The study investigates whether the employment shift from the farm to the non-farm sector in Uttar Pradesh arises out of prosperity-induced or distress-induced factors. The examination of employment patterns at various levels leads to conclusive evidence that distress-induced push factors have been predominant in driving workers to non-farm employment. The paper also records the link with rural non-farm employment, of various factors such as landownership, education and caste affiliation. Low levels of education and their status as landless earners devoid of capital resources suggest broad distress-induced circumstances of non-farm workers.

Occupational diversification away from agriculture in favour of non-agriculture activities in the rural economy has generated a lot of interest among researchers. The issue is whether the declining share of agriculture in employment reflects maturing of positive growth forces in the economy or a result of adverse trends in the agrarian sector resulting in the growing inability of agriculture to further absorb the expanding labour force. Many studies make important contributions in the scrutiny of the nature of employment in the rural non-farm sector especially at the all-India level. However, there are not many such studies for Uttar Pradesh (UP) in particular, which is also the most populous state in the country. The present study, therefore, is an attempt to fill this literature gap taking into account the latest data available on the subject.

1 Introduction

A distinguishing feature of UP’s economy is its regional imbalance. The state is divided into four well-defined economic regions – western, eastern, central and southern. All these regions have different climatic conditions, soil types and infra-structural development. The western region is still the most prosperous region, despite some catching up by other regions in the 1970s and 1980s. Foodgrain yield per acre in the eastern and central regions is only 80% of the yield in the western region. And the west-to-east gap widens when one considers all crops: the west has witnessed greater diversification of output and has more area under high-value commercial crops. The southern region too has made little progress. By the mid-1990s, crop value per acre in this region was on average less than half that for the western region. Consequently, the gap between the southern region and the rest of the state has continued to widen. Thus, to interpret the state as one economic unit in undifferentiated terms would be misleading.

Given the wide variations in the level of development in the state, we can expect that factors driving non-farm employment growth would also vary. It is likely that in the more developed western region, diversification of employment away from agriculture would reflect the role of demand-pull factors generated by agricultural dynamism, while in the eastern, central and southern regions distress-push can play a role in increasing the volume of non-farm employment.

In the light of the above facts, the present study endeavours to evaluate the employment situation particularly in the non-farm sector. The analysis also attempts to bring out some regional variations within the state. The study is made up of six broad sections. Section 2 looks at employment opportunities for male
and female employment; in the farm and non-farm sectors. The sectoral distribution of employment is discussed in Section 3. The distribution of workers by their employment status is presented in Section 4. Here, we will also examine the employment status of workers as well as the level of income that self-employed workers consider satisfying. Thereafter, in Section 5, we look at non-farm employment particularly in the unorganised segment. We,

3.56%, 4.61% and 4.03% between the time periods 1983 to 1987-88, 1987-88 to 1993-94 and 1993-94 to 1999-2000, agricultural growth fluctuated and stood at 1.9%, 3.4% and 2.7%, respectively, in the corresponding periods. It appears that the diversification of rural employment in the state was primarily an outcome of factors other than the stimulus provided by agricultural prosperity.

Table 1 also shows the segregated participation of male and female non-farm workers. Male activities rose considerably from 18.1% to 33.7% over the period 1972-73 to 2004-05. Female employment in the non-farm sector, on the other hand, exhibited only a meagre growth from 15% to 16.8% in the same period. Notably, the proportion of female workers increased by more than 6 percentage points during the 1990s. This seems to demonstrate increased willingness on the part of the female workers to be involved in sectors that were not preferred earlier.

**Gender-wise Trends**

Various factors could have accounted for increased willingness on the part of the female workers. A welcome explanation would be that the traditional prejudice against women workers was on the wane. Statistics on earnings of women workers, however, do not support this view. The real earnings of women workers in regular employment registered a decline of 32% during the period 1999-2000 to 2004-05. An interesting feature was that the quantum of the cut in wages in the case of more educated women workers was higher than in the wages of the illiterate. While the illiterate women, who constituted more than 66% of the rural women workers, suffered an average cut of 20%, those who had studied up to secondary or higher secondary level had to bear a higher cut of 30%.

