few non-agricultural labourers were employed in manufacturing, trade and hotel and restaurants. However, paradoxically it was found that the non-farm workers are generally employed in the low paid informal sector activities. Hence, the distress hypothesis with respect to rural diversification seems to be working in case of UP. Only in case of services it is found that the level of earning per person is substantially higher than in agriculture or other non-farm activities.

CHAPTER I

Objectives and Methodology

1.1 Background

Diversification of the rural economy is regarded as an essential component of rural transformation. An expanding non-farm sector contributes to higher rural incomes by providing additional opportunities for employment and income opportunities in the rural areas. It also helps in raising income levels of the remaining workers in the agricultural sector by reducing population pressure on land as well as through its impact on the agricultural wages (World Bank, 2002, p. 98). The growth of the non-agricultural sector is rightly regarded as an important element of the strategy for alleviation of rural poverty. Rural households themselves greatly value non-farm employment opportunities as additional or alternative sources of income and employment.

Earlier studies have brought out the positive role of agricultural development, mechanisation of agriculture and availability of infrastructure, particularly rural infrastructure in promoting the growth of the rural non-farm employment (Singh, 1994). Papola also finds that the performance of the rural industrial sector in different states is broadly related to the levels of agricultural productivity and more closely with the growth rate of agricultural output, mainly through the general development of the area accompanying fast agricultural growth (Papola, 1987). Similarly, Mathur and Chattopadhyay, in their inter-state analysis, also find that rural industrial growth is significantly related to the overall rural development embracing infrastructure and agricultural technology (Mathur and Chattopadhyay, 1997; pp. 227-229). Micro-studies of Sharma also reinforce these findings (Sharma, 1994).

The pace of structural transformation in favour of non-agricultural activities in the rural areas in the country picked up markedly during the post-Green Revolution period. However, the rate of rural diversification was not uniform across different states and regions. Nor were the factors associated with this process identical. The impact of the process of diversification on rural incomes and poverty levels was also uneven. In some regions, the growth of the rural non-farm sector (RNFS) was associated with the dynamic forces operating in the rural economy leading to higher rural incomes and declining poverty levels. But in other regions, this shift reflected what has been called ‘distress diversification’ (Vaidyanathan, 1986). Moreover, these changes have affected different components of the non-agricultural sector of the rural economy differently, with some sectors even experiencing a decline. The above divergences in the process of rural diversification call for regionally and sectorally disaggregated analyses of the phenomenon in different parts of the country for a better understanding of the underlying processes as well as their consequences.

The rural non-farm employment has been increasing steadily so much so that there are frequent complaints from the farmers that they face a real crunch in terms of labour availability in agriculture. This had combined with the MGNREGA to raise the opportunity wages of the rural workers. The diversification of occupation in employment is intensifying in the State of Uttar Predesh (UP) during the same period and the younger rural population tries to find a foothold in the non-agricultural sector. Agriculture growth is a contributing factor. Moreover, the kind of urban pattern which is fairly widespread in the state and the better connectivity with road network and various modes of transport also facilitates the increase in rural non-farm employment (RNFE) in UP. We propose to look into the RNFE in the state in this overall context.

1.2 Objectives

1. To map the RNFE activities in sample rural areas;
2. To assess the extent of RNFE as compared to the agricultural employment;
3. To assess the differences across caste and gender in the RNFE;
4. To assess the number of days of employment in RNFE;
5. To assess the wage income levels of various RNFE activities in the select villages;
6. To assess the resource endowment of the households and the nature of RNFE;
7. To assess the activity status of all the women in each of the households;
8. To analyse the source of demand for rural non-farm activities and their forward and backward linkages in the rural economy;
9. To analyse the factors which encourage employment in rural non-farm sector;
10. To analyse the constraints that inhibit the growth of rural non-farm sector.

1.3 Hypotheses

1. RNFE activities would be related to caste and gender;
2. Higher the level of education, higher will be the days of employment in non-farm activities;
3. Wages and earnings will be higher in rural non-farm activities as compared to that in agricultural sector;
4. Better infrastructure (roads, communication, power) leads to diversification in RNFE;
5. Low/high agricultural productivity leads to high/low diversification in RNFE;
6. Participation of women in RNFE is lower than that of men
7. Poorer households would be diversifying more into non-farm activities as compared to richer households.

1.4 Methodology

The following methodology has been used for the study. There are four regions as per the National Sample Survey Organization classification in UP, which can be grouped in two major regions i. e. upper Ganges plain (Northern and Southern) and Eastern plain. The former region is agriculturally and industrially more advanced than the later. Districts in these two regions have been stratified in two categories – one with high RNFE activities and another with low RNFE activities taking the state average as the cut of point.

From these two categories one district each has been selected on random basis from both the regions. Thus, a total of four districts have been selected as indicated below:

1. Upper Ganges Plain
   - High RNFE District- Meerut
   - Low RNFE District – Kannauj
2. Eastern Plain
   - High RNFE District - Varanasi
   - Low RNFE District – Gonda

From each district we selected five villages – 3 villages near the town with good connectivity and 2 villages from remote areas. A complete house listing was done in the village to identify various economic activities in the villages All the households were then divided into various groups based on principal occupation and social groups (such as houses with farm activities and houses with non-farm activities). About 20 percent of the households in each sub-group were selected for detailed interview subject to a maximum of 100 households per village. Thus, total sample size consisted of 4 districts, 20 villages and 1643 households. The list of villages surveyed in different districts is given below:

Table 1: List of Villages surveyed by Districts

District	Village	No. of Households in the Village	No. of Sample Households	Percent of Sample
High RNFE Districts				
Meerut	Alampur Bujurg	308	62	20.1
	Murlipur phool	577	100	17.3
	Atmadnagar Allipur	724	100	13.8
	Pillona	334	90	26.9
	Aminabad Urf Bara Gaon	454	68	15.0
	Total	**2397**	**420**	17.5
Varanasi	Sultanpur	406	81	20.0
	Koraut	360	72	20.0
	Bhathi dhanipur	561	100	17.8
	Todarpur	561	100	17.8
	Tari	302	61	20.2
	Total	**2190**	**414**	18.9
High RNFE Total		**4587**	**834**	18.2

Low RNFE Districts				
Kannuaj	Rasulpur	296	60	20.3
	Mehndi Pur	320	64	20.0
	Udhampur	516	100	19.4
	Dedaura Khurd	273	60	22.0
	Matauli	534	100	18.7
	Total	**1939**	**384**	19.8
Gonda	Pure shiva bakhtawar	585	100	17.1
	Mohna	380	78	20.5
	Susela	319	63	19.7
	Beripur Ramnath	422	84	19.9
	Pakdi	543	100	18.4
	Total	**2249**	**425**	18.9
Low RNFE Total		**4188**	**809**	19.3
All districts		**8775**	**1643**	18.7

Source: Primary Data Survey

An enterprise survey was also conducted in the sampled villages.

Focused Group Discussions were also organized at the district headquarters with different stakeholders to understand the dynamics of RNFE.

CHAPTER II

Growth and Structure of Rural Non-Farm Workers in UP

2.1 Introduction

In this chapter we have analysed some of the features of the process of growth of RNFS in the state of Uttar Pradesh. The paper discusses the growth in non-farm rural employment (RNFE) in the state during the last four decades. It also looks at the sectoral and gender distribution of non-farm rural employment. The regional differences in the dynamics of rural diversification within the state have also been briefly discussed.

2.2 Trends in RNFE

The rural workforce in UP is much less diversified and the process of diversification towards non-agricultural employment has been much slower as compared to several other states of the country (Chadha, 1997 and 2001). The share of non-agricultural workers in the total number of rural workers has increased from 12.9 per cent in 1971 to 15.5 per cent in 1991 according to the Census data (Table 2). The number of non-agricultural rural workers in UP increased by 19.8 per cent during 1971-81. But during 1981-91, the increase was as high as 42.9 per cent. The 1980s, it may be added, had witnessed a relatively high growth of the agricultural sector in the state, which also pushed up the growth of non-agricultural activities. 2001 Census indicates a quickening of this trend with an increase of 57.5 per cent in rural non-agricultural workers against an increase of 35.8 percent in agricultural workers (Table 2.1).

Table 2.1: Sector-wise Growth of Rural Main Workers in UP, 1971-2001

(Nos. in 000s)

Year	Agricultural Workers	Non-agricultural Workers	Total Workers
1971	20821 (87.1)	3085 (12.9)	23906 (100.0)
1981	23329 (86.3)	3697 (13.7)	27026 (100.0)
1991	28746 (84.5)	5282 (15.5)	34028 (100.0)
2001	39046 (73.4)	8321 (26.6)	47367 (100.0)
Per cent Increase			
1971-81	12.0	19.8	13.1
1981-91	23.2	42.9	25.9
1991-01	35.8	57.5	39.2

Notes: 1. Figures in parentheses show percent to total workers.
2. Figures for 2001 are for main plus marginal workers and are hence not strictly comparable with earlier figures.

Source: Census Reports

NSS data, which capture the workforce, especially female workforce, more accurately, reveal a higher degree of rural diversification as compared to the census data (Table 2.1). The proportion of rural male workers in the non-agricultural sector to the total number of rural male workers increased modestly, according to NSS data, till 1987-88, rising from 18.1 per cent in 1972-73 to

21.1 percent in 1987-88. Since then, the pace of rural diversification has picked up and the proportion of rural male non- agricultural workers went up to 23.7 per cent in 1993-94 and further to 28.2 per cent in 1999-2000. Similarly, the proportion of rural female workers in UP has also registered a steady increase during this period, unlike the slight decline which took place at the national level. Thus, NSS data reveal a faster pace of transformation of the rural work force in UP during the 1990s as compared to the preceding two decades. Significantly, the pace of diversification of the rural workforce during the period 1987-2000 has been faster in UP as compared to that in India as a whole.

Table 2.2: Rural Non-Agricultural Workers in UP and India (UPSS) As Percent of Total Rural Workers

Year	Male Workers		Female Workers	
	Uttar Pradesh	India	Uttar Pradesh	India
1972-73	18.1	16.7		
1977-78	19.7	19.5		
1983	22.1	23.2		
1987-88	21.1	25.5	8.7	15.3
1993-94	23.7	26.0	10.0	13.8
1999-00	28.2	28.6	12.5	14.6
2004-05	33.7		13.5	
2009-10	39.1	37.1	26.3	20.6

Source: NSS Reports

The process of structural shift of rural workers in favour of non-agricultural sector has continued at a faster pace in the last decade. The proportion of rural male non-agricultural workers have gone up from 28.2 percent in 1999-00 to 39.1 percent in 2009-10, while the proportion of rural female non-agricultural workers jumped from 12.5 per cent to 26.3 per cent during the same period (Table 2.2).

The growth rate of rural workforce has been fluctuating from period to period. Growth rates picked up during 1987-94, but went down significantly in the next round. The first quinquennium of the present century saw a very high growth of rural workers in UP; but the second quinquinnium saw a negative growth, mainly on account of the large decline in the number of female workforce (Table 2.3). Growth rates of male workers also slowed down during this period. It will be observed from the table that growth of female workers picks up when male workers are growing at fast pace, but goes down when growth of male workers slows down. It suggests that when employment opportunities shrink women workers are first to withdraw.

Table 2.3: Growth of Rural Workers by Sex according to NSS Rounds

	1983	1987-88	1993-94	1999-00	2004-05	2009-10
Number of Workers in lakh						
Male	266.85	287.16	327.11	339.51	386.73	407.80
Female	115.25	107.78	121.93	128.15	171.75	127.54
Persons	381.01	394.40	447.86	463.74	554.74	530.49
Compound Annual Growth Rates Over Previous Period (percent)						
Male		1.48	2.64	0.62	2.64	1.07
Female		-1.33	2.50	0.83	6.03	-5.78
Persons		0.69	2.57	0.58	3.65	-0.89

Source: NSSO Survey Rounds

Table 2.4 shows the growth of rural workers by sectors since 1993-94. Employment level in agriculture has remained virtually stagnant between 1993 and 2010, indicating the shrinking absorptive capacity of this over-crowded sector. The manufacturing sector had shown a steady and high growth of employment up to 2004-05, but shows a marked decline during 2004-05 to 2009-10. Construction sector is the most dynamic sector in the rural areas showing a double-digit growth during the last decade. Among the services sector trade and hotels and transport and communications had shown a high growth during 1993-94 and 2004-05 but the growth rate slackened in the last five years.

Table 2.4: Growth of Rural Workers (UPSS) by Sectors

Sector	Number of Workers in Lakh				CAGR (percent)		
	1993-94	1999-00	2004-05	2009-10	1993-94 to 1999-	1999-00 to	2004-05 to 2009-
Agricultural and Allied	356.94	353.83	403.85	354.90	-0.15	2.68	-2.55
Mining & Quarrying	0.90	0.46	1.11	1.59	-10.39	19.06	7.48
Primary Sector	711.24	354.30	404.96	356.49	-10.97	2.71	-2.52
Manufacturing	28.66	36.17	49.37	38.73	3.95	6.42	-4.74
Electricity, Gas, etc.	0.45	0.46	0.55	0.00	0.58	3.65	-
Construction	8.96	15.30	29.40	65.25	9.34	13.95	17.29
Secondary Sector	38.07	51.94	79.33	103.98	5.31	8.84	5.56
Trade, Hotels, etc.	19.26	25.04	34.39	35.54	4.47	6.55	0.66
Transport	6.72	9.74	11.65	13.26	6.38	3.65	2.63
Other Services	24.63	23.19	24.96	22.28	-1.00	1.49	-2.25
Tertiary Sector	50.61	57.97	70.45	71.09	2.29	3.98	0.18
All Sectors	447.86	463.74	554.74	530.49	0.58	3.65	-0.89

Source: Calculated from NSS data

2.3 Shifts in Sectoral Composition of RNFE

The structure of rural workforce has been undergoing marked changes in favour of the non-agricultural activities. There has been a continuous and steady decline in the proportion of agricultural workers both for males and females in successive NSS rounds. Thus, the proportion of male agricultural workers to total male rural workers has declined from 76 percent in 1993-94 to only 61 percent in 2009-10 (Table 2.5). The women workforce is much less diversified and the rate of decline in the share of agricultural workers was also slower. The biggest gains have been registered by construction followed by manufacturing. In services sector, main shifts have taken place in favour of trade and hotels. The share of other services has gone done both for males and females.

Table 2.5: Shift in Structure of Rural Workforce by Sex: 1993-94 to 2009-10

Sector	Percent of Total Rural Workers Employed in the Sector							
	Male				Female			
	1993-94	1999-00	2004-05	2009-10	1993-94	1999-00	2004-05	2009-10
Agricultural and Allied	76.0	71.8	66.3	60.9	89.5	87.5	86.5	85.4
Mining & Quarrying	0.2	0.2	0.2	0	0.0	0.0	02	0.0
Primary Sector	**76.2**	**72.0**	**66.5**	**60.9**	**89.5**	**87.5**	**86.7**	**85.4**
Manufacturing	7.0	8.3	9.6	7.7	4.8	6.4	7.4	6.3
Electricity, Gas, etc.	0.2	0.2	0.1	0	0.0	0	0.0	0.0
Construction	2.6	4.4	7.4	15.6	0.2	0.5	0.6	2.0
Secondary Sector	**9.8**	**12.9**	**17.1**	**23.3**			**8.0**	**8.3**
Trade, Hotels, etc.	5.1	6.7	8.2	8.0	2.1	1.9	1.8	2.6
Transport, Communication, etc.	2.1	2.9	3.0	3.2	0.0	0.0	0.1	0.1
Other Services	6.5	5.5	5.1	4.1	2.9	3.7	3.2	3.4
Tertiary Sector	**13.7**	**15.1**	**16.3**	**15.3**	**5.0**	**5.6**	**5.1**	**6.1**
All Sectors	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Computed from various NSS rounds

Looking at the total rural workers we find that the share of agricultural workers has gone down from 79.7 percent in 1993-94 to 66.9 percent in 2009-10 (Table 2.6). The pace of shift was fastest during the period 2004-05 to 2009-10 reflecting the declining absorptive capacity of the agricultural sector. The manufacturing sector registered a continuous increase in its share till 2004-05, but shows a decline in the latest round. But there has been a remarkable increase in the share of construction workers. Within the tertiary sector largest gain was made by trade and hotels, followed by transport and communication. But other services show a decline in their share.

Table 2.6: Shift in Structure of Rural Workforce (Persons): 1993-94 to 2009-10

Sector	Percent of Total Rural Workers Employed in the Sector			
	1993-94	1999-00	2004-05	2009-10
Agricultural and Allied	79.7	76.3	72.8	66.9
Mining & Quarrying	0.2	0.1	0.2	0.3
Primary Sector	**79.9**	**76.4**	**73.0**	**67.2**
Manufacturing	6.4	7.8	8.9	7.3
Electricity, Gas, etc.	0.1	0.1	0.1	0.0
Construction	2.0	3.3	5.3	12.3
Secondary Sector	**8.5**	**11.2**	**14.3**	**19.6**
Trade, Hotels, etc.	4.3	5.4	6.2	6.7
Transport, Communication, etc.	1.5	2.1	2.1	2.5
Other Services	5.5	5.0	4.5	4.2
Tertiary Sector	**11.3**	**12.5**	**12.7**	**13.4**
All Sectors	100.0	100	100.0	100.0

Source: NSS Various Rounds

2.4 Gender Composition of RNFE

Female workers constituted only 23 percent of the rural workers in 2009-10. Their share was 30 percent in agriculture and allied activities, 19 percent in manufacturing, 25 percent in other services and 8.6 percent in trade and hotels (Table 2.7). Overtime, the proportion of women workers shows a decline – from 27.15 percent in 1993-94 to 23.13 in 2009-10. There has been a marked decline in share of female workers over this period in secondary sector and trade and hotels. The share of women in manufacturing also shows a decline. However, in other services the share of women has increased.

Table 2.7: Share of Male and Female Workers in Total Rural Workers (percent)

Sector	1993-94		2009-10	
	Male	Female	Male	Female
Agricultural and Allied	69.49	30.51	69.98	30.02
Mining & Quarrying	100.00	0.00	100.00	0.00
Primary Sector	69.55	30.45	69.67	30.33
Manufacturing	79.64	20.36	81.08	18.92
Electricity, Gas, etc.	100.00	0.00	100.00	0.00
Construction	97.21	2.79	97.50	2.50
Secondary Sector	84.02	15.98	91.38	8.62
Trade, Hotels, etc.	86.69	13.31	91.79	8.21
Transport, Communication, etc.	100.00	0.00	98.40	1.60
Other Services	85.74	14.26	75.04	24.96
Tertiary Sector	88.03	11.97	87.77	12.23
All Sectors	72.85	27.15	76.87	23.13

Source: Computed from NSS data

2.5 Regional Variations

There are considerable variations in the proportion of non-farm workers across districts and regions of the state (Papola, 1982; Singh, 1994). This proportion was 29.3 percent in the hill region, 15.0 percent in the western region, 19.6 per cent in the eastern region, 9.1 per cent in the central region and 11.1 percent in Bundelkhand in 1981 according to Census data. The pattern of growth of the number of non-farm workers also varied across the districts. In general, agricultural workers show a relatively high rate of growth in the western and central regions, while the other three regions show a relatively faster growth of the non-agricultural workers indicating the operation of the residual sector hypothesis in the backward regions (Singh, 1994).

The 2001 Census shows that the pace of diversification towards non-farm activities has been much faster in the western and central regions during the last two decades (Table 11). In the other three regions, the proportion of non-agricultural workers remains more or less the same as it was in 1981. The proportion of female workers in the non-agricultural sectors to the total number of rural female workers is markedly higher in the western region as compared to other regions.

Table 2.8: Percentage of Non-Agricultural Workers (Main plus Marginal) to Total Rural Workers by Regions in Uttar Pradesh, 2001

Region	Persons	Males	Females
Western	27.28	24.88	40.80
Central	17.39	17.53	16.88
Eastern	21.51	25.51	13.16
Bundelkhand	13.91	17.23	8.04
Uttaranchal	28.50	40.92	11.48
Uttar Pradesh	22.61	24.11	18.60
U.P. Plains	22.29	18.15	13.16

Source: Census of India, 2001

55th round NSS (1999-2000) data also show that the proportion of non-agricultural workers is much higher in the western region as compared to that in the other regions, among which differences in this proportion are not marked (Table 2.9). The sectoral pattern of non-agricultural employment also shows important regional variations. Thus, a relatively higher proportion of rural workers is found in the manufacturing sector in the western and eastern regions. The proportion of construction workers is markedly higher in the hill region and in Bundelkhand.

Table 2.9: Percent Distribution of Rural Workers (UPSS) by Regions, 1999-2000

Sectors	Himalayan	Western	Central	Eastern	Southern	Uttar
Agricultural and	79.29	73.08	79.78	76.62	77.66	76.25
Mining &	0.00	0.13	0.04	0.07	1.13	0.13
Manufacturing	3.89	8.78	6.31	8.65	2.59	7.79
Electricity, Gas,	0.25	0.24	0.18	0.01	0.02	0.12
Construction	7.61	4.01	2.46	1.90	9.84	3.26
Trade, Hotels, etc.	2.06	5.67	5.61	5.46	4.82	5.37
Transport,	2.01	3.02	1.73	1.73	1.09	2.11
Financial Services,	0.53	0.30	0.32	0.34	0.07	0.32
Other Services	4.36	4.78	3.58	5.21	2.78	4.65
All Sectors	100.00	100.00	100.00	100.00	100.00	100.00

Source: NSS 55th Round

2.6 Determinants of RNFE

Multiple regression analysis across districts in U.P. and its regions for 1981 highlights the role of factors like income inequality, use of electricity per hectare of net sown area (showing modernization of agriculture), agricultural workers per 100 hectares of the net sown area (showing population pressure on land and its absorptive capacity) and the degree of urbanisation. These four variables are able to explain around half the variation in the proportion of non-agricultural rural workers at the district level (Table 2.10).

Table 2.10: Results of Linear Multiple Regression Model, 1981

Variables	Uttar Pradesh	Western Region	Central Region	Eastern Region
Constant	1.8448	26.4568	-2.2358	7.0042
X_1Gini Coefficient of Consumer Expenditure	30.6069 (1.21)	25.0835 (0.7524)	11.9380 (0.3803)	45.9126 (0.9795)
X_2 Electricity Consumption per hectare	0.0310* (4.84)	0.0314* (4.6866)	0.0219 (1.4600)	0.0391* (2.5389)
X_3 Agricultural Workers per 100 Hectare of Net Sown Area	0.0037 (0.13)	-0.1727* (3.0512)	-0.0067 (0.2012)	-0.0808 (0.7447)
X_4 Percentage of Urban to Total Percentage	-0.0463 (0.91)	-0.7820* (1.4644)	0.1757* (2.5337)	0.0452 (0.3437)
R^2	0.4848	0.7510	0.5233	0.4905
F	10.6304	14.3223	2.9460	4.1198

Note: * Significant at 5 per cent level
Source: Singh (1994)

The nature of the relationship seems to differ according to different regions. Inequality in rural consumption expenditure (which was found to be positively associated with levels of per capita

rural consumption expenditure) was positively related to the proportion of non-farm employment in all the regions, though the value of the regression coefficient was statistically weak. The use of electricity consumption per hectare (which was strongly correlated with other indicators of agricultural mechanisation like the use of tractors and pump-sets) is positively related with the proportion of non-farm employment in all the regions. A higher labour/land ratio (showing lower absorptive capacity of agriculture) is negatively associated with non-farm employment in all the regions, suggesting the operation of the distress migration hypothesis. The impact of urbanisation shows a mixed result. In the western region, the relationship is negative, though it is positive but not very significant in the relatively backward regions of central and eastern UP.

The dynamics of change seem to be different in different regions. In the agriculturally dynamic western region, the process of diversification in favour of non-agricultural activities is more closely related to the internal dynamic of the agricultural sector. Linkages between agricultural and non-agricultural sectors appear to be stronger in this region. In the other two regions, namely central and eastern UP overcrowding of agriculture coupled with low productivity is forcing workers to seek non-agricultural employment in low income generating activities in the informal sector.

Non-agricultural enterprises located in the more developed regions are found to generate higher incomes. Significant differences have been found to exist in the capital intensity, use of hired labour, productivity per worker and marketing pattern in the rural industries located in the agriculturally prosperous western region and those located in depressed areas like the eastern region (Papola, 1982). Thus, the units located in Muzaffarnagar district in the western region provided reasonable income and were carried out as the sole or main occupation in a much larger proportion than in Balia district in eastern region where quite a number of members of industrial households had to look for other sources of income as industrial units do not provide sufficient income (Papola, 1982).

2.7 Poverty Levels in the Rural Non-farm Sector

An expanding non-farm sector provides opportunities for additional income and employment on a full- or part-time basis to the large rural population dependent on the agricultural sector. It can, thus, have both direct and indirect effects on rural poverty levels. A lot, however, depends on the type of activities in the non-farm sector and the level of earnings as well as the regional setting in which these changes take place. In highly populated regions with low agricultural productivity, income levels in the non-farm sector also tend to be low. Thus, high incidence of poverty is found to occur in the non-farm sector. Most of the rural diversification in U.P. appears to be of this type.

Studies based on NSS consumption data indicate the prevalence of high poverty levels in the rural non-farm sector in UP (Bhalla, 2000). In services like trade, transport and other services, which are usually dominated by informal enterprises, around one-third of the persons were found

to subsist below the poverty line in 1993-94 (Table 2.11). Poverty levels in rural manufacturing and construction are found to be still higher, viz. 43.19 percent and 54.04 percent respectively. It however needs to be added that the incidence in poverty in all the non-farm sectors is distinctly lower than poverty levels for agricultural labourers. We find a much lower poverty ratio only in the case of health and educational services, where regular paid jobs in the public sector dominate. Poverty levels in the agricultural as well as non-agricultural sectors in U.P. are also found to be higher than the national average, indicating low earning levels in non-farm activities. This is reflective of the distress diversification in rural areas of the state, though there are significant inter-regional differences in the situation.

Table 2.11: Incidence of Poverty in Rural Uttar Pradesh and India by Occupation Groups (percent)

Sector	Uttar Pradesh		India	
	1987-88	1993-94	1987-88	1993-94
1. Agriculture	36.05	37.04	36.88	35.96
(a) Cultivators	32.75	31.06	28.25	26.35
(b) Agricultural Labour	62.92	62.78	57.86	54.65
2. Services	25.17	27.45	19.81	17.79
(a) Health and Education	14.10	16.24	10.77	8.41
(b) Other Services	34.75	32.40	25.91	23.91
3. Manufacturing	38.27	43.19	33.33	32.24
4. Construction	35.34	54.04	44.25	42.42
5. Trade	30.40	32.04	24.88	24.85
6. Transport	29.41	35.38	26.83	27.64

Source: Bhalla, Sheila (2000), *Behind Poverty: The Qualitative Deterioration of Employment Prospects for Rural Indians*, Working Paper No.7, Institute for Human Development, New Delhi.

2.8 Conclusion

The above analysis has revealed a modest growth of RNFS in Uttar Pradesh in the past two decades, though the process seems to have accelerated in the 1990s. The major contributory factors behind this trend have been the process of agricultural modernization and the expansion of government employment especially during the seventies and the eighties. It was also found that many of the traditional household industries are declining with changes in consumers' tastes and competition from factory made products from outside. Some of the traditional exports like carpets are also facing stagnation through increasing competition and ban on use of child labour. But some traditional industries, which have modernized in terms of use of material, design, etc., have experienced high growth, for instance chikan industry of Lucknow.

The Chikan industry was traditionally confined to Lucknow city and a few nearby villages and mostly catered to the local demand. In the last two decades this industry has registered a phenomenal growth and has now reported to have spread over a much larger area covering several neighbouring districts. Major contributory factors in the growth of this industry have

been the changes introduced in type of material used, design, type of products, etc. The entry of new entrepreneurs and NGOs like Sewa has played a leading role in this process, expanding the market of chikan products to other parts of the country as well as to abroad. The growth of chikan industry has generated rural employment in the surrounding region of Lucknow, particularly among the poorer section and women. Even women of the poor Hindu families are now taking up chikan work, which was almost exclusively practiced by Muslim families earlier. One, however, needs to add that the gains of this growth have largely gone to the traders selling the products, while wage/income levels have remained nearly static for the workers, who belong to the poorest rural strata.

Our analysis also reveals that the participation of women in RNFS in U.P. is very low and that they are mostly employed in low income activities like the household industry, construction, etc.

The regional dynamics of growth also appear to be different in different parts of the state. In the relatively prosperous region of western UP, the income levels in the non-agricultural activities are higher. But in poorer regions like eastern UP, the growth of RNFS reflects distress employment, with low income levels. The evidence about the impact of urbanisation is also not very clear, though in general it is found to be helpful in promoting the growth of RNFS. In the very small towns, which predominate in UP, employment opportunities also tend to be fewer. But medium and large towns are able to attract workers from the surrounding rural areas on a considerable scale.

