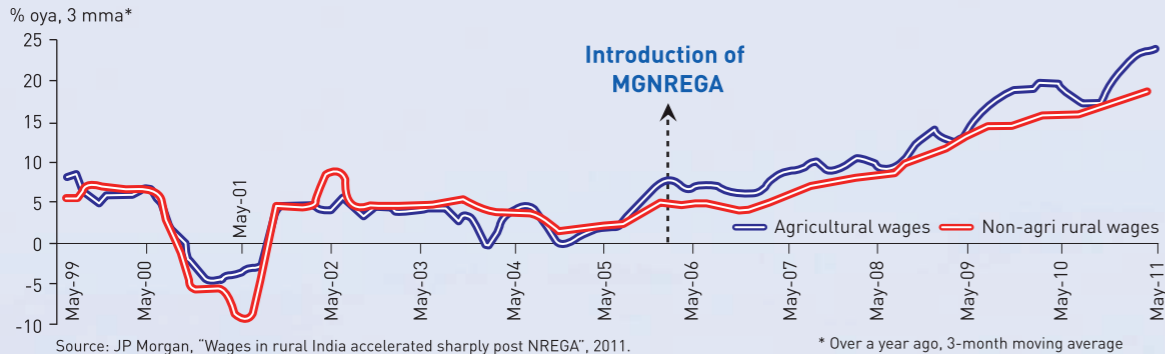


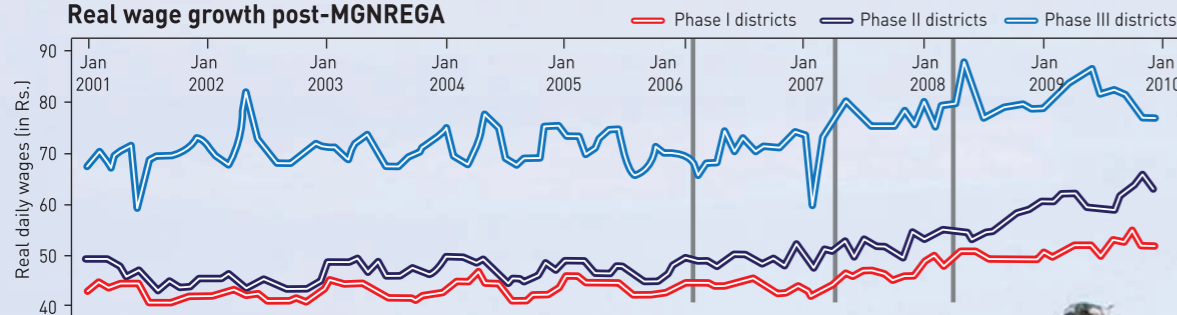
Rural employment

An Assocham study on rural employment finds that people are moving out of farm jobs into other vocations. By **LYLA BAVADAM**

Nominal rural wage growth post-MGNREGA



Real wage growth post-MGNREGA



Note: The figure shows real daily field labour wages in January 2000 prices. The rates are averaged across the field labour sub-categories across men and women and across all districts in each phase. The vertical lines shows the line of introduction of MGNREGA in each phase. Monthly observations.
Source: Berg, Bhattacharyya, Durga and Ramchandra, "Can rural public works affect agriculture wages", 2012.



A STUDY brought out by the Associated Chambers of Commerce and Industry of India (Assocham) on the "Structural Shift in Rural Employment" reveals that people are moving out of farm jobs into other vocations.

The study says the number of rural population has declined and that there has been a sector-wise shift in jobs. This means that the number of people working on farms is reducing and dependence on income from this sort of work is also reducing.

It says that for "the first time the percentage of people depending on agriculture has come down from 60 ten years ago to 49 in 2012 with more and more people even in rural areas working on construction or infrastructure jobs or taking up casual employment".

MGNREGA FACTOR

But the most interesting part of the study is the stamp of validity given to the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), which came into existence in 2006.

The study says this has "played a significant role in raising rural wages and changing the pattern of consumption expenditure in rural households... it is also enabling workers to improve their bargaining power for better wages".

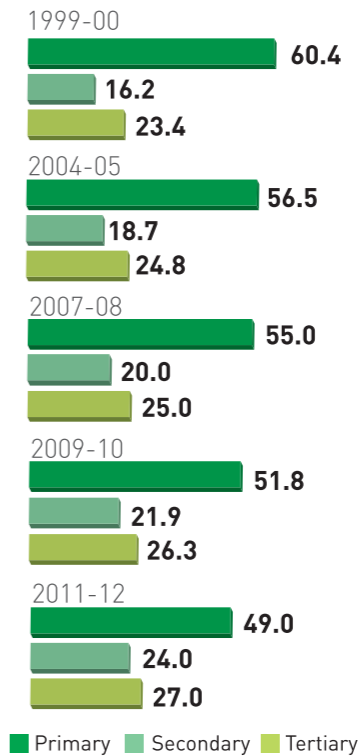
URBANISATION

Some aspects of the study are slightly worrisome. It points out that there is increasing urbanisation of the country. "...From about 5,000 towns over a decade, the number of urban centres has grown to 8,000."

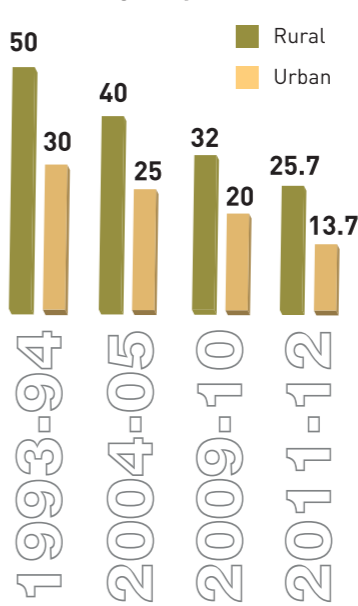
This has its positive side in one way. The study explains, "The positive data about rise in rural farm and other wages has a social effect also. It is the people at the bottom of the pyramid who work in the farms as casual labour; they are also in our social context people at the bottom of the caste hierarchy. The double benefit of higher wages and opening up of many new employments as artisans creates

Source: Assocham

Sector-wise job profile (all India) (in per cent)



Percentage of poor (all India)



There are, however, wide variations in poverty ratios from State to State.

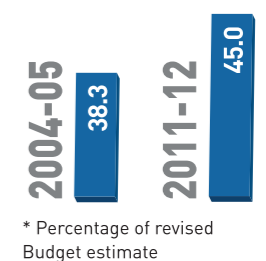
both an income 'push effect' and a social 'push effect'."

While the changes certainly do offer more scope for self-employment and small businesses, there is the flip side too of what is happening to farmlands. The study concludes that moving away from farm-related jobs "promotes breaking down of traditional attitudes and leads the society towards greater democratisation". While this is true, one question remains unasked and hence unanswered is: Who will work on the farms?

FEWER RURAL POOR

The latest data, mainly of rural employment and monthly per capita expenditures (MPCE), have rightly caused considerable disbelief, says the study. The data are from the 68th NSSO survey. Essentially the data say

Development spending *



* Percentage of revised Budget estimate

that "while employment (both rural and urban put together) almost remained stagnant between 2004-05 and 2009-10 at 459 million despite the first four years of it being years of high growth hovering around 9 per cent, the next two years (2009-10 to 2011-12) added 14 million jobs, taking employment to 473 million level, despite these being years that saw a big drop in gross domestic product (GDP) growth to near 6 per cent along with a steep rise in inflation".

DEVELOPMENT SPENDING

The study believes that there is a trend towards a massive increase in government expenditure that must have had some impact on the economy in terms of job and income creation.