The second explanation could be that a decline in real earnings in agriculture, the principal source of employment had forced rural women to take up non-agricultural activities to sustain family income. This does seem to be of relevance, especially since a major form of non-agricultural employment growth has been an increase in self-employment. Finally, a third and complimentary explanation could be that women's employment in non-agriculture has risen in recent times because the earnings from these activities is far below the reservation wage for men, leaving these sources of income open to women. The gender-wise trends in rural non-agricultural employment seem to point to the role of distress-driven increases in such employment, especially among women.

For examining the role of external factors that trigger non-farm employment, we make use of the infrastructure index constructed by the Centre for Monitoring Indian Economy (CMIE) for the year 1995. This index has been computed for all states and districts, permitting an assessment of infrastructural development trends at the regional level. Figure 1 shows that these development indices were the highest in districts in the western (104.8 and 122.1) and hill regions (98.2 and 117.1) followed by districts in the central (90.5 and 112.8), eastern (83.5 and 103.0) and southern regions (77.1 and 87.6) in that order.

---

**Table 1: Usual (Principal + Subsidiary) Status Non-Farm Workers in Uttar Pradesh** (1972-73/2004-05, in percentages)

<table>
<thead>
<tr>
<th>Year</th>
<th>Rural Persons</th>
<th>Rural Males</th>
<th>Rural Females</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972-73</td>
<td>NA</td>
<td>18.1</td>
<td>15.0</td>
</tr>
<tr>
<td>1977-78</td>
<td>NA</td>
<td>19.8</td>
<td>10.9</td>
</tr>
<tr>
<td>1983</td>
<td>18.0</td>
<td>22.1</td>
<td>11.3</td>
</tr>
<tr>
<td>1987-88</td>
<td>17.8</td>
<td>21.1</td>
<td>8.7</td>
</tr>
<tr>
<td>1993-94</td>
<td>20.0</td>
<td>23.8</td>
<td>10.7</td>
</tr>
<tr>
<td>1999-2000</td>
<td>23.5</td>
<td>26.2</td>
<td>12.5</td>
</tr>
<tr>
<td>2004-05</td>
<td>30.1</td>
<td>33.7</td>
<td>16.8</td>
</tr>
</tbody>
</table>

NA implies not available.

Source: Relevant Quinquennial Rounds of NSSO.
that the decline in the level of employment in the primary sector was largely because of a fall in the proportion of male workers rather than female workers.

In the secondary sector, manufacturing continued to be the largest mainstay of non-farm employment. However, the rise of employment proportion in the construction activities during the 1990s adds strength to our conjecture that growth of employment in the rural non-farm sector could be due to distress-induced factors. It is argued so because the construction sector depends essentially on casual labour, absorbing labour seasonally and not necessarily depending upon specialisation. In the remaining two sub-sectors, namely, mining and quarrying and electricity, gas and water, employment of both male and female workers, remained marginal as well as static during the whole period.

In the tertiary sector, trade, hotels and restaurants emerged as an important source of employment. The other services sector employed a substantial proportion of 4.9% of workers in 1983 but its share remained almost constant at 4.5% in 2004-05. The

3 Industrial Distribution of the Workforce

It would be significant to survey the structure of rural employment at the state level. Table 2 lays down the situation from 1983 to 2004-05. Table 2 shows that the bulk of the workforce stayed in the primary sector over the period, though after 1987-88 its share declined by 9.4 percentage points; from 82.2% in 1987-88 to 72.8% in 2004-05. A closer examination of the table reveals
transport and communications sector also gained in importance during the 1990s and registered an increase from 1.1% in 1987-88 to 2.1% in 2004-05. Overall, the importance of construction and trade, hotels and restaurants in explaining the increase in the proportion of non-farm employment indicates that dynamism in the commodity-producing sectors was not primarily responsible for increases in employment. While this may have positive implications in the western region, in the rest of the state it strengthens the view that distress could have played a role in changing the structure of employment over time.