Much of the process of diversification to non-farm employment is of the distress type. High levels of poverty are found to prevail in the RNFS of the state, particularly in the manufacturing and construction sectors. In general, self-employed workers have lower income levels as compared to the workers in regular paid jobs.

The gist of the above discussion is that in order to examine the role of RNFS in rural transformation we have to carry out the analysis at a disaggregated level in terms of sub-sectors, gender and regions. It is very important to keep in mind the regional setting in which the process of rural transformation is taking place. Data gaps in this respect are formidable. Data are available only for employment levels by major sectors. Data are required at a disaggregated level on various related aspects such as income and wage levels, and regularity, and the duration and type of employment. Another important data gap is related to the location of the activities. Many of the rural workers, who are reported to be employed in the non-farm sector, are actually residing in the rural areas, but go to work in the nearby towns. Only detailed empirical studies in different regions can throw light on these dimensions.

No doubt, diversification of the rural economy through the promotion of RNFS is urgently required for raising income and employment levels, and for reducing poverty. It, however, needs to be mentioned that this is related to the overall process of the development of the rural economy, in general and agriculture, in particular. In improvement in rural infrastructure in terms

of roads, electricity and credit facilities is, of course, a necessary condition for the growth of both the rural farm and non-farm sectors. At the same time, careful attention needs to be paid to the specific requirements of different types of rural non-farm activities in different regions in terms of technology, skill formation, credit support, marketing facilities, etc. This would require a much more pro-active policy support from the government than has been seen in the past as well as the active participation of Non-governmental Organisations (NGOs) on a much larger scale.

CHAPTER III

Background of the Villages Surveyed

In this chapter we have discussed the socio-economic features of the villages surveyed and the availability of infrastructure in the villages.

3.1 Caste Composition

OBCs were the most numerous castes in the surveyed villages constituting 47.7 percent of the households. SC households were the next dominant group with 29.3 percent share in population. The proportion of Other social groups was 22.4 percent. A few ST households were found in Varanasi district. Important differences in caste composition were observed in different villages. Thus, SC households were the most numerous group in Meerut, while OBC were the largest group in Varanasi and others dominated in Gonda district (Table 3.1).

Table 3.1: Distribution of Total Households by Social Groups

Social groups	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
ST	0	55	55	0	0	0	55
SC	1053	483	1536	582	451	1033	2569
OBCs	993	1378	2371	1023	797	1820	4191
Others	351	272	623	339	1001	1340	1963
Total	2397	2188	4585	1944	2249	4193	8778
			Percentages				
ST	0.0	2.5	1.2	0.0	0.0	0.0	0.6
SC	43.9	22.1	33.5	29.9	20.1	24.6	29.3
OBCs	41.4	63.0	51.7	52.6	35.4	43.4	47.7
Others	14.6	12.4	13.6	17.4	44.5	32.0	22.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary survey, 2012

3.2 Religion

Nearly 86.4 percent of the population of the village belonged to Hindu households and 13.6 percent to Muslim Households. The proportion of Muslim households was only 4 percent in Kannauj district and 20 percent in Gonda district (Table 3.2). No other religious group was found in the surveyed villages.

Table 3.2: Distribution of Total Population of Sample Villages by Religion

Religion	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Numbers							
Hindu	16230	13800	30030	9963	12255	22218	52248
Muslim	2440	2290	4730	404	3110	3514	8244
Christian	0	0	0	0	0	0	0
Sikh	0	0	0	0	0	0	0
Buddhist	0	0	0	0	0	0	0
Others	15	0	15	0	0	0	15
Total	18685	16090	34775	10367	15365	25732	60507
Percent Distribution							
Hindu	86.9	85.8	86.4	96.1	79.8	86.3	86.4
Muslim	13.1	14.2	13.6	3.9	20.2	13.7	13.6
Christian	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sikh	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Buddhist	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary survey, 2012

3.3 Literacy Level

Literacy rates in the sample villages have been shown in Table 3.3. Total literacy varied from 57.5 percent to 85 percent in the sample villages. Male literacy rates varied from 62 percent to 90 percent, whereas the female literacy rates varied from 45 percent to 80 percent. A significant gap between male and female literacy was found in all the villages surveyed. However, differences in literacy rates were not significantly marked across high and low RNFE districts. Within each district literacy levels varied markedly from village to village.

Table 3.3: Literacy Rates in the Sample Villages by Sex (percent)

District	Village Name	Male literacy	Female literacy	Total literacy
High RNFE Districts				
Meerut	Alampur Buzurg	68.0	49.0	58.5
	Aminabad Urf Baraggoan	90.0	80.0	85.0
	Atmadnagar Allipur	90.0	70.0	80.0
	Murlipur Phool	80.0	50.0	65.0
	Pilona	80.0	60.0	70.0
Varanasi	Dhannipur Bhatthi	65.0	53.0	59.0
	Sultanpur	72.0	56.0	64.0
	Tari	70.0	45.0	57.5
	Todarpur	62.0	54.0	58.0
	Koraut	75.0	63.0	69.0

Low RNFE Districts				
Kannauj	Dedaura Khurd	74.0	50.0	62.0
	Matouli	75.0	57.0	66.0
	Mehandipur	70.0	45.0	57.5
	Rasulpur	79.0	45.0	62.0
	Udhampur	72.0	55.0	63.5
Gonda	Susaila	80.0	60.0	70.0
	Pure Shiva Bakhtawar	85.0	60.0	72.5
	Baripur Ramnath	75.0	60.0	67.5
	Pakadi	80.0	60.0	70.0
	Mohana	65.0	50.0	57.5

Source: Primary survey, 2012

3.4 Type of Houses

Type of houses is indicative of the economic conditions of the household. In our sample 85.5 percent houses were pacca and 14.5 percent were kaccha houses. However, the proportion of pacca houses was more than 90 percent in Meerut and Kannauj. But this proportion was only around 75 percent in Varanasi and Gonda where relative poverty is more (Table 3.4).

Table 3.4: Distribution of Households by Type of Houses

Type of houses	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Pucca	2363	1688	4051	1805	1651	3456	7507
Kutcha	34	500	534	139	598	737	1271
Total	2397	2188	4585	1944	2249	4193	8778
Percentages							
Pucca	98.6	77.1	88.4	92.8	73.4	82.4	85.5
Kutcha	1.4	22.9	11.6	7.2	26.6	17.6	14.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary survey, 2012

3.5 Sources of Drinking Water

Table 3.5 shows the distribution of villages by source of drinking water. In 10 out of the 20 villages wells were the main source of drinking water. In 3 villages hand pumps were the main source of drinking water. In 9 villages hand pump along with wells or tube wells were used for drinking water, while in one village drinking water was drawn from ponds. Thus, it is clear that the provision of safe drinking water has not been made in the villages so far.

Table 3.5: Distribution of Villages by Source of Drinking Water

Source of water	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannuaj	Gonda	Total	
Hand pump	0	2	2	1	0	1	3
Well	4	1	5	0	5	5	10
Tube well	0	0	0	0	0	0	0
Pond	1	0	1	0	0	0	1
Hand pump and well	0	1	1	2	0	2	3
Hand pump, well and tube well	0	1	1	0	0	0	1
Hand pump, well and ponds	0	0	0	2	0	2	2
Total	5	5	10	5	5	10	20

Source: Primary survey, 2012

3.6 Toilet Facilities

Only 41 percent of households had toilet facility at home. The proportion of households with toilet facility at home was only 31.6 percent in low RNFE districts as compared to 59.6 percent in high RNFE districts (Table 3.6).

Table 3.6: Households with Toilet Facility at Home

Toilet facility at	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannuaj	Gonda	Total	
Numbers							
Yes	1251	1021	2272	661	665	1326	3598
No	1146	1167	2313	1283	1584	2867	5180
Total	2397	2188	4585	1944	2249	4193	8778
Percentages							
Yes	52.2	46.7	49.6	34.0	29.6	31.6	41.0
No	47.8	53.3	50.4	66.0	70.4	68.4	59.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary survey, 2012

3.7 Distribution of Households by Land Size

The ownership of land provides security of livelihood in rural areas. In our sample villages about 58 percent of the household owned land, while 42 percent were landless. The proportion of households owning land was much higher in the low RNFE districts than in the high RNFE districts (Table 3.7). This is reflective of higher degree of diversification in the latter districts, which are also more urbanised. Nearly half of the households were small farmers with less than 5 acres of land. This proportion was 60 percent in low RNFE districts and 38.5 percent in high RNFE districts. Less than 10 percent of households belonged to the category of medium (5 to 10 acres) or large farmers (above 10 acres).

Table 3.7: Distribution of Households by Size of Landholdings

Size of land holdings	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannuaj	Gonda	Total	
Frequency							
Landless	1410	1063	2473	536	690	1226	3699
Small	759	1007	1766	1227	1286	2513	4279
Medium	155	84	239	132	173	305	544
Large	73	34	107	49	100	149	256
Total	2397	2188	4585	1944	2249	4193	8778
Percentages							
Landless	58.8	48.6	53.9	27.6	30.7	29.2	42.1
Small	31.7	46.0	38.5	63.1	57.2	59.9	48.7
Medium	6.5	3.8	5.2	6.8	7.7	7.3	6.2
Large	3.0	1.6	2.3	2.5	4.4	3.6	2.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary survey, 2012

3.8 Connectivity to Nearest Town

Location plays an important role in rural diversification. Villages with close connectivity with nearby towns are expected to be more diversified. Out of the 20 surveyed villages 4 were located within 5 km of the town, while another 10 were located within 6 to 10 km. The number of villages located at a distance of more than 10 km from the town was more in case of the two high RNFE districts (Table 3.8).

Table 3.8: Distribution of Villages by Distance from Nearest Town

Distance from nearest town in km	High RNFE Districts			Low RNFE Districts			All districts
	Meerut	Varanasi	Total	Kannuaj	Gonda	Total	
0-5	1	0	1	1	2	3	4
6-10	2	2	4	3	3	6	10
11-15	2	1	3	1	0	1	4
16-20	0	1	1	0	0	0	1
21 & above	0	1	1	0	0	0	1
Total	5	5	10	5	5	10	20

Source: Primary survey, 2012

Though in most of the cases distance of the town was not high, but the quality of road was not good. Only 5 out of the 20 surveyed villages were connected with metalled roads to the Block HQ. Rest were linked through kuchha road (Table 3.9).

Table 3.9: Distribution of Villages by Type of Connectivity of Roads with Block HQ

Type of road	High RNFE Districts			Low RNFE Districts			All districts
	Meerut	Varanasi	Total	Kannuaj	Gonda	Total	
Metalled	2	1	3	1	0	1	4
Kuchha	3	4	7	4	5	9	16
Total	5	5	10	5	5	10	20

Source: Primary survey, 2012

3.9 Distance from Various Facilities

Table 3.10 shows the distance of villages from main infrastructural and other facilities like banks, schools, colleges, hospitals, bus stand, etc. It will be observed from the table that most of the villages had access to different types of facilities within 10 km and in many cases within 5 km. No marked differences in the access to facilities were observed between high and low RNFE districts.

Table 3.10: Distance of Facilities from the Village

Facilities	High RNFE districts (Meerut and Varanasi)						Low RNFE Districts (Kannauj and Gonda)						All districts
	1-5 km	6-10 km	11-20 km	21-30 km	30-50 km	Total	1 - 5 km	6-10 km	11-20 km	21-30 km	30-50 km	Total	
Anganvadi	0	0	0	0	0	0	1	0	0	0	0	1	1
Bank	4	2	0	0	0	6	7	1	1	0	0	9	15
Bus stand	2	2	1	1	0	6	3	4	1	1	1	10	16
Coop credit society	4	0	0	0	0	4	5	1	0	0	0	6	10
College	6	2	1	0	0	9	6	2	0	0	0	8	17
Drinking water	0	0	0	0	0	0	1	0	0	0	0	1	1
Fair price shop	0	0	0	0	0	0	1	0	0	0	0	1	1
Flour mill	1	0	0	2	1	4	4	0	0	2	1	7	11
Community centre	4	2	2	0	0	8	3	5	1	0	1	10	18
Hat/ bazaar	5	2	0	0	0	7	5	2	0	0	0	7	14
Govt. Hospital	3	3	1	0	0	7	4	2	0	0	0	6	13
Private Hospital	2	1	3	1	0	7	3	5	0	1	1	10	17
Industrial cluster	1	1	2	4	0	8	1	3	0	3	2	9	17
Major town	3	2	2	0	0	7	3	5	1	0	0	9	16
Milk collection center	3	1	3	0	0	7	4	2	0	0	1	7	14
Oil mill	4	1	0	2	1	8	3	1	0	2	1	7	15
Panchayat office	0	2	0	0	0	2	0	0	0	0	0	0	2
Post office	4	1	0	0	0	5	4	1	0	0	1	6	11
Primary health centre	4	3	1	0	0	8	5	4	0	0	0	9	17
Primary school	1	0	0	0	0	1	0	1	0	0	0	1	2
Pucca road	1	0	0	0	0	1	0	0	0	0	0	0	1
Railway station	2	2	3	1	1	9	4	2	0	2	2	10	19
Rice mill	5	1	1	2	1	10	3	2	0	1	1	7	17

Secondary school	4	0	0	0	0	4	2	0	0	0	0	2	6
Technical school	1	4	2	2	0	9	3	1	1	4	1	10	19
Technical training center	0	1	3	2	0	6	2	0	3	2	3	10	16
Wholesale market	4	3	2	0	0	9	4	3	1	0	2	10	19

Source: Primary survey, 2012

3.10 Milk Collection Centres

Though animal husbandry is an important allied activity to agriculture in rural areas, the support infrastructure is not well developed. Only 6 villages out of 20 had milk collection centre. Poultry farms existed only in 7 villages. Four of these villages were in Varanasi (Table 3.11).

Table 3.11: Villages having Poultry Farms and Milk Collection Centres (Nos.)

Type of establishment	High RNFE Districts			Low RNFE Districts			All district
	Meerut	Varanasi	Total	Kannuaj	Gonda	Total	
Poultry farm	1	4	5	0	2	2	7
Milk collection centres	3	0	3	2	1	3	6
Total	4	4	8	2	3	5	13

Source: Primary survey, 2012

3.11 Occupational Pattern

Occupational pattern of households in the sample villages is shown in Table 3.12. The largest proportion (42 percent) was engaged in rural labour. 27 percent of the households in the sample villages were engaged in agriculture and allied activities. About 19 percent were engaged in self-employment in non-agricultural activities mostly without hired labourers. About 11 percent were employed in services. The proportion of households in agriculture and allied activities was higher in low RNFE districts as compared to high RNFE districts.

Important variations in occupational pattern were observed across all the districts. The proportion of households engaged in agriculture varied from 19.8 percent in Varanasi to 34.5 percent in Kannauj. In Gonda and Varanasi nearly 50 percent households reported rural labour as their main occupation. In Kannauj the proportion of self-employed in non-agriculture was very low.

Table 3.12: Distribution of Households in Sample Villages by Main Occupation (percent)

Districts	Agriculture and Allied	Rural Labour	Self Employment in non-agriculture with hired labour	Self Employment In non-agriculture without hired labour	Service	Other	Total
High RNFE Districts							
Meerut	25.4	37.9	3.1	19.0	11.8	2.8	100.0
Varanasi	19.8	49.5	2.5	17.8	10.4	0.0	100.0
Total	22.7	43.4	2.8	18.4	11.1	1.4	100.0
Low RNFE Districts							
Kannauj	34.5	50.6	0.0	6.8	8.1	0.1	100.0
Gonda	29.3	32.2	4.0	21.6	11.5	1.3	100.0
Total	31.7	40.8	2.2	14.7	9.9	0.7	100.0
All districts	27.0	42.2	2.5	16.7	10.6	1.1	100.0

Source: Primary survey, 2012

3.12 Villages with Commercial Establishments

Details about commercial establishments of different types are given in Table 3.13. Grocery shops existed in 90 percent villages surveyed. 75 percent of the villages had tea stall and 65 percent had repair shops.

Table 3.13: Villages having Different Types of Commercial Establishments (Nos.)

Type of commercial establishments	High RNFE Districts			Low RNFE Districts			All district
	Meerut	Varanasi	Total	Kannuaj	Gonda	Total	
Numbers							
Repair shop	2	3	7	2	4	6	13
Grocery shop	5	5	10	4	4	8	18
Tea stall	2	5	7	4	4	8	15
Other shops	3	0	3	2	4	6	9
Percent							
Repair shop	20	30	70	20	40	60	65
Grocery shop	50	50	100	40	40	80	90
Tea stall	20	50	70	40	40	80	75
Other shops	30	0	30	20	40	60	45

Source: Primary survey, 2012

3.13 Details of Craftsmen and Skilled Workers

Table 3.14 shows the number of villages having different types of craftsmen and skilled workers. Tailors, masons and drivers were found in every village. All villages except three also had grain miller. Carpenter and blacksmiths were reported in 75 percent of the villages. Other types of traditional workers were less widespread. Potters were reported in all the villages in Gonda and

weavers in all the villages of Varanasi. About one-fourth of the villages reported having goldsmith, leather workers and bamboo makers.

Table 3.14: Villages having Different Types of Craftsmen and Skilled Workers (Nos.)

Type of craftsmen	High RNFE Districts			Low RNFE Districts			All districts
	Meerut	Varanasi	Total	Kannua	Gonda	Total	
Tailors	5	5	10	5	5	10	20
Drivers	5	5	10	4	5	9	19
Masons	5	5	10	4	5	9	19
Grain miller	5	3	8	4	5	9	17
Carpenters	5	3	8	3	3	6	14
Blacksmiths	5	4	9	1	5	6	15
Potters	1	2	3	1	5	6	9
Spinners, Weavers Knitters	1	5	6	1	0	1	7
Leather workers	1	2	3	1	1	2	5
Goldsmiths	1	1	2	1	1	2	4
Bamboo Workers	1	2	3	0	2	2	4
Stone cutters and carvers	1	0	1	0	1	2	2
Agricultural Product	0	2	2	0	0	0	2
Crushing and Processing of Oilseeds	0	1	1	1	0	1	2
Tobacco product preparers	0	0	0	0	0	9	0
Diamond Processing	0	0	0	0	0	0	0
Others	4	0	4	0	1	1	5
Total	**40**	**40**	**80**	**26**	**37**	**63**	**143**

Source: Primary survey, 2012

Table 3.15 shows the number of households of craftsmen and skilled workers in the sample villages. On the whole, there were 84 such households in every village. Their number was relatively higher in the two high RNFE districts, but quite low in Kannauj. In terms of numbers the most numerous group was that of masons, followed by drivers, spinners and weavers, leather workers and tailors. Some specialisation was also observed across the districts. Thus, there was a concentration of weavers and spinners in Varanasi, leather workers in Meerut and carpenters in Gonda district.

Table 3.15: Number of Households involved in Craftsman Activity

Type of craftsman	High Rural Non-Farm Employment Districts			Low Rural Non-Farm Employment Districts			All Districts
	Meerut	Varanasi	Total	Kannuaj	Gonda	Total	
Spinners, Weavers Knitters and dyers	1	200	201	20	0	20	221
Carpenters	13	16	29	15	47	62	91
Blacksmiths	9	13	22	3	13	16	38
Leather workers	180	3	183	10	5	15	198
Tobacco product preparers	0	0	0	0	0	0	0
Stone cutters and carvers	0	0	0	0	1	1	1
Goldsmiths	1	10	11	2	5	7	18
Diamond Processing	0	0	0	0	0	0	0
Potters	1	40	41	1	19	20	61
Tailors	22	33	55	27	27	54	109
Drivers	135	38	173	22	165	187	360
Bamboo Workers	0	23	23	0	1	1	24
Masons	103	168	271	46	112	158	429
Agricultural Product Processors	0	6	6	0	0	0	6
Grain milling	20	7	27	13	18	31	58
Crushing and Processing of Oilseeds	0	1	1	1	0	1	2
Others	81	0	81	0	0	0	81
Total	566	558	1124	160	413	573	1697
Households of Craftsmen Per Village	113	112	112	32	83	57	84

Source: Primary survey, 2012

The number of households of handicraftsmen and skilled workers was reported to have increased or remained static in most of the villages during the last five years (Table 3.16). An increase was reported particularly in the case of drivers, masons, carpenters and tailors. But, in some villages it was reported that the number of households belonging to blacksmiths, carpenters, potters and tailors had declined.

Table 3.16: Distribution of Villages according to Change in the Number of Households of Craftsmen and Skilled Workers (Nos.)

Type of craftsman	Increased	Decreased	Remained Same	Total
Spinners, Weavers Knitters and dyers	2	4	1	7
Carpenters	4	4	6	14
Blacksmiths	2	2	11	15
Leather workers (including tanners and leather goods makers)	2	1	2	5
Tobacco product preparers	0	0	0	0
Stone cutters and carvers	0	0	1	1
Goldsmiths	1	1	2	4
Diamond Processing	0	0	0	0
Potters	1	3	5	9
Tailors	11	3	6	20
Drivers	16	1	2	19
Bamboo Workers	0	1	2	3
Masons	17	0	2	19
Agricultural Product Processors	1	0	1	2
Grain milling	8	1	8	17
Crushing and Processing of Oilseeds	1	0	1	2
Others	2	2	0	4
Total	68	23	50	141

Source: Primary survey, 2012

3.14 Self Help Groups

Self Help Groups (SHG) movement in UP has remained weak. In our sample only 7 out of 20 villages reported having SHG. While in Varanasi and Kannauj 3 out of 5 villages reported having an SHG, only 1 village in Meerut had a SHG. There was no SHG in the villages surveyed in Gonda district (Table 3.17).

Table 3.17: Villages having SHGs (Nos.)

Villages having SHGs	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Yes	1	3	4	3	0	3	7
No	4	2	6	2	5	7	13

Source: Primary survey, 2012

3.15 Migration Pattern

Two villages each in Kannauj and Gonda reported immigration of agricultural workers. Three villages in Meerut and one in Varanasi reported immigration of non-agricultural workers (Table 3.18). The immigration of agricultural workers was mostly for 2 to 4 months. Immigration of non-agricultural workers in Meerut was on daily basis.

Table 3.18: Number of Sample Villages reporting Immigrants during Last Year

Purpose of immigration	High Rural Non-Farm Employment Districts			Low Rural Non-Farm Employment Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Type of Workers							
Agri. works	0	0	0	2	2	4	4
Non-agri. works	3	1	4	0	0	0	4
Total	3	1	4	2	2	4	8
Duration of Stay							
Daily	3	0	3	0	0	0	3
Up to 2 months	0	0	0	2	0	2	2
3-4 months	0	0	0	0	2	2	2
5-6 months	0	0	0	0	0	0	0
7 months & above	0	1	1	0	0	0	1
Total	3	1	4	2	2	4	8

Source: Primary survey, 2012

Out migration in search of work was reported in 16 out of 20 villages. In majority of villages out-migration was mainly for agricultural work (Table 3.19). Mostly out-migration was for 3 to 6 months.

Table 3.19: Number of Sample Villages reporting Emigrants during Last Year

Purpose of immigration	High Rural Non-Farm Employment Districts			Low Rural Non-Farm Employment Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Type of Worker							
Agri. works	4	2	6	5	1	6	12
Non-agri. works	0	0	0	0	4	4	4
Total	4	2	6	5	5	10	16
Duration of Stay							
Daily	2	0	2	0	0	0	2
Up to 2 months	0	1	1	1	0	1	2
3-4 months	1	0	1	2	1	3	4
5-6 months	1	0	1	1	4	5	6
7 months & above	0	1	1	1	0	1	2
Total	4	2	6	5	5	10	16

Source: Primary survey, 2012

3.16 Wage Rates

In majority of villages daily wage rates for agricultural workers were reported to be less than Rs. 100. However, in a few villages daily wages were between Rs. 101 to 200 and in village over Rs. 200 (Table 3.20). Daily wages of non-agricultural labour were reported between Rs. 100 and 200 in most of the villages. The number of villages reporting higher wages was more in high RNFE districts especially Meerut.

Table 3.20: Distribution of Villages by Level of Average Wage Rate (Nos.)

Average. Wage rate (Rs.)	High Rural Non-Farm Employment Districts			Low Rural Non-Farm Employment Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Agriculture workerss							
Below 100	2	2	4	5	4	9	13
101-200	1	2	3	0	1	1	4
201-300	1	0	1	0	0	0	1
Total	4	4	8	5	5	10	18
Non-agricultural workers							
100 & less	0	0	0	0	0	0	0
101-200	3	4	7	5	5	10	17
201-300	1	0	1	0	0	0	1
Total	4	4	8	5	5	10	18

Source: Primary survey, 2012

3.17 Government Programmes

Table 3.21 reports the government schemes and programmes being implemented in the surveyed villages. MNREGA was being implemented in 16 out of 20 villages. Jannani Suraksha Yojana was reported in 13 villages and pension scheme in 10 villages. Aganwadi were operating in only 9 villages and mid day meal in 7 villages. Indira Awaas Yojana was reported only in Gonda villages. It is surprising that the schemes which should have universal coverage of villages were not operating in many villages. This also shows the low level of awareness about the schemes.

Table 3.21: Number of Villages reporting Implementation of Government Schemes

Name of schemes being implemented	High Rural Non-Farm Employment Districts			Low Rural Non-Farm Employment Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
MNREGA	3	3	6	5	5	10	16
Aganwadi	0	4	4	5	0	5	9
JananiSuraksha	4	4	8	5	0	5	13
Mid-day-meal	0	3	3	3	1	4	7
MahamayaYojana	2	0	2	1	3	4	6
Pension	3	0	3	2	5	7	10
Indira AwasYojana	0	0	0	0	5	5	5
Total	12	14	26	21	19	40	66

Source: Primary survey, 2012

3.18 Emerging Non-Farm Activities

In most of the surveyed villages people are taking up self-employment activity for survival (Table 3.22). In half of the villages wage employment was reported as the new emerging activity for employment. In a few villages of Varanasi and Kannauj handloom units have been opened. Petty shops were reported from 2 villages of Kannauj. Thus, it shows that not many new

activities are being generated in the villages for creation of employment. Mainly people are depending upon self-employment or wage employment.

Table 3.22: Emerging Non-Farm Activities in the Surveyed Villages (Nos.)

Name of the non-farm activities	High Rural Non-Farm Employment Districts			Low Rural Non-Farm Employment Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Wage employment	2	4	6	2	2	4	10
Self-employment	4	4	8	4	5	9	17
Handloom	0	2	2	2	0	2	4
Power loom	0	1	1	0	0	0	1
Shops	0	0	0	2	0	2	2

Source: Primary survey, 2012

3.19 Conclusions

In this chapter we have discussed the socio-economic features of the villages surveyed and the availability of infrastructure in the villages. The main findings of the chapter are summarized below:

The OBC were the most numerous castes in the surveyed villages constituting 47.7 percent of the households. SC households were the next dominant group with 29.3 percent share in population. The proportion of Other social groups was 22.4 percent.

Nearly 86.4 percent of the population of the village belonged to Hindu households and 13.6 percent to Muslim Households.

Total literacy varied from 57.5 percent to 85 percent in the sample villages. Male literacy rates varied from 62 percent to 90 percent, whereas the female literacy rates varied from 45 percent to 80 percent. Significant gap between male and female literacy was found in all the villages surveyed.

Nearly 85.5percent houses were pacca and 14.5percent were kachcha houses.

In 10 out of the 20 villages wells were the main source of drinking water. In three villages hand pumps were the main source of drinking water. Thus, it is clear that the provision of safe drinking water has not been made in the villages so far.

Only 41 percent of households had toilet facility at home.

About 58 percent household owned land, while 42 percent were landless. Nearly half of the households were small farmers with less than 5 acres of land. This proportion was 60 percent in

low RNFE districts and 38.5 percent in high RNFE districts. Less than 10 percent of the households belonged to the category of medium (5 to 10 acres) or large farmers (above 10 acres).

Out of the 20 surveyed villages, 4 were located within 5 km of the town, while another 10 were located within 6-10 km. Although in most of the cases distance of the town was not high, but the quality of road was not good. Only 5 out of the 20 surveyed villages were connected with metalled roads to the Block Headquarters.

Most of the villages had access to different types of facilities within 10 km and in many cases within 5 km. No marked differences in the access to facilities were observed between high and low RNFE districts.

Around 42 percent of the village households were engaged in rural labour and 27 percent of the households were engaged in agriculture and allied activities. About 19 percent were engaged in self-employment in non-agricultural activities and about 11 percent were employed in services. The proportion of households in agriculture and allied activities was higher in low RNFE districts as compared to high RNFE districts. The proportion of households engaged in agriculture varied from 19.8 percent in Varanasi to 34.5 percent in Kannauj. In Gonda and Varanasi nearly 50 percent households reported rural labour as their main occupation. In Kannauj the proportion of self-employed in non-agriculture was very low.

Grocery shops existed in 90percent of the villages surveyed. 75 percent had tea stall and 65 percent had repair shops. Tailors, masons and drivers were found in every village. All villages except three also had grain miller. Carpenter and blacksmiths were reported in 75 percent of the villages. Other types of traditional workers were less widespread.