A comparison of the sectoral distribution in non-farm employment separately for males and females brings out the following similarities and dissimilarities. Both the male and female workers were mostly employed in the manufacturing sector. The overall proportion of both the male and female employment also rose in other services sector by almost 1 percentage point between 1983 and 1999-2000. Since, it is to be expected on the basis of gender-based wage disparities that as the reservation wage for women is likely to be significantly lower than for males, the tendency for women to take on jobs in the primary sector as men move into non-farm employment, and for increases in female non-farm employment in manufacturing sector, indicates that employment opportunities in the commodity producing sectors were in fact becoming available at the relatively lower wages that women were willing to accept. On the other hand, the differences between the male and female employment trends are visible for increases in the primary sector as men were largely employed in manufacturing activities only in the western and central regions. It implies that the increasing employment opportunities in the manufacturing sectoral distribution of employment. First, the data shows that the western region of UP has the highest number of workers in the secondary sector followed by the southern region at 18.3%. This high share of southern region in total employment is attributable to the considerable size of construction activities. These activities accounted for 13.9% of employment in the southern region. The southern region is characterised by deforested and degraded land. The condition is further compounded by problems of hilly landscape, high winds, scarcity of water and poor soil. Much of the workforce in the region is consequently engaged in soil and water conservation measures such as water harvesting structures. This is a clear indication of distress-induced factors at work, urging workers to rural non-farm employment in the southern region. In contrast with this, the western, eastern and central regions have substantial employment in manufacturing activities to the tune of 12.1%, 9.2% and 8.6%, respectively.

Second, the proportion of employment in the tertiary sector in the western, eastern and central regions was 18%, 15.1% and 11.9%, respectively, but in the southern region it was 6%. Trade and other services sectors provided the highest proportion of employment while transport and communications provided the least in all the regions.

Third, the gender distribution of employment discloses further regional disparities. In the secondary sector, the male workers prominently worked in manufacturing activities in all the regions except the southern region. The female workers, on the other hand, were largely employed in manufacturing activities only in the western and central regions. It implies that the increasing employment opportunities in the manufacturing sectoral distribution of employment. First, the data shows that the western region of UP has the highest number of workers in the secondary sector followed by the southern region at 18.3%. This high share of southern region in total employment is attributable to the considerable size of construction activities. These activities accounted for 13.9% of employment in the southern region. The southern region is characterised by deforested and degraded land. The condition is further compounded by problems of hilly landscape, high winds, scarcity of water and poor soil. Much of the workforce in the region is consequently engaged in soil and water conservation measures such as water harvesting structures. This is a clear indication of distress-induced factors at work, urging workers to rural non-farm employment in the southern region. In contrast with this, the western, eastern and central regions have substantial employment in manufacturing activities to the tune of 12.1%, 9.2% and 8.6%, respectively.

Second, the proportion of employment in the tertiary sector in the western, eastern and central regions was 18%, 15.1% and 11.9%, respectively, but in the southern region it was 6%. Trade and other services sectors provided the highest proportion of employment while transport and communications provided the least in all the regions.

Third, the gender distribution of employment discloses further regional disparities. In the secondary sector, the male workers prominently worked in manufacturing activities in all the regions except the southern region. The female workers, on the other hand, were largely employed in manufacturing activities only in the western and central regions. It implies that the increasing employment opportunities in the manufacturing sectoral distribution of employment. First, the data shows that the western region of UP has the highest number of workers in the secondary sector followed by the southern region at 18.3%. This high share of southern region in total employment is attributable to the considerable size of construction activities. These activities accounted for 13.9% of employment in the southern region. The southern region is characterised by deforested and degraded land. The condition is further compounded by problems of hilly landscape, high winds, scarcity of water and poor soil. Much of the workforce in the region is consequently engaged in soil and water conservation measures such as water harvesting structures. This is a clear indication of distress-induced factors at work, urging workers to rural non-farm employment in the southern region. In contrast with this, the western, eastern and central regions have substantial employment in manufacturing activities to the tune of 12.1%, 9.2% and 8.6%, respectively.