The number of households of handicraftsmen and skilled workers was reported to have increased or remained static in most of the villages during the last five years. An increase was reported particularly in the case of drivers, masons, carpenters and tailors. But, in some of the villages it was reported that the number of households belonging to blacksmiths, carpenters, potters and tailors had declined.

Only 7 out of 20 villages reported having SHG.

Migration was found to be low. Two villages each in Kannauj and Gonda reported immigration of agricultural workers. Three villages in Meerut and one in Varanasi reported immigration of non-agricultural workers. The immigration of agricultural workers was mostly for 2 to 4 months. Out-migration in search of work was reported in 16 out of 20 villages. In majority of villages out-migration was mainly for agricultural work. Mostly out-migration was for 3 to 6 months.

In majority of the villages daily wage rates for agricultural workers were reported to be less than Rs. 100. Daily wages of non-agricultural labour were reported between Rs. 100 and 200 in most of the villages. The number of villages reporting higher wages was more in high RNFE districts especially Meerut.

MNREGA was being implemented in 16 out of 20 villages. Jannani SurakshaYojana was reported in 13 villages and pension scheme in 10 villages. Aganwadis were operating in only 9 villages and MDM in 7 villages. Indira Awas Yojana was reported only in Gonda villages. It is surprising that the schemes which should have universal coverage of villages were not operating in many villages. This also shows the low level of awareness about the schemes.

In half of the villages wage employment was reported as the new emerging activity for employment. In a few villages of Varanasi and Kannauj handloom units have been opened. Petty shops were reported from 2 villages of Kannauj. Thus, it shows that not many new activities are being generated in the villages for creation of employment. Mainly people are depending upon self-employment or wage employment.

CHAPTER IV

Socio-Economic Characteristics of Sample Households

Information was collected from 1,643 rural households from the four districts covering various demographic and employment related aspects. In the present chapter we have discussed the household characteristics and employment pattern of the household members.

4.1 Distribution by Social Groups

About 22.5 percent of sample households belonged to SC category, 45.8 percent were OBC and 31.2 percent others (Table 4.1). The ST households were only 0.5 percent. The proportion of SC households was distinctly higher in Meerut as compared to other districts. It was lowest in Varanasi. The proportion of OBC households varied from 25.2 percent in Gonda to 63.8 percent in Varanasi. The proportion of other castes was much higher in Gonda district.

Table 4.1: Distribution of Sample Households by Social Groups

Social groups	High Rural Non-Farm Employment Districts			Low Rural Non-Farm Employment Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
SC	126	53	179	92	98	190	369
ST	1	6	7	2	0	2	9
OBCs	192	264	456	189	107	296	752
Others	101	91	192	101	220	321	513
Total	420	414	834	384	425	809	1643
Percentage							
SC	30.0	12.8	21.5	24.0	23.1	23.5	22.5
ST	0.2	1.4	0.8	0.5	0.0	0.2	0.5
OBCs	45.7	63.8	54.7	49.2	25.2	36.6	45.8
Others	24.0	22.0	23.0	26.3	51.8	39.7	31.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary survey, 2012

4.2 Distribution by Religion

Nearly 91.7 percent of sample households belonged to Hindu community and 8.2 percent to Muslim community. The proportion of Muslim households was slightly higher in Meerut and Gonda districts and lowest in Kannauj (Table 4.2).

Table 4.2: Distribution of Sample Households by Religion

Religion	High Rural Non-Farm Employment Districts			Low Rural Non-Farm Employment Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Hindu	380	383	763	360	383	743	1506
Muslim	40	30	70	22	42	64	134
Christian	0	0	0	0	0	0	0
Sikh	0	0	0	0	0	0	0
Buddhist	0	0	0	0	0	0	0
Others	0	0	0	2	1	3	3
Total	420	413	833	384	426	810	1643
Percentage							
Hindu	90.5	92.5	91.5	93.8	90.1	91.8	91.7
Muslim	9.5	7.2	8.4	5.7	9.9	7.9	8.2
Christian	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sikh	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Buddhist	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.5	0.2	0.4	0.2
Total	100.0	99.8	99.9	100.0	100.2	100.1	100.0

Source: Primary survey, 2012

4.3 Household Size

Average household size of the sample household was 6.1. It varied from 5.8 persons in Kannauj district to 6.5 persons in Varanasi district. 10.5 percent of the households had less than 3 members, 35 percent between 3 to 5 members, 44.6 percent between 6 to 9 members and 10 percent over 9 members (Table 4.3). The proportion of small families (0-3) was found to be higher in low RNFE districts as compared to high RNFE districts.

Table 4.3: Distribution of Sample Households by Size

Household size	High Rural Non-Farm Employment Districts			Low Rural Non-Farm Employment Districts			All districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Less than 3	27	29	56	66	51	117	173
3-5	163	155	318	120	137	257	575
6-9	192	174	366	172	195	367	733
Above 9	38	56	94	26	42	68	162
Total	420	414	834	384	425	809	1643
Percentage							
Less than 3	6.4	7.0	6.7	17.2	12.0	14.5	10.5
3-5	38.8	37.4	38.1	31.3	32.2	31.8	35.0
6-9	45.7	42.0	43.9	44.8	45.9	45.4	44.6
Above 9	9.0	13.5	11.3	6.8	9.9	8.4	9.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average Size of household	6.1	6.5	6.3	5.8	6.2	6.0	6.1

Source: Primary survey, 2012

4.4 Occupational Pattern

The occupational pattern of the sample households was found nearly similar in all the four districts. About half of the sample households reported cultivation as their main occupation (Table 4.4). About one-fifth of them were engaged in non-agricultural labour and another one-fifth were self-employed in non-agriculture. About 6.3 per cent were employed in public service and 3.8 percent in private service. The proportion of those employed in public services was relatively higher in the two eastern districts, while the proportion of those employed in public services was higher in the two western districts. Very few households reported animal husbandry and agricultural labour as their principal occupation.

Table 4.4: Distribution of Households by Principal Occupation

Principal Occupation	High Rural Non-Farm Employment Districts			Low Rural Non-Farm Employment Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Cultivation	210	210	420	193	213	406	826
Animal husbandry	0	1	1	0	0	0	1
Agricultural labour	0	0	0	2	1	3	3
Non-agricultural labour	84	83	167	77	83	160	327
Self employed in non-agriculture	84	79	163	72	85	157	320
Service(public)	22	28	50	18	35	53	103
Service(private)	20	13	33	22	8	30	63
Total	420	414	834	384	425	809	1643
Percentage							
Cultivation	50.0	50.7	50.4	50.3	50.1	50.2	50.3
Animal husbandry	0.0	0.2	0.1	0.0	0.0	0.0	0.1
Agricultural labour	0.0	0.0	0.0	0.5	0.2	0.4	0.2
Non-agricultural labour	20.0	20.0	20.0	20.1	19.5	19.8	19.9
Self employed in non-agriculture	20.0	19.1	19.5	18.8	20.0	19.4	19.5
Service(public)	5.2	6.8	6.0	4.7	8.2	6.6	6.3
Service(private)	4.8	3.1	4.0	5.7	1.9	3.7	3.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary survey, 2012

4.5 Land Ownership

Table 4.5 shows the distribution of sample households by size of land ownership. 22.7 percent of the households were landless. This proportion varied from 10.2percent in Kannauj district to 35 percent in Meerut district. About 56 percent of the households had less than 2.5 acres of land and 14 percent had between 2.5 and 5.0 acres of land. The proportion of marginal holdings was higher in the low RNFE districts. Only 7 percent of the households owned more than 5 acres of land.

Table 4.5: Distribution of Households by Land Ownership

Land ownership (acre)	High Rural Non-Farm Employment Districts			Low Rural Non-Farm Employment Districts			All districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Landless	147	98	245	39	89	128	373
Upto 2.5	184	226	410	256	250	506	916
2.5-5	55	64	119	61	54	115	234
5-10	23	18	41	21	22	43	84
Above 10	11	8	19	7	10	17	36
Total	420	414	834	384	425	809	1643
Percentage							
Landless	35.00	23.67	29.38	10.16	20.94	15.82	22.70
Upto 2.5	43.81	54.59	49.16	66.67	58.82	62.55	55.75
2.5-5.0	13.10	15.46	14.27	15.89	12.71	14.22	14.24
5.0-10.0	5.48	4.35	4.92	5.47	5.18	5.32	5.11
Above 10.0	2.62	1.93	2.28	1.82	2.35	2.10	2.19
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Primary survey, 2012

Details of landholdings per household are given in Table 3.6. Average land owned per sample households was 1.96 acres, but varied from 1.71 in Varanasi to 2.17 in Gonda. The extent of leasing was very nominal. Nearly entire cropped area was irrigated in all the districts.

Table 4.6: Details of Land Owned and Leased per Sample Household (in acres)

Sl. No.	Land Holdings Details	High Rural Non-Farm Employment Districts			Low Rural Non-Farm Employment Districts			Total
		Meerut	Varanasi	Total	Kannauj	Gonda	Total	
1	Total land owned	1.99	1.71	1.85	1.98	2.17	2.08	1.96
2	Crop land	1.92	1.70	1.81	1.98	2.15	2.06	1.94
3	Homestead land	0.34	0.07	0.21	0.11	0.08	0.10	0.15
4	Land leased in	0.03	0.14	0.08	0.07	0.05	0.06	0.07
5	Land leased out	0.02	0.08	0.05	0.19	0.02	0.10	0.07
6	Irrigated land	1.91	1.70	1.80	1.97	2.13	2.06	1.93

Source: Primary survey, 2012

4.6 Main Crops Grown

The cropping pattern on sample farms is shown in Table 4.7. Paddy and coarse cereals are the main crops of the kharif season. A higher proportion of farmers in western UP grows coarse cereals, while farmers in east UP prefer to grow paddy. Wheat is the main crop of the rabi season, followed by oilseeds. Sugarcane and potato are the main cash crops. Sugarcane is more popular in Meerut and Gonda district, while Varanasi and Kannauj specialise in potato growing. Very few farmers reported growing high value crops like sunflower, peppermint or tobacco.

8.6 percent farmers reported growing vegetables. This proportion was much higher in Varanasi at 20 percent.

Table 4.7: Main Crops Grown by Sample Households

Crops grown	High Rural Non-Farm Employment Districts			Low Rural Non-Farm Employment Districts			All districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Kharif							
Paddy	152	274	426	93	295	388	814
Coarse cereals	224	9	233	279	217	496	729
Pulses	8	7	15	6	37	43	58
Rabi							
Wheat	271	314	585	329	332	661	1246
Coarse cereals	2	22	24	16	24	40	64
Pulses	1	35	36	3	20	23	59
Oilseeds	139	60	199	38	205	243	442
Cash crop							
Sugarcane	178	4	182	2	85	87	269
Potato	15	92	107	178	16	194	301
Sunflower	0	1	1	2	2	4	5
Peppermint	0	0	0	0	1	1	1
Tobacco	2	1	3	1	4	5	8
Vegetables/spices	10	85	95	18	29	47	142
Percentage							
Kharif							
Paddy	36.19	66.18	51.08	24.22	69.41	47.96	49.54
Coarse cereals	53.33	2.17	27.94	72.66	51.06	61.31	44.37
Pulses	1.90	1.69	1.80	1.56	8.71	5.32	3.53
Rabi							
Wheat	64.52	75.85	70.14	85.68	78.12	81.71	75.84
Coarse cereals	0.48	5.31	2.88	4.17	5.65	4.94	3.90
Pulses	0.24	8.45	4.32	0.78	4.71	2.84	3.59
Oilseeds	33.10	14.49	23.86	9.90	48.24	30.04	26.90
Cash crop							
Sugarcane	42.38	0.97	21.82	0.52	20.00	10.75	16.37
Potato	3.57	22.22	12.83	46.35	3.76	23.98	18.32
Sunflower	0.00	0.24	0.12	0.52	0.47	0.49	0.30
Peppermint	0.00	0.00	0.00	0.00	0.24	0.12	0.06
Tobacco	0.48	0.24	0.36	0.26	0.94	0.62	0.49
Vegetables/Spices	2.38	20.53	11.39	4.69	6.82	5.81	8.64

Source: Primary survey, 2012

4.7 Age and Sex Distribution of Household Members

Tables 4.8 and 4.9 give distribution of household members by age and sex. 31.8 percent household members were below 15 years of age and 8 percent were in the age group 60 and above. Remaining 60 percent was in the working age group, i.e. 15 to 59 years. Age structure

was almost similar in all the four districts surveyed. Sex ratio for the entire sample households was 883. It varied from 869 in Meerut district to 895 in 909 in Kannauj district. It may be noted that the sex ratio was higher in low RNFE districts as compared to high of RNFE districts.

Table 4.8: Distribution of Household Members by Age and Gender (Nos.)

Age-groups	High Rural Non-Farm Employment Districts			Low Rural Non-Farm Employment Districts			All districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Male							
1-5	118	131	249	125	160	285	534
6-14	311	305	616	236	347	583	1199
15-24	309	336	645	264	264	528	1173
25-40	307	286	593	247	318	565	1158
41-59	215	236	451	168	197	365	816
60 & above	110	131	241	116	109	225	466
Total Males	1370	1425	2795	1156	1395	2551	5346
Female							
1-5	96	106	202	101	135	236	438
6-14	243	261	504	227	292	519	1023
15-24	285	252	537	257	233	490	1027
25-40	297	288	585	227	319	546	1131
41-59	203	226	429	151	179	330	759
60 & above	66	113	179	88	73	161	340
Total Females	1190	1246	2436	1051	1231	2282	4718
Total							
1-5	214	237	451	226	295	521	972
6-14	554	566	1120	463	639	1102	2222
15-24	594	588	1182	521	497	1018	2200
25-40	604	574	1178	474	637	1111	2289
41-59	418	462	880	319	376	695	1575
60 & above	176	244	420	204	182	386	806
Total Persons	2560	2671	5231	2207	2626	4833	10064
Sex Ratio	869	874	872	909	882	895	883

Source: Primary survey, 2012

Table 4.9: Distribution of Household Members by Age and Gender (percent)

Age-groups	High Rural Non-Farm Employment Districts			Low Rural Non-Farm Employment Districts			Total
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Male							
1-5	8.6	9.2	8.9	10.8	11.5	11.2	10.0
6-14	22.7	21.4	22.0	20.4	24.9	22.9	22.4
15-24	22.6	23.6	23.1	22.8	18.9	20.7	21.9
25-40	22.4	20.1	21.2	21.4	22.8	22.1	21.7
41-59	15.7	16.6	16.1	14.5	14.1	14.3	15.3
60 & above	8.0	9.2	8.6	10.0	7.8	8.8	8.7
Total Males	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Female							
1-5	8.1	8.5	8.3	9.6	11.0	10.3	9.3
6-14	20.4	20.9	20.7	21.6	23.7	22.7	21.7
15-24	23.9	20.2	22.0	24.5	18.9	21.5	21.8
25-40	25.0	23.1	24.0	21.6	25.9	23.9	24.0
41-59	17.1	18.1	17.6	14.4	14.5	14.5	16.1
60 & above	5.5	9.1	7.3	8.4	5.9	7.1	7.2
Total Females	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total							
1-5	8.4	8.9	8.6	10.2	11.2	10.8	9.7
6-14	21.6	21.2	21.4	21.0	24.3	22.8	22.1
15-24	23.2	22.0	22.6	23.6	18.9	21.1	21.9
25-40	23.6	21.5	22.5	21.5	24.3	23.0	22.7
41-59	16.3	17.3	16.8	14.5	14.3	14.4	15.6
60 & above	6.9	9.1	8.0	9.2	6.9	8.0	8.0
Total Persons	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary survey, 2012

4.8 Educational Level

Tables 4.10 and 4.11 show the educational profile of household members above 6 years of age. 18.8 percent of the household members above 6 years were illiterate. 24.5 percent had studied up to primary level and 21.4 percent up to upper primary level. About 25 percent had education up to secondary and higher secondary level and about 10 percent were graduates and above. The proportion of illiterates and those with primary education was higher in low RNFE districts, while the proportion of persons with secondary education was higher in high RNFE districts. But the proportion with higher education was nearly the same in the two groups.

Table 4.10: Distribution of Household Members by Educational Level (Nos.)

Educational Level	High Rural Non-Farm Employment Districts			Low Rural Non-Farm Employment Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Male							
Illiterate	109	83	192	125	152	277	469
Primary	258	344	602	263	311	574	1176
Upper Primary	310	260	570	258	235	493	1063
Secondary	211	212	423	118	166	284	707
Higher Secondary	188	189	377	107	193	300	677
Graduate	104	113	217	98	101	199	416
Post-graduate & above	35	40	75	31	31	62	137
Total Males	1215	1241	2456	1000	1189	2189	4645
Female							
Illiterate	303	304	607	227	351	578	1185
Primary	204	287	491	255	257	512	1003
Upper Primary	230	187	417	207	191	398	815
Secondary	140	112	252	102	85	187	439
Higher Secondary	118	124	242	57	95	152	394
Graduate	51	67	118	56	50	106	224
Post-graduate & above	23	15	38	23	16	39	77
Total Females	1069	1096	2165	927	1045	1972	4137
Total							
Illiterate	412	387	799	352	503	855	1654
Primary	462	631	1093	518	568	1086	2179
Upper Primary	540	447	987	465	426	891	1878
Secondary	351	324	675	220	251	471	1146
Higher Secondary	306	313	619	164	288	452	1071
Graduate	155	180	335	154	151	305	640
Post-graduate & above	58	55	113	54	47	101	214
Total	2284	2337	4621	1927	2234	4161	8782

Source: Primary survey, 2012

Comparing the educational achievements of male and female household members we find that female illiteracy was 28.6 percent against male illiteracy of 10.1 percent (Table 4.11). The proportion of educated females in all levels was found to be lower as compared to that of males. In fact, the gap increased as one moved the educational ladder. Thus, the proportion of graduate persons was 7 for females and 12 for males.

Table 4.11: Distribution of Household Members by Educational Level (percent)

Educational Level	High Rural Non-Farm Employment Districts			Low Rural Non-Farm Employment Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Male							
Illiterate	9.0	6.7	7.8	12.5	12.8	12.7	10.1
Primary	21.2	27.7	24.5	26.3	26.2	26.2	25.3
Upper Primary	25.5	21.0	23.2	25.8	19.8	22.5	22.9
Secondary	17.4	17.1	17.2	11.8	14.0	13.0	15.2
Higher Secondary	15.5	15.2	15.4	10.7	16.2	13.7	14.6
Graduate	8.6	9.1	8.8	9.8	8.5	9.1	9.0
Post-graduate & above	2.9	3.2	3.1	3.1	2.6	2.8	2.9
Total Males	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Female							
Illiterate	28.3	27.7	28.0	24.5	33.6	29.3	28.6
Primary	19.1	26.2	22.7	27.5	24.6	26.0	24.2
Upper Primary	21.5	17.1	19.3	22.3	18.3	20.2	19.7
Secondary	13.1	10.2	11.6	11.0	8.1	9.5	10.6
Higher Secondary	11.0	11.3	11.2	6.1	9.1	7.7	9.5
Graduate	4.8	6.1	5.5	6.0	4.8	5.4	5.4
Post-graduate & above	2.2	1.4	1.8	2.5	1.5	2.0	1.9
Total Females	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total							
Illiterate	18.0	16.6	17.3	18.3	22.5	20.5	18.8
Primary	20.2	27.0	23.7	26.9	25.4	26.1	24.8
Upper Primary	23.6	19.1	21.4	24.1	19.1	21.4	21.4
Secondary	15.4	13.9	14.6	11.4	11.2	11.3	13.0
Higher Secondary	13.4	13.4	13.4	8.5	12.9	10.9	12.2
Graduate	6.8	7.7	7.2	8.0	6.8	7.3	7.3
Post-graduate & above	2.5	2.4	2.4	2.8	2.1	2.4	2.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary survey, 2012

Technical Education

Tables 4.12 and 4.13 show the details of household members with technical education. Only 160 persons had acquired some professional training out of which 136 were males and only 24 were females. Out of the total persons reporting technical education, 7.5 percent had BE or B.Tech degree, 3.1 percent had done course at polytechnic, 13.8 percent were ITI trained and 5.6 percent were medical graduates. The largest majority belonged to those who had done some other professional course. 5 percent reported having received informal training. It is also noted that the proportion of person with higher professional training like BE, B. Tech, Polytechnic and ITI was more in the high RNFE districts as compared to the low RNFE districts. Only 1.6 percent of the persons above 6 years of age had acquired professional training. This proportion varied from 1.34 percent in Gonda district to 2.61 percent in Varanasi district.

Table 4.12: Distribution of Household Members by Technical Education (Nos.)

Technical education	High Rural Non-Farm Employment Districts			Low Rural Non-Farm Employment Districts			Total
	Merrut	Varanasi	Total	Kannauj	Gonda	Total	
Male							
B.E/B.Tech	3	5	8	2	1	3	11
Polytechnic	2	2	4	1	0	1	5
ITI	7	8	15	3	3	6	21
Medical	1	4	5	3	1	4	9
Other Professional Course	19	7	26	8	19	27	53
Other Formal	0	23	23	8	0	8	31
Informal	0	4	4	2	0	2	6
Total males	32	53	85	27	24	51	136
Female							
B.E/B.Tech	1	0	1	0	0	0	1
Polytechnic			0			0	0
ITI	0	0	0	0	1	1	1
Medical			0			0	0
Other Professional Course	4	2	6	4	5	9	15
Other Formal	0	5	5	0	0	0	5
Informal	0	1	1	1	0	1	2
Total Females	5	8	13	5	6	11	24
Total							
B.E/B.Tech	4	5	9	2	1	3	12
Polytechnic	2	2	4	1	0	1	5
ITI	7	8	15	3	4	7	22
Medical	1	4	5	3	1	4	9
Other Professional Course	23	9	32	12	24	36	68
Other Formal	0	28	28	8	0	8	36
Informal	0	5	5	3	0	3	8
Total	37	61	98	32	30	62	160
As percent of total population above 6 yrs	1.62	2.61	2.12	1.66	1.34	1.49	1.82

Source: Primary survey, 2012

The proportion of females with professional training at BE/B. Tech or ITI was much lower as compared to that of males. Majority of women had done other professional courses (Table 4.13). Thus, women are lagging behind men in technical training.

Table 4.13: Distribution of Household Members by Technical Education (percent)

Technical education	High Rural Non Farm-Employment Districts			Low Rural Non-Farm Employment Districts			Total
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Male							
B.E/B.Tech	9.4	9.4	9.4	7.4	4.2	5.9	8.1
Polytechnic	6.3	3.8	4.7	3.7	0.0	2.0	3.7
ITI	21.9	15.1	17.6	11.1	12.5	11.8	15.4
Medical	3.1	7.5	5.9	11.1	4.2	7.8	6.6
Other Professional Course	59.4	13.2	30.6	29.6	79.2	52.9	39.0
Other Formal	0.0	43.4	27.1	29.6	0.0	15.7	22.8
Informal	0.0	7.5	4.7	7.4	0.0	3.9	4.4
	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Female							
B.E/B.Tech	20.0	0.0	7.7	0.0	0.0	0.0	4.2
Polytechnic	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ITI	0.0	0.0	0.0	0.0	16.7	9.1	4.2
Medical	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Professional Course	80.0	25.0	46.2	80.0	83.3	81.8	62.5
Other Formal Training	0.0	62.5	38.5	0.0	0.0	0.0	20.8
Informal training	0.0	12.5	7.7	20.0	0.0	9.1	8.3
	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total							
B.E/B.Tech	10.8	8.2	9.2	6.3	3.3	4.8	7.5
Polytechnic	5.4	3.3	4.1	3.1	0.0	1.6	3.1
ITI	18.9	13.1	15.3	9.4	13.3	11.3	13.8
Medical	2.7	6.6	5.1	9.4	3.3	6.5	5.6
Other Professional Course	62.2	14.8	32.7	37.5	80.0	58.1	42.5
Other Formal Training	0.0	45.9	28.6	25.0	0.0	12.9	22.5
Informal training	0.0	8.2	5.1	9.4	0.0	4.8	5.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary survey, 2012

4.9 Household Assets

Ownership of productive assets is a primary requirement for employment. Table 4.14 shows the value of different types of productive assets owned by the sample households. The average value of assets per household was about Rs. 40 lakh in Meerut and Varanasi. But it was much lower at Rs. 19.9 lakh in Gonda and Rs. 11.7 lakh in Kannauj. The value of agricultural machinery and livestock owned per household was much higher in Meerut district as compared to the other districts.

Table 4.14: Productive Assets owned per Sample Households by District (in '000 Rs.)

Type of Assets	High Rural Non-Farm Employment Districts			Low Rural Non-Farm Employment Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Gross value							
Agricultural Land	1567000	1634900	3201900	409700	788000	1197700	4399600
Agricultural Machineries	76971	14270	91241	15200	17472	32672	123913
Hand Implements	2280	2011	4292	823	1595	2418	6710
Livestock	27410	8339	35749	7230	12100	19330	55079
Non-farm equipment	8314	12684	20998	7952	5934	13886	34883
Means of transport for economic activities only	14002	12203	26204	8340	19801	28141	54345
Total	1695976	1684407	3380383	449244	844903	1294147	4674530
Per households							
Agricultural Land	3731	3949	3839	1067	1854	1480	2678
Agricultural Machineries	183	34	109	40	41	40	75
Hand Implements	5	5	5	2	4	3	4
Livestock	65	20	43	19	28	24	34
Non-farm equipment	20	31	25	21	14	17	21
Means of transport for economic activities only	33	29	31	22	47	35	33
Total Non-Land Assets	307	120	214	103	134	120	167
Total	4038	4069	4053	1170	1988	1600	2845
Percent distribution							
Agricultural Land	92.4	97.1	94.7	91.2	93.3	92.5	94.1
Agricultural Machineries	4.5	0.8	2.7	3.4	2.1	2.5	2.6
Hand Implements	0.1	0.1	0.1	0.2	0.2	0.2	0.1
Livestock	1.6	0.5	1.1	1.6	1.4	1.5	1.2
Non-farm equipment	0.5	0.8	0.6	1.8	0.7	1.1	0.7
Means of transport for economic activities only	0.8	0.7	0.8	1.9	2.4	2.2	1.2
Total Non-Land Assets	7.6	2.9	5.3	8.8	6.7	7.5	5.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary Survey, 2012

Land itself accounts for over 90 percent of value of assets in the four districts. The value of non-land assets varied from only Rs. 1.0 lakh in Kannauj to Rs. 3.07 lakh in Meerut. Agricultural machinery is the most important productive asset other than land. Livestock and transport equipment are other important categories of assets.

4.10 Conclusion

The main findings of the present chapter are summarised below:

22.5 percent of the sample households belonged to SC category, 45.8 percent were OBC and 31.2 percent Others.

91.7 percent of the sample households belonged to Hindu community and 8.2 percent to Muslim community.

About half of the sample households reported cultivation as their main occupation. About one-fifth were engaged in non-agricultural labour and another one-fifth were self-employed in non-agriculture. About one-tenth were employed in public or private service.

22.7 percent of the households were landless. This proportion varied from 10.2 percent in Kannauj district to 35 percent in Meerut district. About 56 percent of the households had less than 2.5 acres of land and 14 percent had between 2.5 and 5.0 acre of land. Only 7 percent households owned more than 5 acres of land.

60percent of the household members were in the working age group, i.e. 15 to 59 years.

Sex ratio for the entire sample households was 883.

18.8 percent of the household members above 6 years were illiterate. 24.5 percent had studied up to primary level and 21.4 percent upto upper primary level. About 25 percent had education up to secondary and higher secondary level and about 10 percent were graduates and above.

Female illiteracy was 28.6 percent as against male illiteracy of 10.1 percent.

Only 1.6 percent of the persons above 6 years of age had acquired professional training. Out of the 160 persons who had acquired some professional training, 136 were males and only 24 were females.

Out of the total persons reporting technical education 7.5 percent had BE or B.Tech degree, 3.1 percent had done course at polytechnic, 13.8 percent were ITI trained and 5.6 percent were medical graduates. The largest majority belonged to those who had done some other professional course. Only 5 percent reported having received informal training.

Average value of assets per household was about Rs. 40 lakh in Meerut and Varanasi. But it was much lower at Rs. 19.9 lakh in Gonda and Rs. 11.7 lakh in Kannauj. Land accounted for over 90 percent of value of assets in the the four districts. The value of non-land assets varied from only Rs. 1.0 lakh in Kannauj to Rs. 3.07 lakh in Meerut. Agricultural machinery is the most important productive asset other than land. Livestock and transport equipment are other important categories of assets.

CHAPTER V

Dynamics of Rural Non Farm Employment

In this chapter we have analysed the dynamics of rural non-farm employment in terms of changes in the occupational pattern, earning levels, role of MNREGS, employment of women in RNFE activities, etc.

5.1 Workforce Participation

In general, Work Participation Rates (WPRs) in Uttar Pradesh are low. In our sample the WPR came to 30.5 percent. It varied from 27.9 percent in Varanasi to 32.9 percent in Meerut (Table 5.1). WPR were relatively higher in western region as compared to eastern region.

Table 5.1: Workforce Participation Rates (percent)

High Rural Non Farm Employment Districts			Low Rural Non Farm Employment Districts			All districts
Meerut	**Varanasi**	**Total**	**Kannauj**	**Gonda**	**Total**	
32.9	27.9	30.3	32.4	29.3	30.7	30.5

Occupational Pattern

Table 5.2 shows the current occupational pattern of the household workers. 41.9 percent of the workers were employed in cultivation. This proportion was 43.7 percent in low RNFE districts and 40.2 in high RNFE districts. 3.1 percent were engaged in agricultural labour and 18.5 percent in non-agriculture labour. This proportion varied from 14.9 percent in Gonda to 22.4 percent in Varanasi. Another 18 percent were self employed in non-agricultural activities. This proportion was relatively higher in Varanasi as compared to the other districts. 4.7 percent were employed in public services and 7.8 percent in private services. The share of private services was highest in Meerut and that of public services in Gonda district. In all the districts surveyed we find that now non-agricultural sector provides employment to more than half of the rural workers. This fact highlights the growing importance of rural non-farm activities in the economy.

Table 5.2: Distribution of Workers by Primary Occupation

Present occupation	High Rural Non-Farm			Low Rural Non-Farm			All districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Cultivation	338	300	638	317	332	649	1287
Animal husbandry	26	4	30	3	15	18	48
Agricultural labour	27	19	46	22	28	50	96
Non-agricultural labour	156	167	323	129	115	244	567
Self employed in non-agriculture	138	158	296	120	136	256	552
Service (public)	29	38	67	32	45	77	144
Services(private)	79	54	133	40	66	106	239
Others	50	4	54	51	33	84	138
Total	843	744	1587	714	770	1484	3071
Percentage							
Cultivation	40.1	40.3	40.2	44.4	43.1	43.7	41.9
Animal husbandry	3.1	0.5	1.9	0.4	1.9	1.2	1.6
Agricultural labour	3.2	2.6	2.9	3.1	3.6	3.4	3.1
Non-agricultural labour	18.5	22.4	20.4	18.1	14.9	16.4	18.5
Self employed in non-agriculture	16.4	21.2	18.7	16.8	17.7	17.3	18.0
Service(public)	3.4	5.1	4.2	4.5	5.8	5.2	4.7
Services(private)	9.4	7.3	8.4	5.6	8.6	7.1	7.8
Others	5.9	0.5	3.4	7.1	4.3	5.7	4.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary survey, 2012

5.2 Shifts in Occupational Pattern

In order to examine the shift in the occupational pattern of rural workers we asked the respondents to indicate the occupational pattern of their family workers five years and ten years earlier. The responses are shown in Table 5.3 and 4.4. There has been a gradual shift in workers away from the agricultural sector during the past decade. Agriculture and animal husbandry employed 58.2 percent workers ten years ago. This proportion declined to 48.1 percent five years ago and presently stands at 43.5 percent. The proportion of agricultural labourers has remained stable at around 3 percent during the decade. Thus, the share of agricultural workers on the whole has declined from 61.3 percent ten years ago to 46.4 percent now.

Table 5.3: Distribution of Household Workers by Primary Occupation Five Years Ago

Occupation (5 years back)	High Rural Non-Farm			Low Rural Non-Farm			All District
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Cultivation	318	272	590	265	346	611	1201
Animal husbandry	23	4	27	2	4	6	33
Agricultural labour	15	17	32	25	20	45	77
Non-agricultural labour	134	133	267	96	98	194	461
Self employed in non-agriculture	126	134	260	85	110	195	455
Service(public)	30	32	62	26	44	70	132
Services (private)	61	25	86	28	40	68	154
Others	27	1	28	8	19	27	55
Total	734	618	1352	535	681	1216	2568
Percentage							
Cultivation	43.3	44.0	43.6	49.5	50.8	50.2	46.8
Animal husbandry	3.1	0.6	2.0	0.4	0.6	0.5	1.3
Agricultural labour	2.0	2.8	2.4	4.7	2.9	3.7	3.0
Non-agricultural labour	18.3	21.5	19.7	17.9	14.4	16.0	18.0
Self employed in non-agriculture	17.2	21.7	19.2	15.9	16.2	16.0	17.7
Service(public)	4.1	5.2	4.6	4.9	6.5	5.8	5.1
Services(private)	8.3	4.0	6.4	5.2	5.9	5.6	6.0
Others	3.7	0.2	2.1	1.5	2.8	2.2	2.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary survey, 2012

Table 5.4: Distribution of Household Workers by Primary Occupation Ten Years Ago

Occupation (10 years	High Rural Non-Farm			Low Rural Non-Farm			Total
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Cultivation	324	271	595	267	369	636	1231
Animal husbandry	18	3	21	1	4	5	26
Agricultural labour	12	13	25	15	22	37	62
Non-agricultural labour	108	117	225	69	46	115	340
Self employed in non-	70	101	171	52	56	108	279
Service(public)	22	28	50	17	37	54	104
Services(private)	29	10	39	19	30	49	88
Others	12	0	12	5	9	14	26
Total	595	543	1138	445	573	1018	2156
Percentage							
Cultivation	54.5	49.9	52.3	60.0	64.4	62.5	57.1
Animal husbandry	3.0	0.6	1.8	0.2	0.7	0.5	1.2
Agricultural labour	2.0	2.4	2.2	3.4	3.8	3.6	2.9
Non-agricultural labour	18.2	21.5	19.8	15.5	8.0	11.3	15.8

Self employed in non-	11.8	18.6	15.0	11.7	9.8	10.6	12.9
Service(public)	3.7	5.2	4.4	3.8	6.5	5.3	4.8
Services(private)	4.9	1.8	3.4	4.3	5.2	4.8	4.1
Others	2.0	0.0	1.1	1.1	1.6	1.4	1.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.

Source: Primary survey, 2012

Table 5.5 shows the growth of workers by sectors during the last decade. The growth of total workers was 19 percent in both the five year sub-periods. The number of workers in animal husbandry shows a high growth. The number of cultivators decline during 2002-07 but increased by 7.2 percent during 2007-12. Agricultural labourers grew by about 24 percent in both the sub-periods. Non-agricultural labourers also show a high growth during the decade. Private services and self-employed in non-agriculture are the fastest growing sectors in the rural areas. On the whole, the growth of non-agricultural workers was much faster as compared to the growth of the agricultural workers. It would also be observed from the table that the growth of workers has slowed down during the last five years.

Table 5.5: Percent Change in Workers by Sectors during the Last Ten years

Occupation	**High RNFE Districts**		**Low RNFE Districts**		**All Districts**	
	2007-2012	**2002-2007**	**2007-2012**	**2002-2007**	**2007-2012**	**2002-2007**
Cultivation	8.1	-0.8	6.2	-3.9	7.2	-2.4
Animal husbandry	11.1	28.6	200.0	20.0	45.5	26.9
Agricultural labour	43.8	28.0	11.1	21.6	24.7	24.2
Non-agricultural labour	21.0	18.7	25.8	68.7	23.0	35.6
Self employed in non-agriculture	13.8	52.0	31.3	80.6	21.3	63.1
Service (public)	8.1	24.0	10.0	29.6	9.1	26.9
Services(private)	54.7	120.5	55.9	38.8	55.2	75.0
Others	92.9	133.3	211.1	92.9	150.9	111.5
Total	17.4	18.8	22.0	19.4	19.6	19.1

Source: Primary survey, 2012

The differential growth in workers in different sectors has led to an important sectoral shift in the occupational structure of the workforce as depicted in Table 5.6. For the entire period the proportion of cultivators has declined by about 15 percent percentage points, while that of agricultural labourers has remained static. The share of non-agricultural workers has increased by 2.7 percentage points and that of private services by 3.7 percentage points. The share of public services has, however, remained stable. It will also be observed from the table that the pace of structural shift has decline in the last five years as compared to preceding five years. Comparing the pattern of occupational shifts in high and low RNFE districts we find that the pattern of shifts was more or less similar, but the pace of shift in favour of non-agriculture was faster in the low RNFE districts.

Table 5.6: Sectoral Shifts in the Employment Pattern during the Last Ten Years

Occupation	High RNFE Districts		Low RNFE Districts		All Districts	
	2007-2012	2002-2007	2007-2012	2002-2007	2007-2012	2002-2007
Cultivation	-3.4	-8.7	-6.5	-12.3	-4.9	-10.3
Animal husbandry	-0.1	0.2	0.7	0	0.3	0.1
Agricultural labour	0.5	0.2	-0.3	0.1	0.1	0.1
Non-agricultural labour	0.7	-0.1	0.4	4.7	0.5	2.2
Self-employed in non-agriculture	-0.5	4.2	1.3	5.4	0.3	4.8
Service (public)	-0.4	0.2	-0.6	0.5	-0.4	0.3
Services(private)	2	3	1.5	0.8	1.8	1.9
Others	1.3	1	3.5	0.8	2.4	0.9
Total	0	0	0	0	0	0

Source: Primary Survey in selected districts

Reasons of Occupational Shift

Out of the total workers 489 or 16 percent were reported to have changed their occupation during the last five years. The proportion of workers reporting shift of occupation was higher in Meerut and Gonda as compared to the other two districts (Table 5.7). Gonda a backward district with low RNFE registered highest occupational changes. The main reasons reported for occupational shifts were small size of land holdings and search for new employment opportunity. Low income in agriculture also propelled shift to other sectors. The role of government schemes was nominal. About 5 percent of the workers went in for higher education. This proportion was higher in eastern districts especially Gonda (Table 5.7). Thus, the main factor in occupational shifts seems to be push factor due to low agricultural incomes and small size of landholdings which are unable to provide sustenance to the farmers' household.

Table 5.7: Distribution of Workers by Reasons of Occupational Shift

Reasons of occupational shift	High Rural Non Farm Employment Districts			Low Rural Non Farm Employment Districts			Total
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Low agricultural income	14	6	20	14	12	26	46
Small landholding	29	9	38	21	64	85	123
Higher education	2	3	5	1	16	17	22
Risk aversion	2	1	3	2	0	2	5
Govt scheme	3	0	3	1	0	1	4
New employment opportunity	43	13	56	4	62	66	122
Others	47	30	77	31	59	90	167
Total	140	62	202	74	213	287	489

Percentage							
Low agricultural income	10.0	9.7	9.9	18.9	5.6	9.1	9.4
Small landholding	20.7	14.5	18.8	28.4	30.0	29.6	25.2
Higher education	1.4	4.8	2.5	1.4	7.5	5.9	4.5
Risk aversion	1.4	1.6	1.5	2.7	0.0	0.7	1.0
Govt scheme	2.1	0.0	1.5	1.4	0.0	0.3	0.8
New employment opportunity	30.7	21.0	27.7	5.4	29.1	23.0	24.9
Others	33.6	48.4	38.1	41.9	27.7	31.4	34.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary survey, 2012

5.3 Subsidiary Occupation

Most of the family workers were engaged in agriculture and allied activities as secondary occupation. Animal husbandry was reported as the secondary occupation by 62.6 percent of the workers. About one-fifth were engaged in cultivation as secondary occupation. Agriculture labour was reported as the secondary occupation by one-tenth of the workers. Very few reported non-agricultural activity as their secondary occupation.

Table 5.8: Distribution of Household Members by Subsidiary Occupation

Subsidiary	High Rural Non Farm			Low Rural Non Farm Employment			Total
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Cultivation	107	104	211	155	190	345	556
Animal	685	261	946	325	594	919	1865
Agricultural	70	66	136	64	131	195	331
Non-agricultural labour	11	30	41	35	21	56	97
Self employed in non-	6	47	53	21	9	30	83
Service (public)	1	9	10	2	0	2	12
Services(private)	2	6	8	3	4	7	15
Others	1	2	3	17	1	18	21
Total	883	525	1408	622	950	1572	2980
Percentage							
Cultivation	12.1	19.8	15.0	24.9	20.0	21.9	18.7
Animal	77.6	49.7	67.2	52.3	62.5	58.5	62.6
Agricultural	7.9	12.6	9.7	10.3	13.8	12.4	11.1
Non-agricultural labour	1.2	5.7	2.9	5.6	2.2	3.6	3.3
Self employed in non-	0.7	9.0	3.8	3.4	0.9	1.9	2.8
Service (public)	0.1	1.7	0.7	0.3	0.0	0.1	0.4

Services(private)	0.2	1.1	0.6	0.5	0.4	0.4	0.5
Others	0.1	0.4	0.2	2.7	0.1	1.1	0.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary survey, 2012

5.4 Non-Agricultural Labour

Non-agricultural labour has emerged as an important source of employment in the rural areas in recent years. It accounts for 18.5 percent of total rural employment and almost 40 percent of non-farm employment in the rural areas. The share of non-agricultural labour in total RNFE varied from 30.7 percent in Gonda district to 51.6 percent in Varanasi. The share of this sector was higher in high RNFE districts as compared to low RNFE districts (Table 5.9). It would, therefore, be worthwhile to discuss details of the nature of non-agricultural employment.

Table 5.9: Number and Proportion of Non-Agricultural Labour by District

Particulars	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannuj	Gonda	Total	
Number	156	167	323	129	115	244	567
Percentage to total workers	18.5	22.4	20.4	18.1	14.9	16.4	18.5
Percentage to Non-Farm	39.9	51.6	45.3	37.8	30.7	34.0	39.7

Source: Primary Survey, 2012

Table 5.10 shows the distribution of non-agricultural labourers by sector of employment. More than half of the non-agricultural labourers were employed in the construction activity. This proportion was as high as 86.5 percent in Meerut district and 93.9 percent in Gonda district. But the proportion of construction workers was much lower in Varanasi and Kannauj districts. Very few non-agricultural labourers were employed in manufacturing, trade and hotel and restaurants. About 41 percent labourers were engaged in miscellaneous activities.

Table 5.10: Distribution of Non-Agricultural Labour by Sector

Sector	High RNFE Districts			Low RNFE Districts			All Districts Combined
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Mining & Quarrying	0	0	0	0	2	2	2
Manufacturing	13	3	16	0	0	0	16
Construction	135	50	185	22	108	130	315
Wholesale & Retail Trade	0	0	0	0	1	1	1
Hotel & Restaurant	0	0	0	0	0	0	0
Others	8	114	122	107	4	111	233
Total	156	167	323	129	115	244	567
Percentage							
Mining & Quarrying	0.0	0.0	0.0	0.0	1.7	0.8	0.4
Manufacturing	8.3	1.8	5.0	0.0	0.0	0.0	2.8
Construction	86.5	29.9	57.3	17.1	93.9	53.3	55.6
Wholesale & Retail Trade	0.0	0.0	0.0	0.0	0.9	0.4	0.2
Hotel & Restaurant	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	5.1	68.3	37.8	82.9	3.5	45.5	41.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary Survey

Majority of non-agricultural labour found employment within the district of residence. About 32 percent of the workers in non-agricultural labour found employment within the village and 62 percent found work within the district. Some were engaged in work within or outside the village. However, the pattern differed according to the type of the activity. Thus, only 17 percent of the workers in construction found work within the village, whereas 69 percent of the workers in manufacturing were employed within the village.

Table 5.11: Distribution of Non-Agricultural Labour by Place of Work and Sector

Sector	Within	Outside	Outside	Within and	Total
Frequency					
Mining & Quarrying	0	2	0	0	2
Manufacturing	11	5	0	0	16
Construction	54	244	1	16	315
Wholesale & Retail Trade	0	1	0	0	1
Hotel & Restaurant	0	0	0	0	0
Others	116	99	5	13	233
Total	181	351	6	29	567
					Percentage
Mining & Quarrying	0.0	100.0	0.0	0.0	100.0
Manufacturing	68.8	31.3	0.0	0.0	100.0
Construction	17.1	77.5	0.3	5.1	100.0
Wholesale & Retail Trade	0.0	100.0	0.0	0.0	100.0
Hotel & Restaurant	0.0	0.0	0.0	0.0	0.0
Others	49.8	42.5	2.1	5.6	100.0
Total	31.92	61.90	1.06	5.11	100.00

Source: Primary Survey, 2012

The survey has revealed that in Varanasi and Kannauj districts nearly half of the non-agricultural labourers found employment within the village (Table 5.12). But in Meerut and Gonda districts one-fifth of the non-agricultural labourers were employed in the village. Very few labourers in all the four districts went outside the district to find work.

Table 5.12: Distribution of Non-Agricultural Labour by Place of Work and District

Place of Work	High RNFE Districts			Low RNFE Districts			All Districts Combined
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Within Village	28	72	100	64	17	81	181
Outside Village	128	80	208	51	92	143	351
Outside District	0	4	4	2	0	2	6
Within and Outside Village	0	11	11	12	6	18	29
All categories	156	167	323	129	115	244	567
Percentage							
Within Village	17.9	43.1	31.0	49.6	14.8	33.2	31.9
Outside Village	82.1	47.9	64.4	39.5	80.0	58.6	61.9
Outside District	0.0	2.4	1.2	1.6	0.0	0.8	1.1
Within and Outside Village	0.0	6.6	3.4	9.3	5.2	7.4	5.1
All categories	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary Survey, 2012 (mention percent across place of work in each district in brackets)

Looking at the distance from place of work we find that about 28percent non-agricultural labour work within the village and another 35percent get work within 5 km. of their residence (Table 5.13). The proportion of workers getting job within 5 km was much higher in low RNFE districts as compared to high RNFE districts. Almost half of the non-agricultural workers in Meerut had to travel more than 10 km. for work.

Table 5.13: Distribution of Non-Agricultural Labour by Distance of Workplace

Distance of Work Place	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Within Village	24	73	97	47	16	63	160
Up to 5 km	25	30	55	56	85	141	196
5 - 10 km	33	29	62	22	13	35	97
10 - 20 km	67	34	101	1	0	1	102
Above from 20 km	7	1	8	3	1	4	12
Total	156	167	323	129	115	244	567
Percentage							
Within Village	15.4	43.7	30.0	36.4	13.9	25.8	28.2
Up to 5 km	16.0	18.0	17.0	43.4	73.9	57.8	34.6
5 - 10 km	21.2	17.4	19.2	17.1	11.3	14.3	17.1
10 - 20 km	42.9	20.4	31.3	0.8	0.0	0.4	18.0
20 km and above	4.5	0.6	2.5	2.3	0.9	1.6	2.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary Survey, 2012

It was found that non-agricultural labour does not provide work throughout the year. Only about 43 percent persons reportedly got employment as non-agricultural labour from 6 to 12 months (Table 5.14). This proportion was the highest for Meerut, followed by Kannauj. Nearly the same proportion reported getting work for 3 to 6 months, while 12.5 percent worked as non-agricultural labourer for less than three months.

Table 5.14: Distribution of Non-Agricultural Labour by Days of Employment

Days of Employment	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Less than 3 months	2	34	36	26	9	35	71
3 - 6 months	47	72	119	49	80	129	248
6 - 12 months	106	61	167	54	25	79	246
Above 12 months	1	0	1	0	1	1	2
Total	156	167	323	129	115	244	567
Percentage							
Less than 3 months	1.3	20.4	11.1	20.2	7.8	14.3	12.5
3 - 6 months	30.1	43.1	36.8	38.0	69.6	52.9	43.7
6 - 12 months	67.9	36.5	51.7	41.9	21.7	32.4	43.4
12 months and above	0.6	0.0	0.3	0.0	0.9	0.4	0.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary Survey, 2012

About three-fourths of the workers reported working for 8 hours and above and the remaining one-fourth worked from 4 to 8 hours per day. The highest intensity of work was found in case of Meerut and lowest in case of Varanasi (Table 5.15).

Table 5.15: Distribution of Non-Agricultural Labour by Work Hours

Hours of Work	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Less than 4 hrs	0	3	3	1	0	1	4
5 - 8 hrs	16	74	90	35	26	61	151
Above than 8 hrs	140	90	230	93	89	182	412
Total	156	167	323	129	115	244	567
Percentage							
Less than 4 hrs	0.0	1.8	0.9	0.8	0.0	0.4	0.7
4 - 8 hrs	10.3	44.3	27.9	27.1	22.6	25.0	26.6
8 hrs and above	89.7	53.9	71.2	72.1	77.4	74.6	72.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary Survey, 2012

Almost all non-agriculture labourers were working as casual workers. Only 0.5 percent reported working as regular worker (Table 5.16).

Table 5.16: Distribution of Non-Agricultural Labour by District and Type of Contract

Type of Contract	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Regular	0	2	2	1	0	1	3
Casual	156	165	321	128	115	243	564
Total	156	167	323	129	115	244	567
Percentage							
Regular	0.0	1.2	0.6	0.8	0.0	0.4	0.5
Casual	100.0	98.8	99.4	99.2	100.0	99.6	99.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary Survey, 2012

The study of mode of wage payment revealed that over 90 non-agricultural labourers were paid wages on daily basis, while 1.2 percent got wages on monthly basis. 7.6 percent reported working on piece rate basis. The piece rate system was more prevalent in Kannauj district followed by Varanasi (Table 5.17).

Table 5.17: Distribution of Non-Agricultural Labour by District and Mode of Payment

Mode of Payment	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Daily	146	152	298	110	109	219	517
Piece-Rate	7	15	22	18	3	21	43
Monthly	3	0	3	1	3	4	7
Total	156	167	323	129	115	244	567
Percentage							
Daily	93.6	91.0	92.3	85.3	94.8	89.8	91.2
Piece-Rate	4.5	9.0	6.8	14.0	2.6	8.6	7.6
Monthly	1.9	0.0	0.9	0.8	2.6	1.6	1.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary Survey, 2012

The average annual earning of non-agricultural labour was reported at Rs. 30,573. The highest earning was reported in the case of manufacturing followed by construction (Table 5.18). Average earnings were much lower in mining and quarrying and other activities. Considerable variations in annual earnings were also found among districts within the same sector. In general, annual earnings in all activities were much higher in the two high RNFE districts as compared to the low RNFE districts. This was both on the account of wage differentials and the number of days of employment.

Table 5.18: Average Annual Earnings of Non-Agricultural Labour by Sector (Rs.)

Sector	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Mining & Quarrying					14400	14400	14400
Manufacturing	40131	25500	37388				37388
Construction	43368	42706	43189	44790	24925	28287	37039
Wholesale & Retail					28000	28000	28000
Hotel & Restaurant							
Others	36100	23600	24419	18402	16125	18320	21513
Total	42725	29354	35812	22902	24463	23638	30573

Source: Primary Survey, 2012

Looking at the social group-wise annual earnings of non-agricultural labour we find that the earning levels are higher for OBC and other castes as compared to ST and SC group. OBC had highest annual earnings in Meerut and SC had highest earning in Kannauj (Table 5.19). It will also be observed from the table that the earning levels are much higher in Meerut district, followed by Varanasi. The two low total non- farm cost (TNFC) districts have much lower level of earnings.

Table 5.19: Average Annual Earnings of Non-Agricultural Labour by Social Groups (Rs.)

Social Group	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Scheduled Tribe	18000	32040	29700	15400	12750	14075	25794
Scheduled Caste	41546	23426	35254	25089	23278	24123	29868
Other Backward Classes	45755	31664	36361	21581	26500	23438	31315
Others	43367	36150	40789	8833	32800	22529	34702
All Social Groups	42725	29354	35812	22902	24463	23638	30573

Source: Primary Survey, 2012

5.5 Self Employed Workers in Non-Agriculture

We now analyse the details of self-employed non-agricultural (SENAg) workers. This is an important category of RNFE. The SENAg workers account for about one-fifth of total workers and two-fifths of non-agricultural workers (Table 5.20). Their proportion is relatively higher in Varanasi district, which is traditionally known for its handloom and handicrafts.

Table 5.20: Distribution of Self-Employed in Non-Agriculture by District

Particulars	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Number	138	158	296	120	136	256	552
Percentage to total workers	16.4	21.2	18.7	16.8	17.7	17.3	18.0
Percentage to Non-Agricultural Workers	35.3	45.7	40.3	36.2	38.1	37.3	38.8

Source: Primary Survey, 2012

Wholesale and retail trade is the most import SENAg activity, followed by manufacturing and services. However, in Meerut and Kannauj largest proportion is engaged in manufacturing. In Varanasi service is the main activity and in Gonda trade is dominant activity among self-employed workers (Table 5.21).

Table 5.21: Distribution of Self-Employed in Non-Agriculture by Sector

Sector	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Manufacturing	54	41	95	37	17	54	149
Construction and repairing	9	26	35	8	10	18	53
Wholesale & Retail Trade	37	35	72	47	82	129	201
Service	32	54	86	24	24	48	134
Transport	6	2	8	4	3	7	15
Total	138	158	296	120	136	256	552
Percentage							
Manufacturing	39.1	25.9	32.1	30.8	12.5	21.1	27.0
Construction and repairing	6.5	16.5	11.8	6.7	7.4	7.0	9.6
Wholesale & Retail Trade	26.8	22.2	24.3	39.2	60.3	50.4	36.4
Service	23.2	34.2	29.1	20.0	17.6	18.8	24.3
Transport	4.3	1.3	2.7	3.3	2.2	2.7	2.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary Survey, 2012

Table 5.22 shows the place of work for SENAg workers by sectors. Self-employed workers in manufacturing basically work from their home in the village. In construction, trade and service about two-thirds of the self-employed workers get employment in the village itself. Those engaged in transport activities operate mostly from outside the village. Nearly all the self-employed workers are working within the district.

Table 5.22: Distribution of Self-Employed in Non-Agricultural by Activity and Workplace

Activity	Within Village	Outside Village	Outside District	Within and outside village	Total
Frequency					
Manufacturing	141	8	0	0	149
Construction and repairing	34	19	0	0	53
Wholesale & Retail Trade	138	62	0	1	201
Service	95	36	3	0	134
Transport	1	14	0	0	15
Total	409	139	3	1	552
Percentage					
Manufacturing	94.6	5.4	0.0	0.0	100.0
Construction and repairing	64.2	35.8	0.0	0.0	100.0
Wholesale & Retail Trade	68.7	30.8	0.0	0.5	100.0
Service	70.9	26.9	2.2	0.0	100.0
Transport	6.7	93.3	0.0	0.0	100.0
Total	74.1	25.2	0.5	0.2	100.0

Source: Primary Survey, 2012

About three-fourth of SENAg workers are working in the village itself, while about one-fourth work in places outside the village in the same district. The situation was found to be almost similar in all the four districts surveyed (Table 5.23).

Table 5.23: Distribution of Self-Employed in Non-Agriculture by District and Workplace

Place of Work	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Within Village	105	120	225	95	89	184	409
Outside Village	32	38	70	24	45	69	139
Outside District	1	0	1	0	2	2	3
Within and outside village	0	0	0	1	0	1	1
Total	138	158	296	120	136	256	552
Percentage							
Within Village	76.1	75.9	76.0	79.2	65.4	71.9	74.1
Outside Village	23.2	24.1	23.6	20.0	33.1	27.0	25.2
Outside District	0.7	0.0	0.3	0.0	1.5	0.8	0.5
Within and outside village	0.0	0.0	0.0	0.8	0.0	0.4	0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary Survey, 2012

The number of self-employed in non-agriculture workers five years ago was reported at 455 against the present number of 552, i.e. an increase of about 21 per cent was reported. The highest percentage increase took place in manufacturing, followed by trade and services (Table 5.25). Transport workers show a decline. About one-third of these workers were employed in trade and about one-fourth each in manufacturing and services (Table 5.25). The sectoral pattern of employment of SENAg workers does not show much change over the time.

Table 5.24: Distribution of Self-Employed in Non-Agriculture Five Years Ago

Activity	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Manufacturing	49	27	76	24	13	37	113
Construction and repairing	10	23	33	6	10	16	49
Wholesale & Retail Trade	33	31	64	34	67	101	165
Service	30	46	76	19	14	33	109
Transport	4	7	11	2	6	8	19
Total	126	134	260	85	110	195	455
Percentage							
Manufacturing	38.9	20.1	29.2	28.2	11.8	19.0	24.8
Construction and repairing	7.9	17.2	12.7	7.1	9.1	8.2	10.8
Wholesale & Retail Trade	26.2	23.1	24.6	40.0	60.9	51.8	36.3
Service	23.8	34.3	29.2	22.4	12.7	16.9	24.0
Transport	3.2	5.2	4.2	2.4	5.5	4.1	4.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary Survey, 2012

Table 5.25: Change in the Self-Employed in Non-Agriculture during Last Five Years

Activity	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Manufacturing	5	14	19	13	4	17	36
Construction and	-1	3	2	2	0	2	4
Wholesale & Retail Trade	37	4	8	13	15	28	36
Service	2	8	10	5	10	15	25
Transport	2	-5	-3	2	-3	-1	-4
Total	12	24	36	35	26	61	97
Percent Increase							
Manufacturing	10.2	51.9	25.0	54.2	30.8	45.9	31.9
Construction and repairing	-10.0	13.0	6.1	33.3	0.0	12.5	8.2

Wholesale & Retail Trade	112.1	12.9	12.5	38.2	22.4	27.7	21.8
Service	6.7	17.4	13.2	26.3	71.4	45.5	22.9
Transport	50.0	-71.4	-27.3	100.0	-50.0	-12.5	-21.1
Total	9.5	17.9	13.8	41.2	23.6	31.3	21.3

Source: Primary Survey, 2012

Average annual earning per self-employed person was estimated at Rs. 35,373 for all sample households. It varied from Rs. 12,711 in Kannauj to Rs. 59,357 in Gonda districts. Average earnings were highest in the case of service sector, followed by transport, while lowest earnings were reported in manufacturing (Table 5.26).