Second, the proportion of employment in the tertiary sector in the western, eastern and central regions was 18%, 15.1% and 11.9%, respectively, but in the southern region it was 6%. Trade and other services sectors provided the highest proportion of employment while transport and communications provided the least in all the regions.

Third, the gender distribution of employment discloses further regional disparities. In the secondary sector, the male workers prominently worked in manufacturing activities in all the regions except the southern region. The female workers, on the other hand, were largely employed in manufacturing activities only in the western and central regions. It implies that the increasing employment opportunities in the manufacturing sectoral distribution of employment. First, the data shows that the western region of UP has the highest number of workers in the secondary sector followed by the southern region at 18.3%. This high share of southern region in total employment is attributable to the considerable size of construction activities. These activities accounted for 13.9% of employment in the southern region. The southern region is characterised by deforested and degraded land. The condition is further compounded by problems of hilly landscape, high winds, scarcity of water and poor soil. Much of the workforce in the region is consequently engaged in soil and water conservation measures such as water harvesting structures. This is a clear indication of distress-induced factors at work, urging workers to rural non-farm employment in the southern region. In contrast with this, the western, eastern and central regions have substantial employment in manufacturing activities to the tune of 12.1%, 9.2% and 8.6%, respectively.

Second, the proportion of employment in the tertiary sector in the western, eastern and central regions was 18%, 15.1% and 11.9%, respectively, but in the southern region it was 6%. Trade and other services sectors provided the highest proportion of employment while transport and communications provided the least in all the regions.

Third, the gender distribution of employment discloses further regional disparities. In the secondary sector, the male workers prominently worked in manufacturing activities in all the regions except the southern region. The female workers, on the other hand, were largely employed in manufacturing activities only in the western and central regions. It implies that the increasing employment opportunities in the manufacturing sectoral distribution of employment. First, the data shows that the western region of UP has the highest number of workers in the secondary sector followed by the southern region at 18.3%. This high share of southern region in total employment is attributable to the considerable size of construction activities. These activities accounted for 13.9% of employment in the southern region. The southern region is characterised by deforested and degraded land. The condition is further compounded by problems of hilly landscape, high winds, scarcity of water and poor soil. Much of the workforce in the region is consequently engaged in soil and water conservation measures such as water harvesting structures. This is a clear indication of distress-induced factors at work, urging workers to rural non-farm employment in the southern region. In contrast with this, the western, eastern and central regions have substantial employment in manufacturing activities to the tune of 12.1%, 9.2% and 8.6%, respectively.

Second, the proportion of employment in the tertiary sector in the western, eastern and central regions was 18%, 15.1% and 11.9%, respectively, but in the southern region it was 6%. Trade and other services sectors provided the highest proportion of employment while transport and communications provided the least in all the regions.

Third, the gender distribution of employment discloses further regional disparities. In the secondary sector, the male workers prominently worked in manufacturing activities in all the regions except the southern region. The female workers, on the other hand, were largely employed in manufacturing activities only in the western and central regions. It implies that the increasing employment opportunities in the manufacturing sectoral distribution of employment. First, the data shows that the western region of UP has the highest number of workers in the secondary sector followed by the southern region at 18.3%. This high share of southern region in total employment is attributable to the considerable size of construction activities. These activities accounted for 13.9% of employment in the southern region. The southern region is characterised by deforested and degraded land. The condition is further compounded by problems of hilly landscape, high winds, scarcity of water and poor soil. Much of the workforce in the region is consequently engaged in soil and water conservation measures such as water harvesting structures. This is a clear indication of distress-induced factors at work, urging workers to rural non-farm employment in the southern region. In contrast with this, the western, eastern and central regions have substantial employment in manufacturing activities to the tune of 12.1%, 9.2% and 8.6%, respectively.
activities offered employment to women at relatively lower wages that were acceptable to them. Besides this, a significant proportion of male and female workers were employed in the construction sub-sector in the southern region only. It was observed, however, that employment of both male and female workers in electricity, gas and water was negligible.

![Figure 5: Proportion of Self-Employed Workers Who Consider Their Own Income Remunerative by Income Range (in %)](image)

In the tertiary sector, the male rather than female workers mainly carried out activities of trade and transport and communications. Nonetheless, a small proportion of female workers were employed in trade activities in central, eastern and western regions. Otherwise, the female workers primarily worked in other services and this proportion was substantial in western region at 11.8% in the year 2004-05.

The preponderance of male-preferred superior employment in construction and services leads us to investigate whether there is a link between employment in the tertiary sector, particularly in the western, eastern and central regions of the state and their commercialisation* indices. Figure 3 (p 65) would suggest absence of any such relationship, except for the western region where most of its districts had higher commercialisation levels. Any such relationships appear to be completely missing in districts of eastern region, except for Allahabad and Kushinagar districts where commercialisation was as high as 47.7% and 26.8% in 1999-2000. In the rest of its districts, it was no higher than 10%. In the districts of central region too, the impact of commercialisation on tertiary sector employment appears weak, except in case of Kheri district which is an outlying district.

On the whole, the figures indicate that in rural UP, commercialisation does not make an impact on rural non-farm employment particularly in tertiary sector activities. Two other observations that support the probability of distress-induced diversification of employment are the large increase of construction activities in the secondary sector and a substantial presence of female workers in manufacturing activities. This conclusion is not in conflict with our earlier finding that rural non-farm employment was not associated with the prosperity-induced factors. However, evidence for such a conclusion in respect of the western region is not clear and the matter needs to be examined further. With these observations, we move on to investigate the status of non-farm workers from the perspective of self-employment and the degree of regularity of employment so as to obtain a more precise picture of non-farm employment in the state.

### 4 Status Distribution of Rural Non-Farm Workers

A prominent feature of Indian employment situation is that a large part of reported employment is composed either of the self-employed or casual labour. The regular salaried employees/wage labourers form only a small proportion of the total workforce, particularly in rural areas. However, the proportional size of self-employed workers in the state and its regions was considerably higher than the all-India level. For instance in 2004-05, the proportion of self-employed workers in the state was 72.8% in comparison of nearly 60% at the all-India level. The regular mode of employment, however, was close to the all-India estimates. Consequently, the incidence of casual employment was lower in the state than at the all-India level. In 2004-05, out of the total workers, 20.7% were casually employed against the all-India figure of 37.7%.

The pattern of status distribution differed in the non-farm sector from the pattern in rural economy of the state of UP as a whole. As compared with the proportion of self-employed rural workers in the state, the proportion of self-employed rural workers in non-farm employment was considerably lower even though it still dominated the other categories (i.e., regular employed and casually employed in Table 4). The proportion of regularly employed workers in the non-farm sector was higher and consecutive to it, the share of casually employed workers stood quite close to the total of the rural sector at 25.7%. The proportion of male and female workers in different categories also differed perceptibly. For instance, in 2004-05, the proportions of male self-employed, regular and casual workers were 52.4%, 20.1% and 27.5%. For the female workers, these proportions stood at 73.5%, 14.8% and 11.6%, respectively.

An examination of the status of self-employed workers is made from the viewpoint of their notion of what constitutes

**Figure 6: Estimated Annual Gross Value Added Per Worker in Unorganised Manufacturing and Service Sectors (in ‘000 Rs)**

![Source: NSSO 56th and 57 rounds.]

<table>
<thead>
<tr>
<th>Sector of Employment</th>
<th>Total</th>
<th>DAMEs</th>
<th>NDAMEs</th>
<th>EMES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing Sector</td>
<td>20.7%</td>
<td>7.3%</td>
<td>3.1%</td>
<td>100</td>
</tr>
<tr>
<td>Services Sector</td>
<td>25.7%</td>
<td>52.4%</td>
<td>73.5%</td>
<td>54.9</td>
</tr>
</tbody>
</table>