Table 5.26: Average Annual Net Earnings of Self-Employed in Non-Agriculture by District and Activity (Rs.)

Activity	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Manufacturing	22181	16210	19604	9893	78882	31612	23956
Construction and repairing	66333	21160	32776	17314	81830	53156	39698
Wholesale & Retail Trade	36200	22626	29601	14557	49737	36919	34298
Service	59906	47224	51943	11806	62913	37359	46719
Transport	45417	23700	39987	13318	108333	54039	46545
Total	38577	29140	33540	12711	59357	37492	35373

Source: Primary Survey, 2012

In Meerut, highest earnings were reported for other castes. But OBC group reported highest earnings in Varanasi and Gonda, while in Gonda highest earnings were reported in case of SCs (Table 5.27).

Table 5.27: Average Annual Net Earnings of Self-Employed in Non-Agriculture by Social Groups (Rs.)

Social Group	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Scheduled Tribe		3855	3855				3855
Scheduled Caste	38305	14260	31010	17836	42222	24487	29246
Other Backward Classes	29109	34426	32817	11177	62073	32626	32725
Others	53658	28781	44012	12795	59269	50870	48324
All Social Groups	38577	29140	33540	12711	59357	37492	35373

Source: Primary Survey, 2012

Services are emerging as an important source of employment even in the rural areas. They account for 12.5 percent of total rural workers and a little less than one-fourth of the RNFE

in our sample (Table 5.28). Government services accounted for about 27 percent of total employment in services in Meerut and over 40percent in the other three districts. 38 percent of the workers in the services were regular workers, while 62 were contractual workers (Table 5.29).

Table 5.28: Workers Employed in Services by District (Nos.)

Sector of Employment	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Government	29	38	67	32	45	77	144
Private	79	54	133	40	66	106	239
Total	108	92	200	72	111	183	383
As percent of total	12.8	12.4	12.6	10.1	14.4	12.3	12.5
As percent of total Non-Agricultural	23.9	21.9	22.9	19.4	28.1	23.9	23.4

Source: Primary Survey, 2012

Table 5.29: Workers Employed in Services by Nature of Employment

Nature of Employment	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Regular	48	32	80	24	41	65	145
Contractual	60	60	120	48	70	118	238
Total	108	92	200	72	111	183	383
Percent							
Regular	44.4	34.8	40.0	33.3	36.9	35.5	37.9
Contractual	55.6	65.2	60.0	66.7	63.1	64.5	62.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary Survey, 2012

Per person annual earnings in the services were reported at Rs. 1,04,449 for the sample households. It was much higher in the government sector (Rs. 1,86,211) as compared to the private sector (Rs. 55,186). In Kannauj district annual earnings were reported to be much lower than in the other districts (Table 5.30).

Table 5.30: Average Annual Earning per Person in Service by District (Rs.)

Sector of Employment	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Government	230497	205210	216155	72873	222222	160155	186211
Private	65601	38667	54665	27653	72923	55840	55186
Total	109879	107456	108764	47751	133450	99732	104449

Source: Primary survey, 2012

Earning levels in contractual employment were found to be much lower (Rs. 51,565) as compared to the employees in the regular employment (Rs. 1,91,930). Income levels were found to be relatively lower in Kannuaj district in both the types of employment, while earning levels were highest in Gonda district (Table 5.31).

Table 5.31: Average Annual Earning Per Person in Service by Nature of Employment (Rs.)

Nature of Employment	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Regular	167471	232797	193601	97571	243902	189872	191930
Contractual	63805	40608	52207	22841	70161	50912	51565
Total	109879	107456	108764	47751	133450	99732	104449

Source: Primary survey, 2012

Looking at the quality of employment we find that in the government sector about two-thirds employees received provident fund and insurance benefits and about 56 percent received medical and retirement benefit (Table 5.32). In Meerut more than three-fourths of government employees received these benefits, but in Kannauj this proportion was rather low. As far as the private sector is concerned, only a very small proportion reported getting various types of benefits in Meerut and Kannauj districts, but no workers received these benefits in Varanasi and Gonda district.

Table 5.32: Proportion of Salaried Persons Receiving Different Type of Benefits (percent)

Type of Benefit	High RNFE Districts		Low RNFE Districts		All Districts
	Meerut	Varanasi	Kannauj	Gonda	
Government Sector					
PF/CPF	75.9	60.5	50.0	66.7	63.2
Medical	79.3	50.0	28.1	66.7	56.3
Insurance	86.2	63.2	43.8	73.3	66.7
Retirement benefits	75.9	57.9	18.8	68.9	56.3
Any other	65.5	10.5	3.1	64.4	36.8
Private Sector					
Provident Fund	6.3	0.0	12.1	0.0	5.4
Medical	5.1	0.0	10.6	0.0	4.6
Insurance	5.1	0.0	9.1	0.0	4.2
Retirement benefits	1.3	0.0	4.5	0.0	1.7
Any other	1.3	0.0	3.0	0.0	1.3

Source: Primary survey, 2012

5.6 Distribution by Earning Levels

The earning levels in RNFE activities were found to be very low. Table 5.33 shows the distribution of workers by level of annual earnings in different types of RNFE activities. One-third of RNFE workers in our sample earned less than Rs. 20,000 a year, while another one-third earned between Rs. 20,000 to Rs. 40,000. About one-fourth earned between Rs. 40,000 and Rs. 80,000. Only one-tenth RNFE workers had annual earnings of more than Rs.80,000. Earning levels were found to be the lowest for self-employed RNFE workers and highest for salaried workers. Comparing across the districts we find that the proportion of workers earning less than

Rs. 40,000 annually was 52 percent in Meerut and 53 percent in Gonda as compared to 72 percent in Varanasi and 87 percent in Kannauj.

Table 5.33: Distribution of Persons by Range of Annual Earnings by Category of Work

District	Category of Workers	Annual Earning in Rs.						
		< 20000	20000-40000	40000-80000	80000-150000	150000-300000	>300000	All Groups
High RNFE Districts								
Meerut	Employed in non-agriculture labour	1.9	50.0	46.8	1.3	0.0	0.0	100.0
	Self –employed in non-farm activities	47.8	20.3	18.1	9.4	4.3	0.0	100.0
	Salaried employed	9.3	17.6	37.0	15.7	13.0	7.4	100.0
	Total	19.7	31.1	34.3	8.0	5.0	2.0	100.0
Varanasi	Employed in non-agriculture labour	32.3	42.5	24.6	0.6	0.0	0.0	100.0
	Self –employed in non-farm activities	52.5	31.6	13.9	1.3	0.0	0.6	100.0
	Salaried employed	8.7	37.0	21.7	7.6	13.0	12.0	100.0
	Total	34.8	37.2	19.9	2.4	2.9	2.9	100.0
Low RNFE Districts								
Kannauj	Employed in non-agriculture labour	51.9	31.0	17.1	0.0	0.0	0.0	100.0
	Self –employed in non-farm activities	70.8	28.3	0.8	0.0	0.0	0.0	100.0
	Salaried employed	48.6	25.0	9.7	2.8	12.5	1.4	100.0
	Total	58.3	28.7	9.3	0.6	2.8	0.3	100.0
Gonda	Employed in non-agriculture labour	42.6	47.8	9.6	0.0	0.0	0.0	100.0
	Self –employed in non-farm activities	20.6	16.9	44.9	14.7	2.9	0.0	100.0
	Salaried employed	6.3	27.0	22.5	11.7	12.6	19.8	100.0
	Total	23.2	29.8	26.8	9.1	5.0	6.1	100.0
All Districts								
All Districts	Employed in non-agriculture labour	30.5	43.0	25.9	0.5	0.0	0.0	100.0
	Self –employed in non-farm activities	47.5	24.5	19.7	6.3	1.8	0.2	100.0
	Salaried employed	15.7	26.4	24.0	10.2	12.8	11.0	100.0
	Total	33.0	32.0	23.2	5.1	3.9	2.9	100.0

Source: Primary survey, 2012

5.7 Employment in Mahatma Gandhi National Employment Guarantee Scheme

MNREGS is an important programme implemented by the government to provide assured employment of 100 days to the households per year. In our sample only 3.7 percent workers reported working under MNREGS. But this proportion was only 1 percent in Meerut (Table 5.34). The proportion of households working on MNREGS is much higher for SC and ST workers as compared to OBC and other categories.

Table 5.34: Distribution of Persons Who Got Work in MNREGS by Social Group

Social Group	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Scheduled Tribe	0	3	3	1	0	1	4
Scheduled Caste	13	34	47	49	26	75	122
Other Backward Classes	1	33	34	27	7	34	68
Others	0	2	2	1		1	3
All Social Groups	14	72	86	78	33	111	197
Percentage							
Scheduled Tribe	0.0	14.3	13.0	11.1	0	11.1	12.5
Scheduled Caste	3.3	18.4	8.0	17.6	9.0	13.2	10.6
Other Backward Classes	0.1	4.0	2.2	4.4	2.1	3.6	2.7
Others	0.0	0.7	0.3	0.3	0.0	0.1	0.2
All Social Groups	1.0	5.4	3.1	6.3	2.4	4.2	3.7

Source: Primary Survey, 2012

Employment days on MNREGS are shown in Table 5.35. On an average, a worker got 33 days of employment in a year in MNREGs. However, the number of days generated in Meerut per worker was only 25. Among social groups highest number of days of employment was reported in case of ST workers and lowest for other workers. On the whole, the contribution of MNREGS to employment generation as proportion of total employment does not seem to be much.

Table 5.35: Average Days of Employment per Worker in NREGA by Social Group

Sector	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Total Number of Days							
Scheduled Tribe	0	150	150	35	0	35	185
Scheduled Caste	314	1016	1330	1732	868	2600	3930
Other Backward Classes	25	911	936	1052	290	1342	2278
Others	0	46	46	30		30	76
All Social Groups	339	2123	2462	2849	1158	4007	6469
Days per Worker							
Scheduled Tribe	0	50.0	50.0	35.0	0	35.0	46.3
Scheduled Caste	24.2	29.9	28.3	35.3	33.4	34.7	32.2
Other Backward Classes	25.0	27.6	27.5	39.0	41.4	39.5	33.5
Others	0	23.0	23.0	30.0	0	30.0	25.3
All Social Groups	24.2	29.5	28.6	36.5	35.1	36.1	32.8

Source: Primary Survey, 2012

Average earning per worker per day on MNREGs were Rs. 110. It varied from Rs. 105 in Kannauj to Rs.120 in Meerut and Gonda. Among social groups, the lowest earnings were reported for ST workers. OBC workers got higher wages in MNREGs as compared to other social groups in all districts except Varanasi where the other group was the highest paid (Table 5.36). Thus, some wage discrimination on caste basis seems to be prevailing in the state.

Table 5.36: Average Earnings per Worker in NREGA by District and Social Group (Rs.)

Social Group	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Total Earnings							
Scheduled Tribes	0	320	320	100	0	100	420
Scheduled Castes	1560	3620	5180	5020	3120	8140	13320
Other Backward Classes	120	3720	3840	2940	840	3780	7620
Others	0	300	300	100	0	100	400
All Social Groups	1680	7960	9640	8160	3960	12120	21760
Per worker Earnings							
Scheduled Tribes	0	107	107	100	0	100	105
Scheduled Castes	120	106	110	102	120	109	109
Other Backward Classes	120	113	113	109	120	111	112
Others	0	150	150	100	0	100	133
All Social Groups	120	111	112	105	120	109	110

Source: Primary Survey, 2012

5.8 Migrant Workers

The extent of migration was reported to be low. Thus, only about 7 percent sample households reported having migrant workers. This proportion was varied from 4.5 percent in Meerut to 8.9 percent in Gonda (Table 5.37). Around three-fourths of the migrant workers were working in other states, while about one-sixth were working within the state in other districts (Table 5.38). Migration within the state was relatively higher in Meerut district, which is relatively more developed with better employment opportunities. 9 percent of the migrants had gone abroad from Gonda. No other district reported international migration. All the migrant workers were males.

Table 5.37: Number of Migrant Workers by District

Particulars	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
No. of Migrant Workers	26	44	70	30	55	85	155
No. of households reporting migrant workers	19	27	46	24	38	62	108
As percent of total households in in the village	4.5	6.5	5.5	6.3	8.9	7.7	6.6

Source: Primary Survey, 2012

Table 5.38: Distribution of Migrants according to Destination of Migration

Place of Migration	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Within the districts	3	3	6	1	0	1	7
Within the State	7	6	13	3	9	12	25
Other States	16	35	51	26	41	67	118
Abroad	0	0	0	0	5	5	5
Total	26	44	70	30	55	85	155
Percentage							
Within the districts	11.5	6.8	8.6	3.3	0.0	1.2	4.5
Within the State	26.9	13.6	18.6	10.0	16.4	14.1	16.1
Other States	61.5	79.5	72.9	86.7	74.5	78.8	76.1
Abroad	0.0	0.0	0.0	0.0	9.1	5.9	3.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary Survey, 2012

Details of migration according to period of migration have been given in Table 5.39. Less than one-fourth of the migrants had migrated during the last years and about 55 percent had migrated for a period of 1 to 5 years. Remaining 22 percent were long period migrants. The proportion of long period migrants was much higher in Varanasi (34%) and Kannauj (30%).

Table 5.39: Distribution of Migrants according to Period of Migration

Duration of Migration in years	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Less than 1	8	6	14	6	15	21	35
1-5	15	23	38	15	33	48	86
5-10	2	10	12	7	3	10	22
Above 10	1	5	6	2	4	6	12
Total	26	44	70	30	55	85	155
Percentages							
Less than 1	30.8	13.6	20.0	20.0	27.3	24.7	22.6
1-5	57.7	52.3	54.3	50.0	60.0	56.5	55.5
5-10	7.7	22.7	17.1	23.3	5.5	11.8	14.2
Above 10	3.8	11.4	8.6	6.7	7.3	7.1	7.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary Survey, 2012

16 percent of the migrant workers were employed in construction sector, 8.4 percent were employed in wholesale and retail trade and 5.8% in manufacturing. The largest majority was employed in miscellaneous occupations (Table 5.40).

Table 5.40: Distribution of Migrants by Sector of Employment

Sector	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Mining & Quarrying	0	0	0	0	2	2	2
Manufacturing	6	0	6	0	3	3	9
Construction	6	5	11	6	8	14	25
Wholesale & Retail Trade	2	0	2	1	10	11	13
Hotel & Restaurants	0	0	0	0	6	6	6
Others	12	39	51	23	26	49	100
Total	26	44	70	30	55	85	155
Percentage							
Mining & Quarrying	0.0	0.0	0.0	0.0	3.6	2.4	1.3
Manufacturing	23.1	0.0	8.6	0.0	5.5	3.5	5.8
Construction	23.1	11.4	15.7	20.0	14.5	16.5	16.1
Wholesale & Retails	7.7	0.0	2.9	3.3	18.2	12.9	8.4
Hotel & Restaurants	0.0	0.0	0.0	0.0	10.9	7.1	3.9
Others	46.2	88.6	72.9	76.7	47.3	57.6	64.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary survey, 2012

A large majority of migrants (87.1%) were sending remittance of less than Rs. 25,000 to their families per year. About 5 percent sent remittance between Rs. 25,000 and Rs. 45,000 and about 8 percent sent more than Rs. 45,000 per year (Table 5.41). A higher proportion of migrants from Meerut were able to send larger amount as remittance.

Table 5.41: Annual Remittance Sent by Migrants (Rs.)

Sector	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Below 25000	18	41	59	28	48	76	135
25000-45000	5	1	6	1	1	2	8
Above 45000	3	2	5	1	6	7	12
Total	26	44	70	30	55	85	155
Percentage							
Below 25000	69.2	93.2	84.3	93.3	87.3	89.4	87.1
25000-45000	19.2	2.3	8.6	3.3	1.8	2.4	5.2
Above 45000	11.5	4.5	7.1	3.3	10.9	8.2	7.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary survey, 2012

5.9 Female Employment

We now analyse the employment status of female workers. In general, female work participation rate is lower in UP. There were 2,667 adult women in the sample households above 15 years of age. Three-fourths of adult women were employed only in household work. This proportion was as high as 87 percent in Varanasi. 2.6 percent were engaged in family labour in agriculture and a few in family labour in non-agriculture. Thus, only one-fifth women were engaged in paid work like self-employment in non-agriculture, wage labour and other activities (Table 5.42). This proportion was lowest in Varanasi (13%). A higher proportion of females in Gonda was engaged in wage labour.

Table 5.42: Distribution of Adult Female Members by District and Activity

Activity	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Only household work	568	561	1129	379	495	874	2003
Family labour in agriculture	36	3	39	5	25	30	69
Family labour in non-agriculture	1	7	8	1	0	1	9
Self employment in non-agriculture	15	33	48	31	6	37	85
Wage labour	24	35	59	21	68	89	148
Other activities	174	7	181	86	86	172	353
Total	818	646	1464	523	680	1203	2667
Percentage							
Only household work	69.4	86.8	77.1	72.5	72.8	72.7	75.1
Family labour in agriculture	4.4	0.5	2.7	1.0	3.7	2.5	2.6
Family labour in non-agriculture	0.1	1.1	0.5	0.2	0.0	0.1	0.3

Self employment in non-agriculture	1.8	5.1	3.3	5.9	0.9	3.1	3.2
Wage labour	2.9	5.4	4.0	4.0	10.0	7.4	5.5
Other activities	21.3	1.1	12.4	16.4	12.6	14.3	13.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary Survey, 2012

On an average a female worker got employment for 62 days in a year. Days of employment were much lower in Meerut and Gonda as compared to the other two districts. Family labour in non-agriculture provided employment for 286 days in a year, while self-employment in non-agriculture provided work for 187 days. Employment days as wage labourer and other activities were much lower. Employment days in wage labour were relatively higher in Meerut as compared to other districts. In Varanasi, days of employment in other activities were much higher. Thus, it shows that women are participating in work mainly as marginal workers.

Table 5.43: Average Days of Employment of Adult Female Members by Activity

Activity	High RNFE Districts			Low RNFE Districts			All Districts
	Meeru	Varanas	Total	Kannauj	Gonda	Total	
Total Days							
Family labour in agriculture	520	70	590	159	170	329	919
Family labour in non-agriculture	280	1960	2240	330	0	330	2570
Self employment in non-	2800	3895	6695	8090	1140	9230	15925
Wage labour	2045	1671	3716	1215	4360	5575	9291
Other activities	3845	1620	5465	4390	2840	7230	12695
Total	9490	9216	1870	14184	8510	2269	41400
Days per Worker							
Family labour in agriculture	14.4	23.3	15.1	31.8	6.8	11.0	13.3
Family labour in non-agriculture	280.0	280.0	280.0	330.0		330.0	285.6
Self employment in non-	186.7	118.0	139.5	261.0	190.0	249.5	187.4
Wage labour	85.2	47.7	63.0	57.9	64.1	62.6	62.8
Other activities	22.1	231.4	30.2	51.0	33.0	42.0	36.0
Total	38.0	108.4	55.8	98.5	46.0	69.0	62.3

Source: Primary Survey, 2012

Table 5.44 shows the distribution of adult female members by sector of employment. Only 2.1 percent of the adult women were engaged in construction and 1.4 percent in manufacturing. Their employment in services is minimal.

Table 5.44: Distribution of Adult Female Members by District and Sector of Employment

Sector	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Mining & Quarrying	0	0	0			0	0
Manufacturing	7	28	35	1	1	2	37
Construction	9	16	25	30	2	32	57
Wholesale & Retail Trade	0	1	1	1	2	3	4
Hotel & Restaurant	0	3	3	0	0	0	3
Others (agriculture & allied activity, household work, etc.)	802	598	1400	491	675	1166	2566
Total	818	646	1464	523	680	1203	2667
Percentage							
Mining & Quarrying	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing	0.9	4.3	2.4	0.2	0.1	0.2	1.4
Construction	1.1	2.5	1.7	5.7	0.3	2.7	2.1
Wholesale & Retail Trade	0.0	0.2	0.1	0.2	0.3	0.2	0.1
Hotel & Restaurant	0.0	0.5	0.2	0.0	0.0	0.0	0.1
Others (agriculture & allied activity, household work, etc.)	98.0	92.6	95.6	93.9	99.3	96.9	96.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary Survey, 2012

Women mostly work at home, 92 percent of women were reported to be working at home whether on domestic or productive activities. 7.5 percent worked in the village (Table 5.45). Less than 1 percent reported working outside the village, mostly within the district. As the women have to shoulder the responsibility of household work, it is difficult for them to work outside the village.

Table 5.45: Distribution of Adult Female Members by District and Workplace

Workplace	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Within House	774	600	1374	484	588	1072	2446
Within Village	36	42	78	36	87	123	201
Within District	8	2	10	3	4	7	17
Outside District	0	0	0			0	0
Within house and village	0	2	2	0	1	1	3
Total	818	646	1464	523	680	1203	2667
Percentage							
Within House	94.6	92.9	93.9	92.5	86.5	89.1	91.7
Within Village	4.4	6.5	5.3	6.9	12.8	10.2	7.5
Within District	1.0	0.3	0.7	0.6	0.6	0.6	0.6
Outside District	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Within house and village	0.0	0.3	0.1	0.0	0.1	0.1	0.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary Survey, 2012

The respondents were asked to report if women faced some work related problems. Nearly in half of the cases there was no response to this question. In 45.6 percent of the cases it was said that there is no problem. This is most possibly due to the fact that our respondents were mostly males and the question was not put to female workers directly. Only 6.3 percent of the respondents reported that distance is a problem for women workers (Table 5.46).

Table 5.46: Problems related to Work faced by Adult Female Members by District

Problems	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
No problem	805	33	838	365	13	378	1216
Distance	13	46	59	57	52	109	168
Family responsibility	0	0	0	0	0	0	0
Family not allowing	0	0	0	0	0	0	0
Work place issues	0	0	0	0	0	0	0
No response	0	567	567	101	615	716	1283
Total	818	646	1464	523	680	1203	2667
Percentage							
No problem	98.4	5.1	57.2	69.8	1.9	31.4	45.6
Distance	1.6	7.1	4.0	10.9	7.6	9.1	6.3
Family responsibility	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Family not allowing	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Work place issues	0.0	0.0	0.0	0.0	0.0	0.0	0.0
No response	0.0	87.8	38.7	19.3	90.4	59.5	48.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary Survey, 2012

5.10 Conclusion

The main findings of the present chapter are summarised below:

In our sample the WPR came to 30.5percent.

41.9 percent of workers were employed in cultivation. 3.1 percent were engaged in agricultural labour and 18.5 percent in non-agriculture labour. Another 18 percent were self-employed in non-agricultural activities, 4.7 percent were employed in public services and 7.8 percent in private services. In all the districts surveyed we find that now non-agricultural sector provides employment to more than half of the rural workers.

There has been a gradual shift in workers away from the agricultural sector during the past decade. Agriculture and animal husbandry employed 58.2 percent of the workers ten years ago. This proportion declined to 48.1 percent five years ago and presently stands at 43.5 percent. The proportion of agricultural labourers has remained stable at around 3 percent during the decade. Thus, the share of agricultural workers on the whole has declined, from 61.3 percent ten years ago to 46.4 percent now.

The growth of total workers was 19 percent in both the five year sub-periods. The number of workers in animal husbandry shows a high growth. The number of cultivators declined during 2002-07 but increased by 7.2 percent during 2007-12. Agricultural labourers grew by about 24 percent in both the sub-periods. Non-agricultural labourers also show a high growth during the decade. Private services and self-employed in non-agriculture are the fastest growing sectors in the rural areas.

The main reasons reported for the occupational shifts were small size of landholdings and search for new employment opportunity. Low income in agriculture also propelled shift to other sectors. The role of government schemes was nominal. About 5 percent of the workers went in for higher education.

Most of the family workers were engaged in agriculture and allied activities as secondary occupation. Very few reported non-agricultural activity as their secondary occupation.

More than half of the non-agricultural labourers were employed in the construction activity. Very few non-agricultural labourers were employed in manufacturing, trade and hotel & restaurants. About 41 percent of the labourers were engaged in miscellaneous activities.

About 32 percent of the workers in non-agricultural labour found employment within the village and 62 percent found work within the district. Very few labourers in all the four districts went outside the district to find work. Looking at the distance from place of work we find that about 28percent non-agricultural labour work within the village and another 35 percent get work within 5 km of their residence.

It was found that non-agricultural labour does not provide work throughout the year. Only about 43 percent of the people reportedly got employment as non-agricultural labour from 6 to 12 months. Nearly the same proportion reported getting work for 3 to 6 months, while 12.5 percent worked as non-agricultural labour for less than three months. About three-fourths workers reported working for 8 hours and above and the remaining one-fourth worked from 4 to 8 hours per day. Almost all non-agriculture labourers were working as casual workers.

The study of mode of wage payment revealed that over 90 non-agricultural labourers were paid wages on daily basis, while 1.2 percent got wages on monthly basis. 7.6 percent reported working on piece rate basis. Average annual earning of non-agricultural labour was reported at Rs.30,573. Highest earning was reported in the case of manufacturing, followed by construction. Considerable variations in annual earnings were also found among districts within the same sector. The earning levels are higher for OBC and other castes as compared to ST and SC group.

Self-Employed in Non-Agricultural (SENAg) workers account for about one-fifth of the total workers and two-fifths of the non-agricultural workers. Wholesale and retail trade is the most import SENAg activity, followed by manufacturing and services. Self-employed workers in

manufacturing basically work from their home in the village. In construction, trade and service about two-thirds of the self-employed workers get employment in the village itself. Those engaged in transport activities operate mostly from outside the village. Nearly all the self-employed workers are working within the district.

Average annual earning per self-employed person was estimated at Rs. 35,373 for all the sample households. It varied from Rs. 12,711 in Kannauj to Rs.59,357 in Gonda district. Average earnings were the highest in case of service sector, followed by transport, while the lowest earnings were reported in manufacturing.

Services are emerging as an important source of employment even in the rural areas. They account for 12.5 percent of total rural workers and a little less than one-fourth of RNFE in our sample. Per person annual earnings in the services were reported at Rs. 1,04,449 for the sample households. It was much higher in the government sector (Rs. 1,86,211) as compared to private sector (Rs. 55,186). Earning levels in contractual employment were found to be much lower (Rs. 51,565) as compared to the employees in the regular employment (Rs. 1,91,930). Looking at the quality of employment we find that in the government sector about two-thirds employees received PF and insurance benefits and about 56 percent received medical and retirement benefit.

In our sample only 3.7 percent of the workers reported working under MNREGS. The proportion of households working on MNREGs is much higher for SC and ST workers as compared to OBC and other categories. On an average a worker got 33 days of employment in a year in MNREGS. On the whole, the contribution of MNREGs to employment generation as proportion of total employment does not seem to be much.

Only about 7 percent of the sample households reported having migrant workers. Around three-fourths of the migrant workers were working in other states, while about one-sixth were working within the state in other districts. All the migrant workers were males. 16 percent of migrant workers were employed in construction sector, 8.4 percent were employed in wholesale and retail trade and 5.8 in manufacturing. Largest majority was employed in miscellaneous occupations. A large majority of migrants (87.1%) were sending remittance of less than Rs. 25,000 to their families per year.

Only one-fifth of the women were engaged in paid work like self-employment in non-agriculture, wage labour and other activities. On and average a female worker got employment for 62 days in a year. Family labour in non-agriculture provided employment for 286 days in a year, while self-employment in non-agriculture provided work for 187 days. Employment days as wage labour and other activities were much lower. Thus, it shows that women are participating in work mainly as marginal workers. 92 percent women were reported to be working at home whether on domestic or productive activities. As the women have to shoulder the responsibility of household of the work, it is difficult for them to work outside the village.

CHAPTER VI

Characteristics of Village Enterprises

During the survey, information about village enterprises was also collected. We surveyed about ten enterprises in each village covering different types of activities. In all, information was collected from 207 enterprises located in the 20 villages surveyed. In the present chapter the main findings of the enterprise survey have been presented.

6.1 Type of Enterprises

Out of the 207 enterprises surveyed, 37 percent were trade enterprises. About 23 percent each were manufacturing and non-manufacturing enterprise, 13 percent were service enterprise and 4 percent belonged to other categories (Table 6.1). The proportion of manufacturing enterprises was much higher in high RNFE districts as compared to low RNFE districts. Trade and service related enteprises were numerous in the two low RNFE districts.

Table 6.1: Number of Enterprises by Type of Enterprise

Category of District	District	Manufacturing	Non-Manufacturing	Trade	Service	Others	Total
Frequency							
High RNFE Districts	Meerut	19	20	12	1	4	56
	Varanasi	16	6	21	6	2	51
	Total	35	26	33	7	6	107
Low RNFE Districts	Kannauj	8	2	26	11	3	50
	Gonda	4	19	18	9	0	50
	Total	12	21	44	20	3	100
All districts	Total	47	47	77	27	9	207
Percentage							
High RNFE Districts	Meerut	33.9	35.7	21.4	1.8	7.1	100.0
	Varanasi	31.4	11.8	41.2	11.8	3.9	100.0
	Total	32.7	24.3	30.8	6.5	5.6	100.0
Low RNFE Districts	Kannauj	16.0	4.0	52.0	22.0	6.0	100.0
	Gonda	8.0	38.0	36.0	18.0	0.0	100.0
	Total	12.0	21.0	44.0	20.0	3.0	100.0
All districts	Total	22.7	22.7	37.2	13.0	4.3	100.0

Source: Primary Survey, 2012

6.2 Year of Establishment

Out of the total enterprises, 46.4 percent were established before 2000 and 53.6 percent were established thereafter. Nearly same pattern was observed across different types of enterprises except in the case of non-manufacturing enterprises. A higher proportion of the latter were of old vintage. The proportion of new enterprises was higher in the low RNFE districts, particularly in Kannauj.

Table 6.2: Distribution of Enterprises by Year of Establishment

Type of Enterprise	Year of establishmen	High RNFE Districts			Low RNFE Districts			All districts
		Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency								
Manufacturing	Before 2000	8	9	17	4	2	6	23
	After 2000	11	7	18	4	2	6	24
Non-Manufacturing	Before 2000	16	6	22	1	6	7	29
	After 2000	4	0	4	1	13	14	18
Trade	Before 2000	4	8	12	5	11	16	28
	After 2000	8	13	21	21	7	28	49
Service	Before 2000	0	4	4	4	4	8	12
	After 2000	1	2	3	7	5	12	15
Others	Before 2000	0	1	1	3	0	3	4
	After 2000	4	1	5	0	0	0	5
Total	Before 2000	28	28	56	17	23	40	96
	After 2000	28	23	51	33	27	60	11
Percentage								
Manufacturing	Before 2000	42.1	56.3	48.	50.0	50.0	50.0	48.
	After 2000	57.9	43.8	51.	50.0	50.0	50.0	51.
Non-Manufacturing	Before 2000	80.0	100.0	84.	50.0	31.6	33.3	61.
	After 2000	20.0	0.0	15.	50.0	68.4	66.7	38.
Trade	Before 2000	33.3	38.1	36.	19.2	61.1	36.4	36.
	After 2000	66.7	61.9	63.	80.8	38.9	63.6	63.
Service	Before 2000	0.0	66.7	57.	36.4	44.4	40.0	44.
	After 2000	100.0	33.3	42.	63.6	55.6	60.0	55.
Others	Before 2000	0.0	50.0	16.	100.0	0.0	100.0	44.
	After 2000	100.0	50.0	83.	0.0	100.0	0.0	55.
Total	Before 2000	50.0	54.9	52.	34.0	46.0	40.0	46.
	After 2000	50.0	45.1	47.	66.0	54.0	60.0	53.

Source: Primary Survey, 2012

6.3 No. of Employees

Most of the enterprises are in the nature of micro-enterprises run by the entrepreneur himself. There was a little less than one employee per enterprise. The size of unit was somewhat larger in Meerut with 1.2 employees per enterprise. However, in Kannauj a very few hired employees were employed. Among all the sectors, manufacturing and non-manufacturing enterprises were somewhat larger. Trading enterprises were mostly run without hired workers. They are mostly one-man shops.

Table 6.3: Number of Employees per Enterprise

Sector	High RNFE Districts			Low RNFE Districts			All districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Total Employees							
Manufacturing	33	4	37	1	12	13	50
Non-Manufacturing	19	32	51	0	9	9	60
Trade	9	4	13	1	8	9	22
Service	1	1	2	6	15	21	23
Others	4	0	4	1	0	1	5
Total	66	41	107	9	44	53	160
Employees per Enterprise							
Manufacturing	1.7	0.3	1.1	0.1	3.0	1.1	1.1
Non-Manufacturing	1.0	5.3	2.0	0.0	0.5	0.4	1.3
Trade	0.8	0.2	0.4	0.0	0.4	0.2	0.3
Service	1.0	0.2	0.3	0.5	1.7	1.1	0.9
Others	1.0	0.0	0.7	0.3		0.3	0.6
Total	1.2	0.8	1.0	0.2	0.9	0.5	0.8

72 percent of the employees were casual and only 28 percent were regular employees. The number of regular employees was very low in Varanasi and Meerut (Table 6.4). However, in the two low RNFE districts the proportion of regular employees was quite high. Over half of the employees in these districts were regular. The proportion of regular employees was relatively higher in service and trade enterprises.

Table 6.4: Distribution of Employees by Nature of Employment

Sector	Nature of Employment	High RNFE Districts			Low RNFE Districts			All districts
		Meerut	Varanas	Total	Kannuaj	Gonda	Total	
Total Employees								
Manufacturing	Regular	5	0	5	1	11	12	17
	Casual	28	4	32	0	1	1	33
Non-Manufacturing	Regular	2	0	2	0	0	0	2
	Casual	17	32	49	0	9	9	58
Trade	Regular	4	2	6	1	1	2	8
	Casual	5	2	7	0	7	7	14
Service	Regular	0	0	0	3	13	16	16
	Casual	1	1	2	3	2	5	7
Others	Regular	1	0	1	1	0	1	2
	Casual	3	0	3	0	0	0	3
Total	Regular	12	2	14	6	25	31	45
	Casual	54	39	93	3	19	22	115

Percent								
Manufacturing	Regular	15.2	0.0	13.5	100.0	91.7	92.3	34.0
	Casual	84.8	100.0	86.5	0.0	8.3	7.7	66.0
Non-	Regular	10.5	0.0	3.9	0.0	0.0	0.0	3.3
	Casual	89.5	100.0	96.1	100.0	100.0	100.0	96.7
Trade	Regular	44.4	50.0	46.2	100.0	12.5	22.2	36.4
	Casual	55.6	50.0	53.8	0.0	87.5	77.8	63.6
Service	Regular	0.0	0.0	0.0	50.0	86.7	76.2	69.6
	Casual	100.0	100.0	100.	50.0	13.3	23.8	30.4
Others	Regular	25.0	0.0	25.0	100.0	0.0	100.0	40.0
	Casual	75.0	100.0	75.0	0.0	100.0	0.0	60.0
Total	Regular	18.2	4.9	13.1	66.7	56.8	58.5	28.1
	Casual	81.8	95.1	86.9	33.3	43.2	41.5	71.9

Source: Primary Survey, 2012

Nearly 90 percent of the employees were from the village itself. In Gonda this proportion was lower as compared to the other districts (Table 6.5.). Some of the workers came from the same district but outside the village. Only 1 percent of the employees came from other districts or states.

Table 6.5: Distribution of Employees by Place of Origin

Place of Marketing	High RNFE Districts			Low RNFE Districts			All districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Within Village	49	48	97	48	41	89	186
Within District	6	2	8	1	7	8	16
Within village and district	0	0	0	1	2	3	3
Within village and outside district	1	0	1	0	0	0	1
Outside District	0	1	1	0	0	0	1
Outside State	0	0	0	0	0	0	0
Total	56	51	107	50	50	100	207
Percentages							
Within Village	87.5	94.1	90.7	96	82	89	89.9
Within District	10.7	3.9	7.5	2	14	8	7.7
Within village and district	0	0	0	2	4	3	1.4
Within village and outside district	1.8	0	0.9	0	0	0	0.5
Outside District	0	2	0.9	0	0	0	0.5
Outside State	0	0	0	0	0	0	0
Total	100	100	100	100	100	100	100

Source: Primary Survey, 2012

6.4 Average Monthly Earnings

Average monthly earnings of enterprises for the entire sample came to Rs. 5318. Income levels were almost double in Meerut and Gonda as compared to Varanasi and Kannauj district

(Table 6.6). Among different types of enterprises industrial enterprises (manufacturing and non-manufacturing) had much higher earnings levels as compared to trade and services. The earnings were the lowest in trade. Within the same category considerable differences in earning levels are observed among the four districts. In all, the categories earnings were higher in Meerut and Gonda as compared to Varanasi and Kannauj.

Table 6.6: Average Net Earning per Month by Type of Enterprise (Rs.)

Sector	High RNFE Districts			Low RNFE Districts			All districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Total Earnings							
Manufacturing	165300	55100	220400	27800	36000	63800	284200
Non-Manufacturing	124500	27200	151700	7300	122000	129300	281000
Trade	66800	83500	150300	86800	101500	188300	338600
Service	8000	18000	26000	38900	76000	114900	140900
Others	42500	5500	48000	8200	0	8200	56200
total	407100	189300	596400	169000	335500	504500	110090
Per Enterprise							
Manufacturing	8700	3444	6297	3475	9000	5317	6047
Non-Manufacturing	6225	4533	5835	3650	6421	6157	5979
Trade	5567	3976	4555	3338	5639	4280	4397
Service	8000	3000	3714	3536	8444	5745	5219
Others	10625	2750	8000	2733	0	2733	6244
total	7270	3712	5574	3380	6710	5045	5318

Source: Primary Survey, 2012

6.5 Marketing of Produce

Village enterprises are mainly catering to the local demand. About 70 percent enterprises reported that they sell their products in the village itself. 10 percent sell within the district and another 7 percent in both the village and district. Only 7 percent reported selling their products outside the district. The pattern of sale, however, differed among districts. In Meerut only 39percent sold their output within the village, while 52 percent enterprises sold their output within the village in Gonda. On the other hand, in Varanasi and Kannauj nearly whole of output was sold in the village itself. In case of Meerut, 21 percent of the enterprises reported selling their products outside the district. The nature of enterprises, thus seem to be different in Meerut and Gonda. It will also be observed that the earning levels were also higher in these two districts. It appears that the size of market and earning levels are correlated.

Table 6.7: Distribution of Enterprises by Place of Marketing of Their Product

Place of Marketing	High RNFE Districts			Low RNFE Districts			All districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Within Village	22	49	71	49	26	75	146
Within District	13	2	15	1	5	6	21
Outside District	12	0	12	0	3	3	15
Outside State	0	0	0	0	0	0	0
Within village and district	8	0	8	0	16	16	24
Within and outside of village	1	0	1	0	0	0	1
Total	56	51	107	50	50	100	207
Percent							
Within Village	39.3	96.1	66.4	98	52	75	70.5
Within District	23.2	3.9	14	2	10	6	10.1
Outside District	21.4	0	11.2	0	6	3	7.2
Outside State	0	0	0	0	0	0	0
Within village and district	14.3	0	7.5	0	32	16	11.6
Within and outside of village	1.8	0	0.9	0	0	0	0.5
Total	100	100	100	100	100	100	100

Source: Primary Survey, 2012

Most of the enterprises sell their output directly to the consumers. In the two low RNFE districts the entire output was sold directly to the consumers by the producers. This proportion was 82 percent in Varanasi and 68 percent in Meerut (Table 6.8). In these two districts middlemen were also engaged for marketing of output. No enterprise sold its output to the government.

Table 6.8: Distribution of Enterprises by Mode of Marketing

Mode of Marketing	High RNFE Districts			Low RNFE Districts			All districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency							
Direct Sale	38	42	80	50	50	100	180
Through Middle Men	17	8	25	0	0	0	25
Both Direct sale and middle men	1	0	1	0	0	0	1
Govt. Procurement	0	0	0	0	0	0	0
Others	0	1	1	0	0	0	1
Total	56	51	107	50	50	100	207
Percentages							
Direct Selling	67.9	82.4	74.8	100	100	100	87.0
Middle Men	30.4	15.7	23.4	0	0	0	12.1
Both Direct Sale and middle men	1.8	0	0.9	0	0	0	0.5
Govt. Procurement	0	0	0	0	0	0	0.0
Others	0	2	0.9	0	0	0	0.5
Total	100	100	100	100	100	100	100

Source: Primary Survey, 2012

6.6 Reasons of Opening the Enterprise

The enterprise owners were asked the reasons for setting up their enterprise in the village. Their responses are shown in Table 6.9. The most important reason mentioned by nearly 95percent unit holders was help from the family. The next important reason was saving on rent of premises. Low investment required, lack of completion and no need of labour were also mentioned as the advantages of establishing the unit in the village. About one-fourth of the respondents said they are running the unit along with cultivation in the village.

Table 6.9: Reasons for Establishing the Enterprises in the Village

Benefits	High RNFE		Low RNFE		All Districts
	Meerut	Varanasi	Kannuaj	Gonda	
Frequency					
Help from house members	55	49	43	49	196
Lack of competition	3	13	9	8	33
Saving of rent of house	0	34	32	0	66
Started from low amount	0	15	18	1	34
Along with involve in cultivation	8	15	24	7	54
No need of labour	1	15	18	1	35
Percentage					
Help from house members	98.2	96.1	86.0	98.0	94.7
Lack of competition	5.4	25.5	18.0	16.0	15.9
Saving of rent of house	0.0	66.7	64.0	0.0	31.9
Started from low amount	0.0	29.4	36.0	2.0	16.4
Along with involve in cultivation	14.3	29.4	48.0	14.0	26.1
No need of labour	1.8	29.4	36.0	2.0	16.9

Source: Primary Survey, 2012

6.7 Constraints Faced

The most important problem reported by the enterprises was lack of credit (67%), followed by lack of demand (45%). About one-fourth reported problem of lack of power supply and high input cost. Lack of raw material and shortage of skilled labour were other important problems reported by the enterprises (Table 6.10).

Table 6.10: Constraints faced by Enterprises in Running the Establishment

Constraints	High RNFE		Low RNFE		All Districts
	Meerut	Varanasi	Kannuaj	Gonda	
Frequency					
Lack of credit	13	47	50	29	139
Lack of demand	12	35	40	6	93
Inadequate of power supply	18	15	1	18	52
High input cost	23	3	5	18	49
Lack of raw material	9	10	9	4	32
Lack of skilled labour	16	1	3	8	28
Inadequate benefit	3	10	9	1	23
Problem due to taxes	2	8	9	2	21
High competition	7	7	4	2	20
Problem in license	1	5	7	2	15
Untimely payment by middle-man	5	1	3	0	9
Percentage					
Lack of credit	23.2	92.2	100	58	67.1
Lack of demand	21.4	68.6	80	12	44.9
Inadequate of power supply	32.1	29.4	2	36	25.1
High input cost	41.1	5.9	10	36	23.7
Lack of raw material	16.1	19.6	18	8	15.5
Lack of skilled labour	28.6	2	6	16	13.5
Inadequate benefit	5.4	19.6	18	2	11.1
Problem due to taxes	3.6	15.7	18	4	10.1
High competition	12.5	13.7	8	4	9.7
Problem in license	1.8	9.8	14	4	7.2
Untimely payment by middle-man	8.9	2	6	0	4.3

Source: Primary Survey, 2012

6.8 Conclusion

The main findings of the chapter are summarised below:

Out of the 207 enterprises surveyed, 37 percent were trade enterprises, about 23 percent each were manufacturing and non-manufacturing enterprise, 13 percent were service enterprise and 4 percent belonged to other categories.

Out of the total enterprises 46.4 percent, were established before 2000 and 53.6 percent were established thereafter.

Most of the enterprises are in the nature of micro-enterprises run by the entrepreneur himself. There was a little less than one employee per enterprise.

About 72 percent of the employees were casual and only 28 percent were regular employees. Nearly 90 percent of the employees were from the village itself.

Average monthly earning of enterprises for the entire sample came to Rs. 5318. Among different types of enterprises industrial enterprises had much higher earnings as compared to trade and services. Earnings were the lowest in trade. Within the same category considerable differences in earning levels are observed among the four districts.

Village enterprises are mainly catering to the local demand. About 70 percent of the enterprises reported that they sell their products in the village itself, 10 percent sell within the district and another 7 percent in village and district both. Only 7 percent reported selling their products outside the district. Most of the enterprises sell their output directly to the consumers.

The most important reason for setting up the unit in the village mentioned by nearly 95 percent unit holders was help from the family. The next important reason was saving on rent of premises. Low investment, lack of completion and no need of labour were also mentioned as the advantages of establishing the unit in the village. About one-fourth of the respondents said they are running the unit along with the cultivation in the village.

The most important problem reported by the enterprises was lack of credit followed by the lack of demand. About one-fourth reported problem of lack of power supply and high input cost. Lack of raw material and shortage of skilled labour were other important problems reported by the enterprises.

CHAPTER VII

Rural Non-Farm Employment: Some Correlates

In this chapter we propose to examine some of the factors associated with rural non-farm employment as hypothesised in the beginning of the study. These correlates are related to the gender composition, caste background, education level, earning differentials and infrastructure development.

7.1 Sex Composition

It was hypothesised that RNFE activities would be related to gender. Participation of women in RNFE is expected to be lower than that of men. We find that out of the total 1,649 workers in the sample households 89 percent were males and only 11percent were females. The proportion of female workers to total RNFE workers ranged from a low of 6.6 percent in Gonda to 15.9 percent in Kannauj (Table 7.1). Thus, the findings confirm the hypothesis of low participation of women in RNFE activities.

Table 7.1: Number of Persons in RNFE Activities by Gender

Region/District		Male		Female		Total	
		Nos.	Percent to Total RNFC Workers	Nos.	Percent to Total RNFC Workers	Nos.	Percent to Total RNFC Workers
High RNFE Districts	Meerut	402	88.9	50	11.1	452	100.0
	Varanasi	380	90.3	41	9.7	421	100.0
	Total	782	89.6	91	10.4	873	100.0
Low RNFE Districts	Kannauj	313	84.1	59	15.9	372	100.0
	Gonda	369	93.4	26	6.6	395	100.0
	Total	682	88.9	85	11.1	767	100.0
All district		1464	89.3	176	10.7	1640	100.0

Source: Primary Survey, 2012

However, a higher proportion of total female workers was engaged in RNFE sector as compared to male workers. The proportions were 57.9 percent and 52.9 percent respectively. The proportion of female workers in RNFE was much higher in Kannauj and Varanasi as compared to the other two districts (Table 7.2).

Table 7.2: Number and Proportion of People involved in RNFE Activities by Gender

Region/District		Male		Female	
		Number involved in RNFE	Percent to total Workers	Number involved in RNFE	Percent to total Workers
High RNFE	Meerut	402	54.3	50	48.5
	Varanasi	380	55.4	41	70.7
	Total	782	54.8	91	56.5
Low RNFE	Kannauj	313	48.8	59	80.8
	Gonda	369	52.7	26	37.1
	Total	682	50.9	85	59.4
All district		1464	52.9	176	57.9

Source: Primary Survey, 2012

7.2 Caste and RNFE

The survey revealed that the proportion of SC workers engaged in RNFE is much larger as compared to other social groups. Thus, the proportion of RNFE workers among SC workers was 72.6 percent as compared to 68 percent for ST, 54 percent for OBC and 38.6 percent in other category. Similar pattern was found in the all districts surveyed, except in Gonda where the proportion of RNFE workers was highest for OBC category (Table 7.3).

Table 7.3: Number and Proportion of People involved in RNFE Activities by Social Groups

Region		SC		ST		OBC		Others	
		Number	Percent	Number	Percent	Number	Percent	Number	Percent
High RNFE districts	Meerut	193	84.6	0	0.0	173	42.2	86	42.2
	Varanasi	93	78.8	14	73.7	268	58.5	46	30.9
	Total	286	82.7	14	70.0	441	50.8	132	37.4
Low RNFE districts	Kannauj	97	59.9	3	60.0	201	56.0	71	37.8
	Gonda	106	63.9	0	0	122	65.2	167	40.0
	Total	203	61.9	3	60.0	323	59.2	238	39.3
All districts		489	72.6	17	68.0	764	54.0	370	38.6

Source: Primary Survey, 2012

7.3 Education and RNFE

We hypothesise that higher the level of education higher will be the proportion of people in non-farm activities. To test this hypothesis we have compared the educational profile of farm and non-farm workers. Table 7.4 shows the proportion of workers in agriculture and non-agricultural sector by level of education. 41.7 percent of persons educated below secondary level were engaged in agriculture. More than half of the workers with secondary, higher secondary and graduate level education were employed in agriculture. However, only 39.5 percent of

postgraduates were working in the agricultural sector. More or less similar situation was observed at the district level.

Out of the total workers with below secondary level, 58.3 percent were engaged in RNFE activities. But this proportion was less than 50 percent for workers educated up to secondary, higher secondary and graduate level. A higher proportion of workers with post graduate degree were involved in RNFE activities.

Table 7.4: Proportion of Total Workers engaged in Agriculture by Level of Education (percent)

Region		Below Secondary	Secondary	Higher Secondary	Graduate	Post Graduate & Above
Agricultural Workers						
High RNFE	Meerut	40.5	57.4	53.7	55.3	34.5
	Varanasi	35.6	42.2	57.4	58.6	50.0
	Total	38.3	50.4	55.5	57.0	43.1
Low RNFE	Kannauj	41.5	63.6	57.3	56.8	50.0
	Gonda	48.4	51.4	59.1	41.1	20.0
	Total	45.0	56.9	58.3	49.0	34.7
All district		41.7	53.2	56.8	53.3	39.5
Non-Agricultural Workers						
High RNFE	Meerut	59.5	42.6	46.3	44.7	65.5
	Varanasi	64.4	57.8	42.6	41.4	50.0
	Total	61.7	49.6	44.5	43.0	56.9
Low RNFE	Kannauj	58.5	36.4	42.7	43.2	50.0
	Gonda	51.6	48.6	40.9	58.9	80.0
	Total	55.0	43.1	41.7	51.0	65.3
All district		58.3	46.8	43.2	46.7	60.5

Source: Primary Survey, 2012

In Table 7.5 we have compared the educational profile of agricultural and non-agricultural workers. Around 51.4percent of agricultural workers were educated up to below secondary level as compared to 63percent of non-agricultural workers were educated below secondary level. A higher proportion of agricultural workers was educated up to secondary level as compared to non-agricultural workers. The same situation is found about the workers with higher secondary and graduate level education. Only in the case of post-graduates we find a higher proportion in non-agricultural employment as compared to the agricultural employment.

Table 7.5: Distribution of RNFE Workers by Level of Education (percent)

Districts		Below Secondary	Secondary	Higher Secondary	Graduate	Post Graduate & Above	Total
Agricultural Workers							
High RNFE	Meerut	48.8	19.9	16.6	12.0	2.6	100.0
	Varanasi	43.0	15.2	20.4	15.8	5.6	100.0
	Total	46.2	17.8	18.3	13.7	3.9	100.0
Low RNFE	Kannauj	54.1	16.4	13.7	12.3	3.5	100.0
	Gonda	58.7	14.7	17.3	8.0	1.3	100.0
	Total	56.5	15.5	15.6	10.0	2.4	100.0
All districts		51.4	16.6	17.0	11.9	3.1	100.0
Non-Agricultural Workers							
High RNFE	Meerut	62.2	12.8	12.4	8.4	4.2	100.0
	Varanasi	59.6	15.9	11.6	8.6	4.3	100.0
	Total	60.9	14.3	12.0	8.5	4.2	100.0
Low RNFE	Kannauj	70.2	8.6	9.4	8.6	3.2	100.0
	Gonda	59.5	13.2	11.4	10.9	5.1	100.0
	Total	64.7	11.0	10.4	9.8	4.2	100.0
All districts		62.7	12.7	11.3	9.1	4.2	100.0

Source: Primary Survey, 2012

Thus, we find that contrary to our hypothesis the education profile of agricultural workers is better than that of non-agricultural workers. This can be attributed to the fact that the jobs in the non-agricultural sector are low paid jobs and do not require high level of education or training.

7.4 Education and Employment

It was also hypothesised that higher the level of education higher will be the days of employment in non-farm activities. Table 7.6 provides support to this hypothesis. The average and median number of days of employment increase with the level of education in the case of non-agricultural labour. Thus, a person with secondary level education gets higher days of employment as compared to a person with below secondary education. Similarly, a graduate non-agricultural labour got employment for higher number of days as compared to the non-graduates. However, in the case of post-graduate workers number of days was reported to be lower.

Table 7.6: Number of Days employed in RNFE Activities as Non-Agricultural Labour by Level of Education

Region		Below Secondary		Secondary		Higher Secondary		Graduate		Post Graduate & Above	
		Avg. No. of Days	Median No. of Days	Avg. No. of Days	Median No. of Days	Avg. No. of Days	Median No. of Days	Avg. No. of Days	Median No. of Days	Avg. No. of Days	Median No. of Days
High RNFE	Meerut	212	205	227	225	219	210	215	215	150	150
	Varanasi	153	175	161	185	149	180	185	185	0	0
	Total	180	180	195	190	197	200	205	198	150	150
Low RNFE	Kannauj	152	180	146		173	203	190	190	0	0
	Gonda	164	160	148	155	138	120	180	180	0	0
	Total	158	178	147	155	159	195	183	185	0	0
All district		170	180	184	190	183	200	196	193	150	150

Source: Primary Survey, 2012

A similar situation is found with respect to employment days of self employed in non-agriculture (Table 7.7). Number of days of employment increased with the level of education in this case also. The increase in the number of days is also fairly marked. Thus, a postgraduate in SENA gets 281 days of employment, while a worker with less than secondary education get only 252 days of employment on average. Thus, it looks that people with higher education have more regular work as compared to people with lower education.

Table 7.7: Number of Days employed in RNFE Activities as Self-employed in Non-Agriculture by Level of Education

Districts		Below Secondary		Secondary		Higher Secondary		Graduate		Post Graduate & Above	
		Avg. No. of Days	Median No. of Days	Avg. No. of Days	Median No. of Days	Avg. No. of Days	Median No. of Days	Avg. No. of Days	Median No. of Days	Avg. No. of Days	Median No. of Days
High RNFE	Meerut	260	275	275	300	274	300	308	300	300	300
	Varanasi	214	214	258	285	224	208	198	200	272	300
	Total	235	240	266	300	245	275	255	290	263	300
Low RNFE	Kannauj	269	290	193	190	275	300	188	190	274	300
	Gonda	269	280	273	280	282	300	268	280	286	320
	Total	269	290	250	280	280	300	242	263	289	300
All districts		252	275	260	290	262	300	250	280	281	300

Source: Primary Survey, 2012

7.5 Land Size and RNFE

We hypothesise that persons with small land base will have greater involvement in non-agricultural activities as compared to those with larger landholdings. Table 7.8 shows the distribution of RNFE workers by the size of land owned by family. The table reveals that 38 percent of the RNFE workers were landless and 52 percent had less than 2.5 acres of land. Hardly 10 percent of the RNFE workers had more than 2.5 acres of land. The relationship was also observed for different types of RNFE workers. Thus, nearly all the non-agricultural labourers came from landless households or households owning less than 2.5 acres of land. However, about 10 percent of self-employed workers in non-agriculture were having land in excess of 2.5 acres. In case of services, about 25 percent workers came from this category. Hardly, 15 percent of landless were in services. Thus, excess to land enables medium and large farmers to start non-farm activities and it increases their opportunity to get into services because of better level of education.