Source: NSSO 56th and 57 rounds.
adequate remuneration for the labour put in by them. In rural up, the minimum wages prescribed as per the Minimum Wages Act is Rs 58 per day. Assuming that there are 24 working days in a month, the minimum monthly wage at the prescribed rate comes to Rs 1,392. The data points out that a larger proportion of workers in the state would consider wages even lower than the legally prescribed minimum wages as adequate compensation for their labour. Nearly one-fourth of the male workers and half of the female workers in the state would feel gratified if they receive wages much less than the prescribed minimum monthly wages under the act (Figure 4, p 66). If the next immediate income group of Rs 1,500-2,000 were also taken into account, there would be nearly 45.7% workers in particular that speak of their poor conditions and strengthen the view that they are in miserable circumstances with extremely low incomes compelling them to resort to mean jobs. The situation is no better in the non-farm activities too which evidences a similar position.

Figure 5 (p 67) further bears out the fact that nearly 20% of workers who fall to earn less than even the lowest of the monthly wages prescribed under the Minimum Wage Act feel satisfied with the compensation they get for their labour. This is clear evidence of extremely low expectations of workers especially women, of rewards of their labour in self-employment. Predictably, the level of satisfaction falls as the required level of income increases. There are 33.4%, 38.9%, 53% and 57.4% of male workers and 44.9%, 48.1%, 60.1% and 65.7% of female workers who are not able to achieve the income range of Rs 1,000-1,500, Rs 1,500-2,000, Rs 2,000-2,500, Rs 2,500-3,000 and more than Rs 3,000 per month, respectively. As seen here, for women workers, the reality of self-employment is apparently even more depressing. It has been noted that the female workers already had the lowest expectations of income from self-employment, and most would have considered even still lower levels to be remunerative but even these are beyond reach. It is noted, however, that the proportion of self-employed workers with income above Rs 3,000 are a fairly ambitious lot. Nearly 49.4% of male workers and 39.7% of female workers in this income group consider themselves fairly rewarded for the labour they put in, while 49.6% of males and 60.3% of females have higher expectations. In the aggregate, we find that a substantial number of workers are unable to earn even the minimum prescribed wages. That is evident enough of their deplorable conditions. Moreover, there is an increasing number of self-employed workers in the successive income groups who are dissatisfied with their present income. Here again, the deplorable conditions of these workers are discernable. With these observations, for a clearer and more precise picture of non-farm employment in Uttar Pradesh, we now turn to a study of the employment scenario in the organised and the unorganised sectors.

5 RNF Employment in Organised and Unorganised Sectors

An analysis of rural non-farm employment in terms of organised and unorganised sectors may throw some light on the “prosperity-vs-distress-induced” debate. However, it may be noted at the outset that there is no rural urban breakdown available separately for the organised and unorganised segments of the Indian economy. This is because, first, the organised segment data is published only for rural and urban areas combined and second, the unorganised segment estimates are derived as a residual by subtraction of organised segment estimates from the National Sample Survey (nss) estimates which cover employment in both segments without distinction. However, an overview of the relative role of the two sectors is important because of the following reasons. First, the share of workers employed in the organised sector has remained more or less constant at a low level for many years. And second, there has been a continuous increase in the relative importance of unorganised segment employment particularly in the non-farm sector.

Employment in the state centred on the unorganised sector which accommodated nearly 95% of the employment. Within the unorganised non-farm sector, the employment growth was substantial in the manufacturing sector. During the period 1993-94 to 1999-2000, employment in this sector recorded a growth rate of nearly 33%. Moreover, productivity per worker in the rural unorganised manufacturing sector also rose continuously during the period. For instance, as per 56th round of nss report, estimated productivity per worker (at 1993-94 prices) was Rs 4,169 in 1989-90. It increased to Rs 5,613 in 1994-95 and further to Rs 7,293 in 2000-01 which is to be welcomed.

It is to be noted here that the rural unorganised manufacturing segment is essentially of own account manufacturing enterprises (oames) – which do not hire any labour on long-term basis and largely depend on family labour. On the other hand, the establishments employing up to five workers are known as non-directory manufacturing establishments (ndmes); while the large sized ones with more than five workers are known as directory manufacturing establishments (dmes). In most of the rural oames, in 2000-01, the average gross value added per worker
suffer the fact that in most of the unorganised non-farm sectors, employment was of distress-induced type.

6 Determinants of the RNF Employment

This section carries out an analysis to examine the influence exerted on employment in the rural non-farm sector by factors such as landownership pattern across rural households, the educational level/skill of workers concerned and their social affinity. The intention of such an analysis is to improve our understanding of the impact of these factors on non-farm employment as well as to identify further the broad reasons for their involvement in non-farm jobs.

6.1 Landownership Structure

Land is an important asset in rural areas. It is also an important source of employment to the rural population. Availability of land crucially determines the extent of labour absorption in agriculture. Moreover, the small and marginal farmers may also tend to lease their land to the medium and big farmers instead of taking the latter's land on lease. The main reason for this is that small fragments of land are uneconomical due to cost of inputs and indivisibilities associated with modern agriculture. On the other hand, medium and big farmers continue to enjoy economies of scale as ploughing an extra piece of land involves only a marginal rise in cost and therefore a lower financial burden. Thus, with little access or no-access to agricultural land, the majority find in non-farm employment, a major source of employment. This inference is well supported by the available data at the state level.

Figure 7 (p 68) shows that more than a majority (64.7%) of the landless households were engaged in non-farm activities in 2004-05. On the other hand, the proportions of non-farm workers of the landowning classes were lower than that of the landless. Against 64.7% of the workers of landless category, the proportions of workers owning submarginal, marginal, small, medium and large pieces of land were in the descending order of 45.8%, 17%, 7.9%, 6.8% and 8%, respectively. Apparently, unlike the landless/submarginal households, the modest proportion of landowning class engaged in non-farm activities would have taken up these activities as they offered lucrative options. However, there appears no evidence of pull factors at work for a majority of workers in a scenario characterised by non-accessibility to agricultural land, deceleration in output growth in farm sector, deceleration in wage rates for both regular and casual workers, increasing input costs and declining profitability in agriculture.

6.2 Education and Skills

The level of education of the population is a potent instrument in influencing the rural non-farm employment pattern. The workers who are more literate are better informed about the job market than their illiterate counterparts. They are better equipped and proactive in the quest for a job even if it involves migration to urban areas or to activities other than agriculture. As evidenced by Figure 8 (p 68), educational attainments tend to promote a shift to non-farm activities at the state level. Figure 8 shows that 24.9% of workers in UP are illiterate. Their proportion amongst the primary level educated workers was 37%. The category with a higher education (graduates and postgraduates) who took to non-farm employment is in the higher proportions of 44.4% and 47.8% for all of rural UP. A similar pattern of increased non-agricultural employment by workers with higher education level is conspicuous both for the male and female non-farm workers. However, since the share of the educated among all workers was low, the influence of this factor on the aggregate share of non-farm employment would have been low.

Interestingly, it may be noted that the pattern at the state level varied somewhat from the all-India level in respect of proportion of non-farm workers of primary and middle levels of education. In the state of UP, the primary and middle levels of school education did not make such differences, as they did in the rest of the country. This is accounted for by the fact that in rural areas of UP, the education imparted between primary and middle standards made no impact whatsoever on the learners’ skills that are required in rural non-agricultural activities. Various studies have established that the functioning of these schools is far from satisfactory (for example, Drèze and Gazdar 1996).

Two features of non-farm employment in the state should be noted which speak of the nature of non-farm employment in UP. First, although higher educational attainment appears to be an important determinant of non-farm employment, Figure 9 shows that the RNF sector in the state was dominated by workers who...
were either illiterate or those who possessed low grades of education. The percentage of illiterate non-farm workers in 2004-05 was no less than 38.1% in the state. Another one-third was merely educated up to the middle level. The remaining one-third of the non-farm workers were educated up to the secondary level and above. Such a skewed distribution in favour of illiterates and poorly educated workers involved in low-skilled non-farm jobs further strengthens the likelihood of their having been driven to RNFS employment under duress. Second, it was also noted that the majority of the rural workers engaged in non-farm activities were landless and only a small proportion owned medium and big farms. Such evidence does confirm our perception of distress-induced employment in the non-farm sector.