Table 7.8: Distribution of RNFE Workers by Size of Landholdings (percent)

Districts		Size of land holding (in acre)					Total
		Land less	Upto 2.5	2.5 to 5	5 to 10	10 & above	
Members involved in Non Agriculture Labour							
High RNFE district	Meerut	77.6	21.8	0.6	0.0	0.0	100.0
	Varanasi	52.1	47.9	0.0	0.0	0.0	100.0
	Total	64.4	35.3	0.3	0.0	0.0	100.0
Low RNFE district	Kannauj	16.3	82.9	0.0	0.8	0.0	100.0
	Gonda	40.9	58.3	0.9	0.0	0.0	100.0
	Total	27.9	71.3	0.4	0.4	0.0	100.0
All district		48.7	50.8	0.4	0.2	0.0	100.0
Members Self Employed in Non-Agriculture							
High RNFE district	Meerut	64.5	32.6	1.4	0.0	1.4	100.0
	Varanasi	48.7	43.0	3.8	1.3	3.2	100.0
	Total	56.1	38.2	2.7	0.7	2.4	100.0
Low RNFE districts	Kannauj	18.3	65.0	13.3	3.3	0.0	100.0
	Gonda	38.2	52.9	5.1	1.5	2.2	100.0
	Total	28.9	58.6	9.0	2.3	1.2	100.0
All district s		43.5	47.6	5.6	1.4	1.8	100.0
Salaried Persons							
High RNFE districts	Meerut	19.4	60.2	10.2	7.4	2.8	100.0
	Varanasi	14.1	56.5	25.0	1.1	3.3	100.0
	Total	17.0	58.5	17.0	4.5	3.0	100.0
Low RNFE districts	Kannauj	11.1	66.7	15.3	4.2	2.8	100.0
	Gonda	13.5	59.5	13.5	9.9	3.6	100.0

	Total	12.6	62.3	14.2	7.7	3.3	100.0
All district		14.9	60.3	15.7	6.0	3.1	100.0
Total RNFE Workers							
High RNFE districts	Meerut	57.5	35.8	3.5	2.0	1.2	100.0
	Varanasi	42.4	48.0	7.0	0.7	1.9	100.0
	Total	49.8	42.0	5.3	1.3	1.6	100.0
Low RNFE districts	Kannauj	15.9	72.6	8.4	2.5	0.6	100.0
	Gonda	31.5	56.6	6.4	3.6	1.9	100.0
	Total	24.2	64.1	7.3	3.1	1.3	100.0
All districts		38.1	52.1	6.2	2.1	1.5	100.0

Source: Primary Survey, 2012

7.6 Earnings in Agriculture and Non-Agricultural Sectors

It is hypothesised that wages and earnings are higher in rural non-farm activities as compared to that in agricultural sector. Information on income of agricultural households was not collected during the survey. Hence, it is not possible to directly compare the income per worker in agriculture and non-agriculture. However, some inference can be made on the basis of other available information. A recent study of farmers income in UP conducted by the Giri Institute of Development Studies showed that income per workers from all the sources (agricultural and non-agricultural) in farm households amounted to Rs. 50,318 in 2010-11. As against to this the average income per workers for non-agricultural labour and self-employed in non-agriculture in the present study comes to Rs. 30,573 and 35,373 (Table 7.9). Thus, it is evident that the non-farm workers are generally employed in the low paid informal sector activities. Hence, the distress hypothesis with respect to the rural diversification seems to be working in case of UP. Thus, the hypothesis of higher earnings per worker in non-farm sector as compared to farm sector is not supported by our study. Only in the case of services it is found that the level of earning per person is substantially higher than in agriculture or other non-farm activities.

Table 7.9: Per Worker Annual Earning in Agriculture and Non-Agricultural Sectors (Rs.)

Sector	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Non-Agricultural Labour	42725	29354	35812	22902	24463	23638	30573
Self Employed in Non-Agriculture	38577	29140	33540	12711	59357	37492	35373
Service	109879	107456	108764	47751	133450	99732	104449

Source: Primary Survey, 2012

7.7 Age and RNFE Employment

Age profile of RNFE workers is younger as compared to the agricultural workers. 21.4 percent of the RNFE workers were below 24 years in age as compared to 12.6 percent of the agricultural

workers. The proportion of workers in the age group 24 to 40 years was 43.3 percent and 35.6 percent respectively in the two sectors (Table 7.10). Thus, about 65 percent of RNFE workers are below 40 years of age as compared to 48 percent of agricultural workers. This indicates that a larger proportion of young workers are going into RNFE activities.

Table 7.10: Distribution of Agricultural and Non-Agricultural Workers by Age

Sector	Age (years)	High RNFE district			High RNFE district			All districts
		Meerut	Varanasi	Total	Kannauj	Gonda	Total	
Frequency								
Agriculture	Below 14	0	0	0	1	1	2	2
	15 - 24	53	32	85	61	33	94	179
	25 - 40	142	105	247	111	151	262	509
	41 - 59	128	137	265	105	108	213	478
	60 & above	68	49	117	64	82	146	263
	Total	391	323	714	342	375	717	1431
RNFE	Below 14	2	0	2	21	1	22	24
	15 - 24	75	91	166	102	58	160	326
	25 - 40	191	200	391	142	177	319	710
	41 - 59	119	111	230	77	113	190	420
	60 & above	65	19	84	30	46	76	160
	Total	452	421	873	372	395	767	1640
Percent								
Agriculture	Below 14	0.0	0.0	0.0	0.3	0.3	0.3	0.1
	15 - 24	13.6	9.9	11.9	17.8	8.8	13.1	12.5
	25 - 40	36.3	32.5	34.6	32.5	40.3	36.5	35.6
	41 - 59	32.7	42.4	37.1	30.7	28.8	29.7	33.4
	60 & above	17.4	15.2	16.4	18.7	21.9	20.4	18.4
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
RNFE	Below 14	0.4	0.0	0.2	5.6	0.3	2.9	1.5
	15 - 24	16.6	21.6	19.0	27.4	14.7	20.9	19.9
	25 - 40	42.3	47.5	44.8	38.2	44.8	41.6	43.3
	41 - 59	26.3	26.4	26.3	20.7	28.6	24.8	25.6
	60 & above	14.4	4.5	9.6	8.1	11.6	9.9	9.8
	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary Survey, 2012

7.8 Occupational shifts in Cultivating Households

As the size of holding is continuously declining, it is not adequate to provide livelihood to the farmer's family. As a result, members of the cultivating family are seeking other work opportunities. In our sample there were roughly 1.5 workers in an agricultural household. Table 7.11 shows the distribution of household workers of cultivating families by occupation. About 25 percent of workers in the agricultural households are engaged in RNFE activities. Service is the main category of RNFE workers. About 8.5 percent members are engaged in public or private service, 3.6 percent are working as non-agriculture labourer and 3.1percent are self-employed in non-agriculture. About 7 percent are engaged in other miscellaneous activities. Thus, it appears that gradually the cultivating households are diversifying to other occupations due to economic pressure.

Table 7.11: Distribution of Workers in Agricultural Household by Main Occupation

Main Occupation	High RNFE Districts			Low RNFE Districts			All Districts
	Meerut	Varanasi	Total	Kannuaj	Gonda	Total	
Frequency							
Cultivation	298	248	546	282	285	567	1113
Animal Husbandry	23	1	24	1	8	9	33
Agriculture Labour	4	4	8	4	1	5	13
Non-agriculture labour	15	22	37	6	10	16	53
Self employed in non-agriculture	6	22	28	7	11	18	46
Government Service	5	4	9	10	6	16	25
Private Service	43	20	63	10	28	38	101
Others	35	3	38	37	27	64	102
Total	429	324	753	357	376	733	1486
Percent							
Cultivation	69.5	76.5	72.5	79.0	75.8	77.4	74.9
Animal Husbandry	5.4	0.3	3.2	0.3	2.1	1.2	2.2
Agriculture Labour	0.9	1.2	1.1	1.1	0.3	0.7	0.9
Non-agriculture labour	3.5	6.8	4.9	1.7	2.7	2.2	3.6
Self employed in non-agriculture	1.4	6.8	3.7	2.0	2.9	2.5	3.1
Government Service	1.2	1.2	1.2	2.8	1.6	2.2	1.7
Private Service	10.0	6.2	8.4	2.8	7.4	5.2	6.8
Others	8.2	0.9	5.0	10.4	7.2	8.7	6.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Primary Survey, 2012

7.9 RNFE and Distance from Town

Urbanisation has been mentioned by scholars as an important factor in promoting RNFE. Generally, it is believed that villages located near towns will have a higher proportion of workers in RNFE. This hypothesis is not supported by our data as not clear cut relation between distance and RNFE proportion is observed (Table 7.12). Thus, in Meerut the highest proportion of RNFE was in villages within 5 km. In Varanasi, villages within 5-1 km. had a higher proportion of RNFE workers. In Kannuj, the highest proportion of RNFE worker was observed in remote villages, though in Gondathe highest proportion was in the villages located near the town.

Table 7.12: Proportion of RNFE Workers in Villages according to Distance from nearest Town (percent)

Districts	Up to 5	5-10	10 & above	Total
High RNFE Districts				
Meerut	81.1	69.3	74.0	74.6
Varanasi	0	82.5	78.6	80.2
Total	81.1	76.4	76.7	77.3
Low RNFE Districts				
Kannauj	58.4	62.2	76.9	65.5
Gonda	73.3	68.5	0	70.7
Total	69.9	65.5	76.9	68.3
All Districts	73.9	70.1	76.7	73.0

7.10 Conclusion

In this chapter we have examined some of the factors associated with the rural non-farm employment as hypothesised in the beginning of the study. The following conclusions have emerged from the analysis:

1. The participation of women in RNFE activities is very low. They constitute hardly one-tenth of RNFE workers. However, a higher proportion of female workers was engaged in RNFE sector as compared to the male workers.

2. The survey revealed that the proportion of SC workers engaged in RNFE is much larger as compared to the other social groups. The second highest participation was by OBC group and lowest by other groups.

3. A higher proportion of agricultural workers was educated up to secondary level as compared to the non-agricultural workers. The same situation is found about the workers with higher secondary and graduate level education. Only in the case of post-graduates we find a higher proportion in non-agricultural employment as compared to the agricultural employment. Thus, we find that contrary to our hypothesis the education profile of agricultural workers is better than that of the non-agricultural workers. This can be attributed to the fact that the jobs in the non-agricultural sector are low paid jobs and do not require high level of education or training.

4. The analysis supports the hypothesis that higher the level of education higher will be the days of employment in non-farm activities. The average and median number of days of employment increase with the level of education in case of non-agricultural labour. Thus, a person with secondary level education gets higher days of employment as compared to a person with below secondary education. Similarly, a graduate non-agricultural labour got employment for higher number of days as compared to the non-graduates. A similar situation is found with respect to the employment days of self-employed in non-agriculture.

5. As hypothesised larger proportion of landless persons and persons with small landholdings were found to be involved in non-agricultural activities as compared to those with larger landholdings. Around 38 percent of the RNFE workers were landless and 52 percent had less than 2.5 acres of land. Hardly 10percent of the RNFE workers had more than 2.5 acres of land. The relationship was also observed for different types of RNFE workers.

6. Income per workers for non-agricultural labour and self-employed in non-agriculture was found to be Rs. 30,573 and Rs. 35,373 respectively as compared to the average income of a farm household of Rs. 50,300. Thus, it is evident that the non-farm workers are generally employed in the low paid informal sector activities. Hence, the distress hypothesis with respect to rural diversification seems to be working in case of UP. Only in the case of services it is found that the level of earning per person is substantially higher than in agriculture or other non-farm activities.

7. Age profile of RNFE workers was found to be younger as compared to agricultural workers. About 65 percent of RNFE workers are below 40 years of age as compared to 48 percent of agricultural workers. This indicates that a larger proportion of young workers are going into RNFE activities.

8. As the size of holding is continuously declining, it is not adequate to provide livelihood to the farmer's family. As a result, the members of cultivating family are seeking other work opportunities. In our sample about 25 percent of workers in the agricultural households were found to be engaged in RNFE activities. Service is the main category of RNFE workers. Thus, it appears that gradually the cultivating households are diversifying to other occupations due to economic pressure.

9. Urbanisation has been mentioned by scholars as an important factor in promoting RNFE. Generally, it is believed that villages located near towns will have a higher proportion of workers in RNFE. This hypothesis is not supported by our data as not clear cut relation between distance and RNFE proportion is observed.

CHAPTER VIII

Findings based on Focus Group Discussions

Focus Group Discussions (FGD) were held with stakeholders in all the four districts, where survey was done. In each focus group discussion around 30 stakeholders participated including local entrepreneurs, industry officers and knowledgeable persons of the area along with the research team of Giri Institute of Development Studies and Institute of Applied Manpower Research (IAMR). The main findings emerging from the FGDs are discussed in this chapter.

8.1 FGD at Meerut

Meerut district falling in the Western region of the state is a relatively developed district. Meerut is an agriculturally advanced district of Uttar Pradesh. The main crops of the district are sugarcane, wheat, rice, gram and pulses. This district is also famous for the manufacturing of sports goods. A number of small scale units are engaged, both in rural and urban areas, in making cricket bats and balls, badminton rackets, shuttle cocks, foot balls and carom boards. For the manufacturing these sports items wood is available in the rural areas of the district. Iron and Scissor manufacturing units are also working in the rural part of the district.

The FGD was organized at Meerut on 18th April, 2012. A total number of 25 persons participated in the FGD including officials from district industries centre, khadi village industries, industrial training institute and non-government organization's representatives, unit holders, industrialists and members of trade associations, rural entrepreneurs, teachers and village pradhans. Dr. R.C. Tyagi attended the discussion on behalf of the Giri Institute of Development Studies, Lucknow and Dr. Rashmi Agrawal and Dr. Shachi Joshi attended on behalf of the Institute of Applied Manpower Research, Government of India, New Delhi.

Dr.Vinod Kumar, General Manager, DIC informed that agriculture and agro-based industries are the main economic activities of the district. Seven sugar mills, six khandsari units and around 100 cane crushers for the production of gur are working in the district. Most of these units are located in rural areas. Mr. Charan Singh, Asst. Manager, DIC told that there is a great scope of alcohol based industry as plenty of Sheera is available in the district 240 items can be produced from sheera, these units can be installed in rural areas with low investment. He also suggested that agro based units' like bee farming, vermiculture, achar-murabba units, rice mills, potato chips making units, sports goods manufacturing units can be installed at a low cost in the rural areas of the district and can increase the employment opportunities in rural areas.

Mr. A. K. Srivastava of DIC emphasized that there is a great scope for the development of dairy in the rural part of the district. The dairy department should provide loans to the farmers for the development of this industry at rural level. Mr. J. S. Nagar informed that two Government Industrial Training Institutes (GITI) and seven private Industrial Training Institutes (ITI) are working in the district. The young generation living in rural areas is much interested to work in urban parts of the district. Urbanization, modernization and technological improvements are the

main factors those attracting young generation towards urban parts of the district and are much interested to get a white collar job in urban areas. They are taking interest in computer operating courses as after learning computer operations they may get employment in private business centres, Shops and malls etc. Government should open computer training centres to train youth.

Mr. Tribhuvan Patel of DIC informed that the Industrial training cum Production Centre has been closed and suggested that it should be restarted by the government. Few NGOs are working in the district; they should also come forward in this direction. There is a great problem of finances for installation of a new small scale industry unit especially in the rural areas private financiers charge very high rate of interest. Mr. Patel emphasized that the government should provide loan at a low rate of interest and tax incentives to the young entrepreneurs who would set up SSI units in rural areas. The skilled female workers of sports manufacturing goods of rural areas are getting employment in the rural areas as they prefer to work from home. Male members of the family take the raw material for sports goods from the city and after the work is finishing by the female members of the rural areas they come to the city for the sale of the finished goods.

Mr. M. S. Pawar and Mr. R. A. Goel informed that in Kashi village of Meerut Block, 40 per cent of the households are engaged in Chandi-Ka-Wark manufacturing which is an edible item and is used to decorate sweets and fruits. More than 1,000 people of Kashi village are engaged in this work. With the expertise of making Chandi-Ka-Wark this business requires finance for purchasing the raw material. They recommended that banks should provide loan for the raw material.

Mr. Sajid, a young entrepreneur, running embroidery centre informed that embroidery training work centre is going to start shortly under the cluster scheme of the government, with an amount of Rs. 7 crore, which has been approved by the government.

Mr. Ram Kishan Agrawal, President of U. P. Chamber of Commerce and owner of Hans Engineering Works said that there is a great scope of agricultural implements manufacturing units in the rural part of the district which would be able to generate employment in rural areas. To start a new agricultural implements manufacturing unit, training is required. He recommended that the industrial training programme be run through government training centre in the district; otherwise it is difficult to start any industry by the new entrepreneurs. Mr. Agrawal added that private industries can provide this training to the newcomers but they will not take any interest unless government provides some incentives to training provider units such as Tax incentive, etc. Dr. R. C. Tyagi enquired from Dr. Vinod Kumar, G.M., DIC that why DIC is not playing any role in providing expert advice and training to these new entrepreneurs as it was one of the prime functions of the DIC. Mr.Vinod Kumar replied that DIC is not providing any training due to lack of funds.

The discussion identified a number of rural and agro industries which have a good potential in the district. These include: sports goods like cricket bats and balls, badminton rackets, shuttle cocks, foot balls and carom boards; Iron Scissor manufacturing units; alcohol based industries;

agro based units like bee farming, vermiculture, achar-murabba units, rice mills, potato chips making units; Dairy and milk processing units; agricultural implements manufacturing units; and embroidery.

Among the support systems, emphasis was put on the following measures:

(i) Provision of credit at reasonable rate of interest.

(ii) Technical training institutes should be strengthened, private training providers should be given financial and tax incentives, DIC should take responsibility of providing technical training for industries, rural youth should be provided training in computers to increase their employment potential.

8.2 FGD at Varanasi

The FGD was on 10th May, 2012 in Varanasi. Total 28 persons participated in the FGD including officials from different industrial departments i.e. DIC and KVC, representatives of NGOs, unit holders, industrialists and members of Trade Associations, rural entrepreneurs, teachers and gram pradhans. Dr. R.C. Tyagi attended the discussion on behalf of the Giri Institute of Development Studies, Lucknow and Dr. P. K. Saxena attended on behalf of the Institute of Applied Manpower Research, Govt. of India, New Delhi.

Varanasi is situated in the eastern plain region of Uttar Pradesh. This district is densely populated with 2,063 persons per square km as against the state average of 689 persons per square km. The majority of the population is primarily agrarian. The major crops grown in the district are wheat, paddy and pulses. Fruits like mango, guava, aonla and vegetables like ladies finger and capsicum are the other crops grown in the district. Varanasi produces large quantities of langra mangoes, which is a popular variety developed in the area. Banarsipaan (betel leaf) is famous for its taste. This district is famous for its silk saries and brassware. Fine silk and brocaded fabrics, exquisite saris, brassware, jewellery, woodcraft, carpets, wall hangings, lamp shades and masks of Hindu and Buddhist deities are some of the Varanasi's local products.

During the discussion Mr. S. B. Singh, Asst. Manager, DIC informed that agriculture and agro based industries are the main economic activities of the district. Shri Shiromani Tiwari, General Secretary, Industry Association, narrated the problems of farmers and entrepreneurs in the district. Mr. Tiwari said that the condition of farmers in the district is bad and the condition of the small scale industrial units is also deteriorating day by day. Small and marginal farmers dominate Varanasi district and majority of them have the landholding of less than 1 hectare in size, which is not viable for proper agriculture. Further, the land size is going on reducing due to the fragmentation. On the other hand, the condition of the industrial sector is also badly suffering due to poor power supply both in the rural and urban areas of the district. Agriculture and industrial sector are not in the position to generate employment opportunities. Government

should take steps to improve the power situation so that the industrial units can work properly and new units can come into existence.

Mr. P. L. Maurya, Asst. Manager, DIC informed that cottage industry, trade and services have traditionally been contributing the economy of the district. Silk sarees, electric fan manufacturing, fruit preservation, small wooden toy making are traditional industries of the district. Most of these activities are in a state of decline due to the competition of similar products at much cheaper rates.

Syed Hasan Ansari, General Secretary, (EUPEA) a local NGO, suggested that animal husbandry sector is having a great scope in the district. He added that it also generates employment opportunities and supplementary income to the rural masses comprising small, marginal farmers and agricultural labourers. It not only provides full employment to thousands of rural peoples but also produces food of immense nutritional importance. Mr. S. B. Singh supported this and said that dairy forms a strong support and employment base to the rural and urban population of the district, and is the most important economic activity next to agriculture sector. There is a great scope for the development of dairy in the rural part of the district. The dairy department and banks should provide loan to the farmers for the development of this industry in rural areas. He assured that the development of dairy industry will certainly improve the employment situation in the rural areas of the district. Mr. Singh also suggested sericulture and vermiculture scheme for the district.

Mr. I.K. Kothari highlighted the problems of the carpet industry. The carpet manufacturing units are mostly located in the rural areas of the district and providing employment in the rural areas but these units are facing the problem of raw material that is wool, which comes from other districts and some time from other states. It increases the cost of production of final product. He suggested that wool industry should also develop in Varanasi district particularly in rural area. He quoted the example of Rajasthan wool industry. He argued that if wool industry can work in Rajasthan then why not this industry can work in UP.

Mr. Deepak Kothari, an entrepreneur, highlighted the problem of silk saree manufacturers. He said that the main problem of this industry is of raw material that is silk. Although, this is one of the main industry of the district which provides employment to thousands of male and female workers both in the urban and rural areas suffering due to the problem of raw material and shortage of power supply, which is very uncertain in the district. Resham Uddyog is required in this district. Farming of *sahtoot* for the production of silk is required particularly in the rural areas. Resham Board is here in Varanasi district but not working at all, it should be revitalized.

It was pointed out that most of the cold storage units are closing down due to the shortage of power supply in the district. These cold stores are the requirement of the farmers to hold their agricultural produce, especially potato and tomato. These cold stores will provide jobs to the rural mass, he added. Government should improve the power supply for the district as most of

the industrial units are suffering due to power shortage. Other entrepreneurs suggested that due to the high production of tomato and guavas, processing is required to be developed in the area.

The main findings based on the FGD are summarised below:

- Agro based units' like bee farming, vermiculture, rice mills, flour mills can be installed at a low cost in the rural parts of the district to increase the employment opportunities in rural areas.
- There is a great scope for the dairy industry in the rural part of the district, liberal loan facility to support the sector should also be given.
- Badohi near the district is an important centre of carpet weaving. But there is a shortage of wool which is imported from outside. Wool industry should be promoted in the district.
- There is a good scope of electric fan manufacturing units, fruit processing and preservation centers, small wooden toy making units, potato chips making units and tomato processing units in the rural areas of the district. Banks should come forward in providing loans to these small scale units.
- Silk sarees weaving is an important industry of the district. However, the basic raw material is imported from the other states. Hence, efforts should be made to produce silk locally. Farming of sahtoot for the production of silk should be encouraged in the district. Resham Board of Varanasi district should be revitalized.
- Cold stores are the requirement of the farmers to keep their produce, especially potato and tomato.
- Power is a critical bottleneck for the industrial sector. Steps should be undertaken to improve the power situation in the district.

8.3 FGD at Kannauj

An FGD was on 16 April, 2012 in Kannauj. A total number of 33 persons participated in the FGD. Participants included officials from different industrial departments i.e. DIC, KVIB, ITI, Fragrance & Flavour Development Centre, NGO representatives, unit holders, industrialists and members of Itra Association, rural entrepreneurs, teachers and gram pradhans. Dr. R.C. Tyagi attended the discussion on behalf of the Giri Institute of Development Studies, Lucknow and Dr. G.P. Joshi and Dr. Sanjay Kumar attended on behalf of the Institute of Applied Manpower Research, Government of India, New Delhi.

The main crops of the district are wheat, rice and potato. During the discussion Mr. Surendra Chandra, G.M. of DIC informed that due to the high production of potato crop, 95 cold storages are working in the district. Each cold store is providing seasonal employment to 15 to 20 persons. Mr. Pawan Trivedi, the member of the trade association informed that in spite of the high production of potato, not even a single processing unit of potato is working in the district. There is a great scope of potato processing industry in the district. Some entrepreneurs informed that the quality of potato grown in the district is not suitable for making chips and potato

processing. The potatoes grown in the area are small in size and have high content of moisture in it, which is not suitable for the potato processing. They suggested that high quality of potato seed should be provided to the farmers.

Mr. Ranjan Bajpai, a member of perfume association mentioned that perfume manufacturing is one of the most profitable businesses of the district but it needs a high quality of specialization. During the course of perfume making if a particular specialized worker is not available, the whole process will stop. In this situation they cannot provide job to the new workers. Due to the requirement of highly skilled workers in the perfume making units, these units are not generating job opportunities on the required scale. Mr. Bajpai also informed that more than 80 percent of the perfume produce in the district goes to pan-masala units located at Kanpur and other districts. Remaining perfume is packed in bottles for the aromatic purposes either in the form of liquid or in the form of spray.

Mr. Anurag Dwivedi and Mr. Manish Srivastava, who are running computer training centres in the district, informed that most of their students are from rural parts of the district. Both the girls and the boys are taking interest in computer courses and getting jobs after completing computer courses. The use of computer is increasing both in private and government sector. Both the employed and unemployed candidates are getting training in their training centres.

Mr. Shakti Vinay Shukla, Director of Fragrance & Flavour Development Center, Kannauj informed that this centre was set-up in the year 1991 by the Government of India with the assistance of United Nations Development Programme and Govt. of UP. The main objective of the centre is to serve, sustain and upgrade the status of farmers and industry in the aromatic cultivation and its processing so as to make them competitive both in local and global market. This centre is also working as a laboratory for the farmers to assess the quantity and value of their aromatic cultivation. Mr. Shukla added that there is a great scope of agarbatti units in this district both in the rural and in urban areas at small and large scale. These units are labour intensive and capable of generating good employment in rural areas.

In the group the discussion entrepreneurs felt that the Value Added Tax (VAT) at 12.5 percent on the production of Gulukand is crippling the industry. This high rate of VAT adversely affects their business. They informed that no financial institution except Banksis is working in Kannauj district. Uttar Pradesh Financial Corporation is also winding up their office from the district on account of non-viability. No NGO is working in programmes of skill formation and employment generation in rural areas. Although SHGs have been formed, yet at ground level they are not functional.

The main suggestions of the FGD are summarised below:

- There is a great scope of potato processing industry in the district. It will not only be a profitable business but will also provide a sizable amount of employment to the rural areas.

- High quality of potato-seed suitable for processing should be provided to the farmers through the government seed centers.
- A government training center should provide training to youth in the art of making perfume as highly skilled workers are required in the perfume making units.
- Programme for computer training should be promoted in the district to fulfil the requirement of computer trained candidates in the industry. It will certainly increase the employment opportunities in the district.
- There is a great scope of agarbatti units both in rural and in urban parts of the district. The agarbatti manufacturing unit can be started by new entrepreneurs in the area as it require less amount of capital and generate more employment opportunities in the area.
- Financial support is required in the district to help new entrepreneurs to set up or to upgrade small scale units.
- NGOs should come forward to motivate and train new entrepreneurs for starting new units in the district, particularly in the rural areas.
- Efforts for capacity building of SHGs should be made to make them functioned.
- Some testing laboratories should be set up for the aromatic processing units.
- District Industry Center (DIC) should also come forward to motivate and train the new entrepreneurs in starting new units in the district particularly in rural areas.

8.4 FGD at Gonda

An FGD was organized in the office of G.M, DIC on 7th May, 2012 in Gonda. In all, 27 persons participated in FGD including officials from different industrial departments i.e. DIC, KVC, ITI, representatives of NGOs, unit holders, industrialists and members of trade association, rural entrepreneurs, teachers and gram pradhans. Dr. R.C. Tyagi attended the discussion on behalf of the Giri Institute of Development Studies, Lucknow.

The economy of Gonda district is heavily dependent on agriculture. The main crops of the district are sugarcane, wheat, rice, oil seed, potato and pulses. There are several rice mills, Sugar mills and other small industries and handicraft industries in the district. One unit of Indian Telephone Industries is situated at Mankapur in the district. There are six sugar mills in the districts. The Kundarkhi sugar mill located in the district is the largest sugar mill in India. Gonda is included in the list of 250 most backward districts of the country. It is one of the 34 districts in Uttar Pradesh currently receiving funds from the Backward Regions Grant Fund (BRGF).

Mr. Hira Chand, G.M., DIC informed that agriculture and agro-based industries are the main economic activities of the district. Sugar mills, khandsari units and crushers are working in the district for the production of crystal sugar and gur. Most of these units are located in rural areas. Mr. S. N. Dwivedi Asst. Manager, DIC told that there is a great scope of alcohol based industry in the district. Mr. Dwivedi, informed that a lot of sheera is available here and can be utilized for the purpose different items which can be produced from sheera and these units can be installed in

rural areas with low investment. He also suggested that agro based units like bee farming, vermiculture, rice mills, flour mills, oil mills can be installed at a low cost in the rural areas of the district to increase employment opportunities in rural areas.

Mr. V. K. Verma, Asst. Manager, of DIC emphasized that there is a great scope for the development of dairy in the rural parts of the district. Loans should be provided to the farmers for the development of this industry. Mr. S. N. Singh informed that two government Industrial Training Institutes (ITIs) and a few private Industrial Training Institutes are running in the district. The young generation living in rural areas is much interested to work in urban parts of the district. Urbanization, modernization and technological improvements are the main factors attracting young generation towards urban areas. They are taking interest in computer operating courses as after learning computer operations they may get employment in private business centers, shops, hotels, etc. Mr. S. N. Dwivedi emphasized that government should open at least one computer training centers to train them so that candidates would be able to get training from a government centre.

During the discussion Mr. Hira Chand, G.M, DIC informed that there is a big requirement of cold storage, especially in the rural part of the Gonda district. Most of the cold stores are closing down due to the shortage of power supply in the district. The cold stores are required to hold agricultural produce, especially potato. Simultaneously, the cold stores will provide jobs to the rural masses he added. Government should improve the power supply in the district as most of the industrial units are the sufferer of power shortage and are badly affected.

The production of paddy crop in Gonda district is fairly good and almost every village is having one rice mill. The scope of opening of new rice mills is still there. Mr. Gajendra Singh, Block Development Officer said that the production of maize crop is high in the district and there is a big scope of maize processing units in the rural parts of the district. Mr. Singh advised that banks should come forward in providing loans to the small scale units. He also advocated installing flour mills, rice mills and potato chips making units in the rural areas of the district.