6.3 The Social Groups

In rural areas, the caste structure plays an important role in the determination of activities, especially in the non-agricultural sector. The situation in UP appears to be broadly the same but with an exception to the all-India trend. At the all-India level, castes characterised as “others” who pursued non-farm activities came second followed by scheduled castes (SC) and scheduled tribes (ST). In UP, the Other Backward Classes (OBC) mainly pursued rural non-farm activities in 2004-05. There were nearly 54% of oac non-farm workers at the state level. However, the next in the participating category were sc workers. Their high proportion is because of the fact that the state of UP accounts for a larger SC population than any other Indian state. The 2001 Census figures reckoned their proportion at 21.1%. The proportion of others category workers comes next at 25.7% in the state. The st workers were the last in the category.

It is important to note that most of the non-farm workers in the rural areas of UP belong to the socially backward category of workers; and these workers were poorly educated. Very few of them had studied up to the higher secondary level or above (Figure 10, p 69). We have noted that most of the non-farm workers in the state belonged to the oac category; nearly two-thirds of them had studied only up to the primary level. Only a small proportion had studied beyond higher secondary and a small proportion of 8.3% were graduates. The educational standards amongst the sc workers were also low. Of them, 68.4% had studied only up to the primary level and another 20.4% had education up to the middle school level. On the other hand, the educational standards among the socially better off, i.e., others, were relatively good. Amongst them, 12.8% were educated up to higher secondary and another 17.2% were graduates and above. It is significant that the majority of the socially backward non-farm workers, i.e., the oacs and the scs, were poorly educated while only a few better educated non-farm workers, particularly from the category of others were likely to have had reasonably economically viable jobs. Singh and Tripathi (1995) also affirmed this phenomenon in their village level study in Allahabad district. They found in their survey that for the upper caste and large farmers, a higher level of education and increased per capita income were the main causes of shift towards non-agricultural activities. For others, participation was a consequence of uncertainty of returns to agricultural cultivation. To conclude, a large presence of the landless and marginal landowners pursuing non-farm activity, with many of them having had little education and a majority belonging to the socially downtrodden classes with limited assets confirmed our belief in non-farm workers having been driven to their plight largely by distress factors.

NOTES
1 Prior to 9 November 2000 the hill region was also a part of the state. Since it is no longer so, our analysis would exclude the hill region. Therefore, the 61st round pertaining to the year 2004-05 is not comparable with the earlier round data.
2 Net state domestic product at factor cost in agriculture is being used to measure growth in agriculture.
3 The transport facilities have a total weightage of 26% in the index. Energy sector was assigned a total weightage of 2.4%. The other sectors – irrigation, banking, communication infrastructure, educational institutes and health facilities carried weightages of 20, 12, 6, 6, respectively.
4 Boxplots are used here as they have advantage of more clearly representing various aspects (namely, the median, range, inter-quartile range, skewness and outliers) of two or more data sets.
5 Most of the studies have tried to capture the impact of commercialisation on non-farm employment by area under non-food crops (Vaidyanathan 1986; Jayaraj 1994; Basant and Parthasarthy 1991). The same variable is employed by us to capture the impact of commercialisation. However, it has been argued elsewhere that area under non-food crops does not adequately capture the impact of commercialisation which encompasses all the markets (Basant and Parthasarthy 1991). Besides, significant proportion of output of foodgrains is also marketed in many regions which are left untouched using this variable.
6 In India’s National Accounts Statistics, the unorganised sector includes units whose activity is not regulated by statute or legal provision, and/or those which do not maintain legal accounts. For the organised sector, we follow the Director General of Employment and Training (DG&E&T) in the Ministry of Labour, government of India which covers all establishments in the public sector, irrespective of their size and non-agricultural establishments in the private sector employing 10 or more persons. Information in respect of all the public sector establishments and non-agricultural establishments in the private sector employing 25 or more persons is collected simultaneously and information from small non-agricultural establishments in the private sector employing 10 to 24 persons is collected on voluntary basis.

REFERENCES