The G.M., DIC informed that Prime Minister and Chief Minister Rojgar Yojana (PMRY and CMRY) are running in the district and around 150 small scale units are covered under these schemes. Gonda is categorized as one of the socially and educationally backward districts of Uttar Pradesh. The Government of India has created a special scheme for such district through the backward region grant fund. All government and private ITIs are there in the district. He also informed that Udyog Bandhu is working under the supervision of Commissioner and District Magistrate of the Gonda. It is a good forum for solving the problems of small scale units. The Udyog Bandhu solves all problems related to raw material, allotment of plot for manufacturing units, finance related problems and electric power related problems by organizing monthly meeting on every third Wednesday of the month.

During the discussion, Mr. Shiv Kishor, one of the entrepreneurs highlighted the scope of vermin-compose units, which can be installed in rural areas with low investment. He also said

that there is a great scope of carpentry work such as wooden furniture making units, wooden items for kitchen and wooden decorative pieces, etc. due to the availability of good quality of wood in the district.

Mr. R. S. Pandey of DIC forced on the fact that government should launch a scheme to promote self-employment particularly for the youth of the rural areas. Loan should be provided to the entrepreneurs who are interested in installing crushers as sugarcane is abundant in the area. The gur manufacturing units can also be installed in the rural areas of the district.

The entrepreneurs complained regarding the poor infrastructural facilities like roads and electricity in Gonda district, which are creating hindrance in the process of industrial development. To create employment opportunities in rural areas of the district, they feel that there should be a special package of power supply in the industrial area as well in rural areas, so that new entrepreneurs would be able to start their small scale units which will increase employment opportunities.

Dr. R. C. Tyagi enquired from Mr. Hira Chand, G.M., DIC that why DIC is not playing any role in providing expert advice and training to these new entrepreneurs as it was one of the prime functions of the DIC. Mr. Hira Chand replied that the role of DIC is reducing due to lack of funds for providing training.

On the basis of the FGD following recommendations have been drawn to improve RNFE opportunities in the district:

- Units of alcohol based industry can be installed in rural areas which require low investment and are labour intensive.
- Agro based units like bee farming, vermiculture, rice mills, flour mills, oil mills can be installed at a low cost in the rural parts of the district which will increase employment opportunities in rural areas.
- There is a great scope for the dairy in the rural part of the district. Loans should be provided to the farmers for the development of this industry. Dairy industry will certainly improve the employment and self-employment opportunities in the rural areas of the district.
- Government computer training centre is required in the district to train students in computer operations so that trained candidates would be able to get employment.
- The scope of opening of new rice mill in the rural part is there which will generate employment in the rural areas.
- The production of maize crop is high in the district and there is a fair scope of installation of maize processing units in the rural parts of the district.
- There is a fair scope of flour mills, rice mills and potato chips making units in the rural areas of the district. Banks should come forward in providing loans to these small scale units.
- Cold stores should be set up for keeping agricultural produce, especially potato.
- To generate employment opportunities in rural areas of the district, there should be a special package of power supply in the industrial area as well as in rural areas so that new

entrepreneurs would be able to start their small scale units, which will increase employment opportunities.

8.5 Main Conclusions

The main points emerging from the FGDs held in the four study districts are summarized below:

(i) Industrial Base

Of the four districts surveyed, Meerut and Varanasi are relatively more advanced and have high RNFE, while Kannauj and Gonda are relatively backward districts with low RNFE. However, all the districts have a industrial base and specialise in the production of some products as shown below:

Meerut: sugar industry, sports goods, iron scissors, silver foil
Varanasi: silk sarees and brocade, wooden toys, wooden toys
Kannauj: Perfume
Gonda: Sugar industry, rice mills

(ii) Industrial Potential

Participants highlighted that each of the districts has potential for developing industries based on local resources to generate employment.

All the four districts for being agricultural districts have a good potential for the development of agro processing units like flour mills, rice mills, dal mills, oil crushers, etc. Cold storages can be set up in all these districts to preserve agricultural produce and generate employment. Dairying was mentioned in all the four districts as an important activity to be promoted for generating employment.

Apart from these common industries each district has a potential for specialised production of certain products. For instances, Meerut and Gonda have a number of sugar mills. They have a good potential of setting up industries based on the bye-product of sugarcane like alcohol and bag gass. Wood based industries can also be promoted in the district. Kannauj is an important producer of potato and has potential for setting up potato processing units. Agarbatti units can also be set up in the district. Gonda has potential for maize processing units. In Varanasi, production of silk and wool can be promoted as there is a great demand for these products in the districts.

(iii) Constraints on Industrial Development

The main constraint on industrial development mentioned in all the districts was shortage of power which is badly affect the existing units and preventing setting up of new units.

Inadequate credit facilities were also mentioned as a problem in setting up new units.

Rural roads were also mentioned as a constraint in Gonda district.

Shortage of skilled manpower was mentioned as an important constraint in all the four districts.

It was also felt that the District Industries Centres are not playing the expected role in the promotion of industries through training and other programmes.

(iv) Strategy for Promoting Non-Farm Employment

The main suggestions which emerged from the FGD for promoting industrial activity and generating employment in the rural areas are summarised below:

- Measures should be taken to ensure regular power supply, especially in the industrial areas.
- Liberal credit facility at reasonable rates should be provided to the entrepreneurs willing to set up new units and for promoting activities like dairying.
- Training programmes in skills suitable for the area should be started both by the government and the private sector.
- Computer training centres should be established to train rural youth.
- Supply of required raw material for local industries should be ensured. Production of required raw material within district should be encouraged.
- For agro-processing units production of varieties suitable for processing should be promoted.
- The District Industries Centres (DIC) should be strengthened to promote industry through training and other programmes.
- The district level udyog bandhu should be made effective to remove problems of local industrial units.

CHAPTER IX

Main Findings and Suggestions

Diversification of the rural economy is regarded as an essential component of rural transformation. An expanding non-farm sector contributes to the higher rural incomes by providing additional opportunities for employment and income opportunities in the rural areas. It also helps in raising income levels of the remaining workers in the agricultural sector by reducing population pressure on land as well as through its impact on the agricultural wages. The growth of the non-agricultural sector is rightly regarded as an important element of the strategy for alleviation of rural poverty. Rural households themselves greatly value non-farm employment opportunities as additional or alternative sources of income and employment. It is in this context that the present study looks into the situation of RNFE in Uttar Pradesh.

Objectives

The main objectives of the study were:

1. To map the RNFE activities in sample rural areas;
2. To assess the extent of RNFE as compared to the agricultural employment;
3. To assess the differences across caste and gender in the RNFE;
4. To assess the number of days of employment in RNFE;
5. To assess the wage income levels of various RNFE activities in the selected villages;
6. To assess the resource endowment of the households and the nature of RNFE;
7. To assess the activity status of all the women in each of the households;
8. To analyse the source of demand for rural non-farm activities and their forward and backward linkages in the rural economy;
9. To analyse the factors which encourage employment in rural non-farm sector;
10. To analyse the constraints that inhibit the growth of rural non-farm sector.

Methodology

The study was mainly based on primary data. For the purpose of the survey we selected two districts, each from the two major agro-climatic regions of the state, namely Upper Gangetic Plain and Eastern Plain. The districts in the two regions were classified into two categories, i.e. high RNFE districts and low RNFE districts. From these two categories one district each has

been selected on random basis from both the regions. Thus, a total of four districts have been selected as indicated below:

1. Upper Ganges Plain

   High RNFE District- Meerut
   Low RNFE District – Kannauj

2. Eastern Plain

   High RNFE District - Varanasi
   Low RNFE District – Gonda

From each selected district we selected five villages – three villages near the town with good connectivity and two villages from remote areas. A complete house listing was done in the village. All the households were then divided into various groups based on principal occupation and social groups. About 20 percent of the households in each subgroup were selected for detailed interview subjected to a maximum of 100 households per village. Thus, a total sample size consisted of four districts, 20 villages and 1,643 households.

An enterprise survey was also conducted in the sampled villages. Focussed group discussions were also organized at the district headquarters in all the four districts with different stakeholders to understand the dynamics of RNFE.

The main findings of the study are summarised below:

9.1 Growth and Structure of Rural Non-Farm Workers in UP

The number of non-agricultural rural workers in UP increased by 19.8 per cent during 1971-81. The increase was as high as 42.9 percent during 1981-91. The 2001 Census indicates a quickening of this trend with an increase of 57.5 percent in rural non-agricultural workers against an increase of 35.8 percent in agricultural workers. As a result, the share of non-agricultural workers in the total rural workers has increased from 12.9 percent in 1971 to 15.5 percent in 1991 according to the Census data and further to 26.6 percent in 2001.

The proportion of rural male workers in the non-agricultural sector to the total number of rural male workers increased modestly, according to NSS data, till 1987-88, rising from 18.1 percent in 1972-73 to 21.1 percent in 1987-88. Since then, the pace of rural diversification has picked up and the proportion of rural male non-agricultural workers went up to 23.7 percent in 1993-94 and further to 28.2 percent in 1999-2000. The proportion of rural male non-agricultural workers have gone up to 39.1 percent in 2009-10, while the proportion of rural female non-agricultural workers jumped from 12.5 percent in 1999-2000 to 26.3 percent in 2009-10 Significantly, the pace of diversification of the rural workforce during the period 1987-2000 has been faster in UP as compared to that in India as a whole.

Sectoral analysis revealed that the employment level in agriculture has remained virtually stagnant between 1993 and 2010, indicating the shrinking absorptive capacity of this over-crowded sector. The manufacturing sector had shown a steady and high growth of employment up to 2004-05, but shows a marked decline during 2004-05 to 2009-10. The construction sector is the most dynamic sector in the rural areas showing a double digit growth during the last decade. Among the services sector trade & hotels and transport & communications had shown a high growth during 1993-94 and 2004-05 but the growth rate slackened in the last five years.

Female workers constituted only 23 percent of the rural workers in 2009-10. Their share was 30percent in the agriculture and allied activities, 19 percent in manufacturing, 25 percent in other services and 8.6 percent in trade and hotels. Overtime, the proportion of women workers shows a decline-from 27.15 percent in 1993-94 to 23.13 in 2009-10.

There are considerable variations in the proportion of non-farm workers across districts and regions of the state. This proportion was 27.3 percent in the western region, 21.5 percent in the eastern region, 17.4 percent in the central region and 13.9 percent in Bundelkhand in 2001 according to Census data. The 2001 Census shows that the pace of diversification towards non-farm activities has been much faster in the western and central regions during the period 1981 and 2001. In the other two regions, the proportion of non-agricultural workers remains more or less the same as it was in 1981. The proportion of female workers in the non-agricultural sectors to the total number of rural female workers is markedly higher in the western region as compared to the other regions.

The analysis of region-wise data reveals that the dynamics of change seems to be different in different regions. In the agriculturally dynamic western region, the process of diversification in favour of non-agricultural activities is more closely related to the internal dynamic of the agricultural sector. Linkages between agricultural and non-agricultural sectors appear to be stronger in this region. In central and eastern UP, overcrowding of agriculture coupled with low productivity is forcing workers to seek non-agricultural employment in low income generating activities in the informal sector.

Much of the process of diversification to non-farm employment is of the distress type. High levels of poverty are found to prevail in the RNFS of the state, particularly in the manufacturing and construction sectors. In general, self-employed workers have lower income levels as compared to the workers in regular paid jobs.

9.2 Background of the Surveyed Villages

Primary survey was carried out in 20 villages. The main features of the sample villages are shown below:

The OBCs were the most numerous castes in the surveyed villages constituting 47.7 percent of the households. SC households were the next dominant group with 29.3 percent share in population. The proportion of other social groups was 22.4 percent.

86.4 percent of the population of the village belonged to Hindu households and 13.6 percent to Muslim households.

Total literacy varied from 57.5 percent to 85 percent in the sample villages. Male literacy rates varied from 62 percent to 90 percent, whereas the female literacy rates varied from 45 percent to 80 percent.

58 percent household owned land, while 42 percent were landless. Nearly half of the households were small farmers with less than 5 acres of land. This proportion was 60 percent in low RNFE districts and 38.5 percent in high RNFE districts. Less than 10 percent of the households belonged to the category of medium (5 to 10 acres) or large farmers (above 10 acres).

Out of the 20 surveyed villages, 4 were located within 5 km of the town, while another 10 were located within 6 to 10 km. Though in most of the cases the distance of the town was not high, but the quality of road was not good. Only 5 out of the 20 surveyed villages were connected with metalled roads to the Block HQ.

Most of the villages had access to different types of facilities within 10 km and in many cases within 5 km. No marked differences in the access to facilities were observed between high and low RNFE districts.

42 percent of the village households were engaged in rural labour and 27 percent households were engaged in agriculture and allied activities. About 19 percent were engaged in self-employment in non-agricultural activities and about 11 percent were employed in services. The proportion of households in agriculture and allied activities was higher in low RNFE districts as compared to the high RNFE districts.

Grocery shops existed in 90 percent of the villages surveyed. 75 percent had tea stall and 65 percent had repair shops. Tailors, masons and drivers were found in every village. All villages except three also had grain miller. Carpenter and blacksmiths were reported in 75 percent of the villages. Other types of traditional workers were less widespread. Potters were reported in all villages in Gonda and weavers in all villages of Varanasi. About one-fourth villages reported having goldsmith, leather workers and bamboo makers.

The number of households of handicraftsmen and skilled workers was reported to have increased or remained static in most of the villages during the last five years. An increase was reported particularly in the case of drivers, masons, carpenters and tailors. But, in some villages it was reported that the number of households belonging to blacksmiths, carpenters, potters and tailors had declined.

Migration was found to be low. Two villages each in Kannauj and Gonda reported immigration of agricultural workers. Three villages in Meerut and one in Varanasi reported immigration of non-agricultural workers. The immigration of agricultural workers was mostly for 2 to 4 months. Immigration of non-agricultural workers in Meerut was on daily basis. Out-migration in search of work was reported in 16 out of 20 villages. In majority of villages out-migration was mainly for agricultural work. Mostly out-migration was for 3 to 6 months.

In majority of the villages daily wage rates for agricultural workers were reported to be less than Rs. 100. The daily wages of non-agricultural labour were reported between Rs. 100 and 200 in most of the villages. The number of villages reporting higher wages was more in high RNFE districts, especially Meerut.

In half of the villages wage employment was reported as the new emerging activity for employment. In a few villages of Varanasi and Kannauj handloom units have been opened. Petty shops were reported from two villages of Kannauj. Thus, it looks that not many new activities are being generated in the villages for creation of employment. Mainly people are depending upon self-employment or wage employment.

9.3 Socio-Economic Characteristics of Sample Households

Information was collected from 1,643 households in the sample villages. The main socio-economic characteristics of the sample households are summarised below:

22.5percent of sample households belonged to SC category, 45.8 percent were OBC and 31.2 percent others. 91.7 percent of sample households belonged to Hindu community and 8.2 to Muslim community.

About half of the sample households reported cultivation as their main occupation. About one-fifth were engaged in non-agricultural labour and another one-fifth were self-employed in non-agriculture. About one-tenth were employed in public or private service.

22.7 percent of the households were landless. About 56 percent of the households had less than 2.5 acres of land and 14 percent had between 2.5 and 5.0 acres of land. Only 7 percent of the households owned more than 5 acres of land.

18.8 percent of the household members above six years were illiterate. 24.5 had studied up to primary level and 21.4 percent up to upper primary level. About 25 percent had education up to secondary and higher secondary level and about 10 percent were graduates and above. Female illiteracy was 28.6 percent against male illiteracy of 10.1 percent.

Only 1.6 percent of the persons above six years of age had acquired professional training. Out of the 160 persons who had acquired some professional training, 136 were males and only 24 were females. Out of the total persons reporting technical education, 7.5 percent had BE or B.Tech degree, 3.1 percent had done course at polytechnic and 13.8 percent were ITI trained. 5.6 percent

were medical graduates. The largest majority belonged to those who had done some other professional course. 5 percent reported having received informal training.

Average value of assets per household was about Rs. 40 lakh in Meerut and Varanasi. It was much lower at Rs. 19.9 lakh in Gonda and Rs. 11.7 lakh in Kannauj. Land accounted for over 90percent of value of assets in the four districts. The value of non-land assets varied from only Rs. 1.0 lakh in Kannauj to Rs. 3.07 lakh in Meerut. Agricultural machinery is the most important productive asset other than land. Livestock and transport equipment are the other important categories of assets.

9.4 Dynamics of RNFE

On the basis of the survey of the sample households following features of RNFE sector were brought to highlight:

41.9 percent of workers in the sample households were employed in cultivation. 3.1percent were engaged in agricultural labour and 18.5 percent in non-agriculture labour. Another 18 percent were self-employed in non-agricultural activities. 4.7 percent were employed in public services and 7.8 percent in private services. In all the districts surveyed, we find that now non-agricultural sector provides employment to more than half of the rural workers.

There has been a gradual shift in workers away from the agricultural sector during the past decade. Agriculture and animal husbandry employed 58.2 percent of the workers ten years ago. This proportion declined to 48.1 percent five years ago and presently stands at 43.5 percent. The proportion of agricultural labourers has remained stable at around 3 percent during the decade. Thus, the share of agricultural workers on the whole has declined from 61.3percent ten years ago to 46.4 percent now.

The growth of total workers was 19 percent in both the five year sub-periods. The number of workers in animal husbandry shows a high growth. The number of cultivators declined during 2002-07 but increased by 7.2 percent during 2007-12. Agricultural labourers grew by about 24 percent in both the sub-periods. Non-agricultural labourers also show a high growth during the decade. Private services and self-employed in non-agriculture are the fastest growing sectors in the rural areas.

The main reasons reported for the occupational shifts were small size of landholdings and search for new employment opportunity. Low income in agriculture also propelled shift to other sectors. The role of government schemes was nominal. About 5 percent of the workers went in for higher education.

More than half of the non-agricultural labourers were employed in the construction activity. Very few non-agricultural labourers were employed in manufacturing, trade and hotel and restaurants.

About 32 percent of the workers in non-agricultural labour found employment within the village and 62 percent found work within the district. Very few labourers in all the four districts went outside the district to find work.

It was found that non-agricultural labour does not provide work throughout the year. Only about 43 percent of the persons reportedly got employment as non-agricultural labour from 6 to 12 months. Nearly the same proportion reported getting work for 3 to 6 months, while 12.5 percent worked as non-agricultural labour for less than three months. About three-fourths of the workers reported working for 8 hours and above and the remaining one-fourth worked from 4 to 8 hours per day. Almost all the non-agriculture labourers were working as casual workers.

The study of mode of wage payment revealed that over 90 non-agricultural labourers were paid wages on daily basis, while 1.2 percent got wages on monthly basis. 7.6 percent reported working on piece rate basis. Average annual earning of non-agricultural labour was reported at Rs.30,573. The highest earning was reported in the case of manufacturing, followed by construction. Considerable variations in annual earnings were also found among districts within the same sector. The earning levels are higher for OBC and other castes as compared to ST and SC group.

SENAg workers account for about one-fifth of the total workers and two-fifths of non-agricultural workers. Wholesale and retail trade is the most import SENAg activity, followed by manufacturing and services. Self-employed workers in manufacturing basically work from their home in the village. In construction, trade and service about two third self employed workers get employment in the village itself. Those engaged in transport activities operate mostly from outside the village. Nearly all the self-employed workers are working within the district.

Average annual earning per self-employed person was estimated at Rs.35,373 for all sample households. It varied from Rs. 12,711 in Kannauj to 59,357 in Gonda districts. Average earnings were highest in the case of service sector, followed by transport, while the lowest earnings were reported in manufacturing.

The services are emerging as an important source of employment even in the rural areas. They account for 12.5 percent of the total rural workers and a little less than one-fourth of RNFE in our sample. Per person annual earnings in the services were reported at Rs. 1,04,449 for the sample households. It was much higher in the government sector (Rs. 1,86,211) as compared to the private sector (Rs. 55,186). Earning levels in contractual employment were found to be much lower (Rs. 51,565) as compared to the employees in the regular employment (Rs. 1,91,930). Looking at the quality of employment we find that in the government sector about two-thirds employees received PF and insurance benefits and about 56percent received medical and retirement benefit.

In our sample only 3.7 percent workers reported working under MNREGS. The proportion of households working on MNREGs is much higher for SC and ST workers as compared to OBC

and Other categories. On an average a worker got 33 days of employment in a year in MNREGs. On the whole, the contribution of MNREGs to employment generation as proportion of total employment does not seem to be much.

Only about 7 percent of the sample households reported having migrant workers. Around three-fourths of the migrant workers were working in other states, while about one-sixth were working within the state in other districts. All the migrant workers were males.16 percent of migrant workers were employed in construction sector, 8.4 percent were employed in wholesale and retail trade and 5.8 percent in manufacturing. Largest majority was employed in miscellaneous occupations. A large majority of migrants (871%) were sending remittance of less than Rs. 25,000 to their families per year.

Only one-fifth of the women were engaged in paid work like self-employment in non-agriculture, wage labour and other activities. On an average a female worker got employment for 62 days in a year. Family labour in non-agriculture provided employment for 286 days in a year, while self-employment in non-agriculture provided work for 187 days. Employment days as wage labourer and other activities were much lower. Thus, it looks that women are participating in work mainly as marginal workers. 92 percent women were reported to be working at home whether on domestic or productive activities. It is difficult for women to work outside the village as they have to shoulder the responsibility of household work.

9.5 Characteristics of Village Enterprises

A survey of 207 enterprises was carried out during the study. The main findings emerging from the enterprise survey are reported below:

37percent of the total enterprises were engaged in trade, 23 percent each were manufacturing and non-manufacturing enterprise, 13 percent were service enterprise and 4 percent belonged to other categories.

Out of the total enterprises 46.4 percent were established before 2000 and 53.6 percent were established thereafter.

Most of the enterprises are in the nature of micro-enterprises run by the entrepreneur himself. There was a less than one hired employee per enterprise.

72 percent of the employees were casual and only 28 percent were regular employees. Nearly 90 percent of the employees were from the village itself.

Average monthly earning of enterprises for the entire sample came to Rs.5,318. Among different types of enterprises, industrial enterprises had much higher earning levels as compared to trade and services. Earnings were lowest in trade. Within the same category considerable differences in earning levels are observed among the four districts.

Village enterprises are mainly catering to the local demand. About 70 percent of the enterprises reported that they sell their products in the village itself. 10 percent sell within the district and another 7 percent in village and district both. Only 7 percent reported selling their products outside the district. Most of the enterprises sell their output directly to the consumers.

The most important reason for setting up the unit in the village mentioned by nearly 95 percent unit holders was help from the family. The next important reason was saving on rent of premises. Low investment, lack of completion and no need of labourers were also mentioned as the advantages of establishing the unit in the village. About one-fourth respondents said they are running the unit along with the cultivation in the village.

The most important problem reported by the enterprises was lack of credit, followed by lack of demand. About one-fourth reported problem of lack of power supply and high input cost. Lack of raw material and shortage of skilled labour were other important problems reported by the enterprises.

9.6 Correlates of RNFE

The study based on primary data has revealed the following correlated of RNFE:

The participation of women in RNFE activities is very low. Women constitute hardly one-tenth of RNFE workers. However, a higher proportion of female workers was engaged in RNFE sector as compared to the male workers.

The survey revealed that the proportion of SC workers engaged in RNFE is much larger as compared to the other social groups. The second highest participation was by OBC group and lowest by the other groups.

Education level was not found correlated to RNFE. In fact, a higher proportion of agricultural workers was educated up to secondary level as compared to the non-agricultural workers. The same situation is found about the workers with higher secondary and graduate level education. Only in the case of post-graduates we find a higher proportion in non-agricultural employment as compared to agricultural employment. Thus, we find that contrary to our hypothesis the education profile of agricultural workers is better than that of the non-agricultural workers. This can be attributed to the fact that the jobs in the non-agricultural sector are mostly low paid jobs and do not require high level of education or training.

The analysis supports the hypothesis that higher the level of education higher will be the days of employment in non-farm activities. The average and median number of days of employment increase with the level of education in the case of non-agricultural labour. Thus, a person with secondary level education gets higher days of employment as compared to a person with below secondary education. Similarly, a graduate non-agricultural labour got employment for higher number of days as compared to non-graduates. A similar situation is found with respect to the employment days of self-employed in non-agriculture.

As hypothesised, a larger proportion of landless persons and persons with small landholdings were found to be involved in non-agricultural activities as compared to those with larger landholdings. 38 percent of the RNFE workers were landless and 52 percent had less than 2.5 acres of land. Hardly 10 percent of the RNFE workers had more than 2.5 acres of land. The relationship was also observed for different types of RNFE workers.

Income per workers for non-agricultural labour and self-employed in non-agriculture was found to be Rs. 30,573 and Rs. 35,373 respectively as compared to the average income of a farm household of Rs. 50,300. Thus, it is evident that the non-farm workers are generally employed in the low paid informal sector activities. Hence, the distress hypothesis with respect to rural diversification seems to be working in the case of UP. Only in the case of services it is found that the level of earning per person is substantially higher than in agriculture or other non-farm activities.

Age profile of RNFE workers was found to be younger as compared to the agricultural workers. About 65 percent of RNFE workers are below 40 years of age as compared to 48 percent of agricultural workers. This indicates that a larger proportion of young workers are going into RNFE activities.

In our sample about 25 percent of workers in the agricultural households were found to be engaged in RNFE activities. Service is the main category of RNFE workers. Thus, it appears that gradually the cultivating households are diversifying to other occupations due to economic pressure.

9.7 Findings Based on Focus Group Discussions

Of the four districts surveyed Meerut and Varanasi are relatively more advanced and have high RNFE, while Kannauj and Gonda are relatively backward districts with low RNFE. However, all the districts have an industrial base and specialise in the production of some products as shown below:

Meerut: sugar industry, sports goods, iron scissors, silver foil
Varanasi: silk sarees and brocade, wooden toys, wooden toys
Kannauj: Perfume
Gonda: Sugar industry, rice mills

The participants highlighted that each of the district has the potential for developing industries based on local resources to generate employment. All the four districts for being agricultural districts have a good potential for development of agro processing units like flour mills, rice mills, dal mills, oil crushers, etc. Cold storages can be set up in all these districts to preserve agricultural produce and generate employment. Dairying was mentioned in all the four districts as an important activity to be promoted for generating employment.

Apart from these common industries each district has potential for specialised production of certain products. For instances, Meerut and Gonda have a number of sugar mills. They have a good potential of setting up industries based on the bye product of sugarcane like alcohol and bag gass. Wood based industries can also be promoted in the district. Kannauj is an important producer of potato and has potential for setting up potato processing units. Agarbatti units can also be set up in the district. Gonda has potential for maize processing units. In Varanasi, production of silk and wool can be promoted as there is a great demand for these products in the districts.

The main constraint on industrial development mentioned in all the districts was the shortage of power which is badly affect the existing units and preventing setting up of new units. Inadequate credit facilities were also mentioned as a problem in setting up of new units. Rural roads were also mentioned as a constraint in Gonda district. Shortage of skilled manpower was mentioned as an important constraint in all the four districts. It was also felt that the District Industries Centres are not playing the expected role in the promotion of industries through training and other programmes.

9.8 Suggestions

The capacity of the agricultural sector to absorb more labour has reached a near saturation point. The present small size of holdings is unable to provide sustenance to a cultivating family. As a result the members of cultivating families are searching for employment opportunities outside agriculture. Our survey reveals that the RNFE workers now account for more than half of the rural workers in U.P. However, majority of them is employed in traditional activities or low income generating activities in the informal sector like shops. A large number of RNFE workers remain below the poverty line. What is required is not only expansion of RNFE activities but also efforts to raise the productivity and income levels o f RNF workers.

A few suggestions in this regard are given below:

- Improvement of rural infrastructure is a basic pre-condition for promoting RNFE. All the villages should be connected with all-weather roads to improve their connectivity to towns and markets. Measures should be taken to ensure regular power supply, especially in the industrial areas.

- Financial incentives and liberal credit facility at reasonable rates should be provided to the entrepreneurs willing to set up new units or expanding existing unit in the rural areas.

- Techno-economic surveys at district level should be conducted to identify the potential activities for development.

- Rural youth should be given training in entrepreneurship development and encourage to set up units in rural areas.

- Training programmes in skills suitable for the area should be started by both the government and private sector.
- Computer training centres should be established to train rural youth through public private partnership models.
- Participation of women in RNFE activities should be encouraged in training courses and other support programmes. 30 percent participation for women should be ensured. Promotion of home based activities would also help in increasing women participation in work.
- Supply of required raw material for local industries should be ensured. Production of required raw material within district should be encouraged.
- Technological upgradation of traditional industries of the district needs to be promoted and backward and forward linkages provided to them.
- Cluster approach to develop selected industries suitable for the area should be promoted to get the benefit of scale and congomelaration economies.
- For agro-processing units production of varieties suitable for processing should be promoted.
- The District Industries Centres (DICs) should be revamped to enable them to play a dynamic role in promoting industrial activity in the district by identifying potential industries and conduct training programmes in skill development, marketing, etc. Private industry and management and technical training institutions should be involved in these programmes.
- The district level udyog bandhu should be made effective to remove problems of local industrial units.

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