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Editorial

Revitalizing Rural Non-Farm Sector in India: Challenges and The Road Ahead

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ABSTRACT

Rural non-farm wage income enables the poor in the villages to complement their low household earnings from agricultural activities. However, the rural non-farm sector in India has not gained full traction despite the policy interventions and earnest efforts of the central and the state governments in the country. This editorial examines the rationale of promoting rural non-farm sector in India and investigates the challenges in revitalizing the rural enterprises in the country. The editorial also suggests action points that might help in fostering a holistic ecosystem for the overall development of non-farm sector in the country aligned with the vision of Viksit Bharat by 2047.

KEYWORDS: Rural Non-Farm Sector, Rural Industrialization, Poverty, Viksit Bharat, India

INTRODUCTION

India needs to revitalize the rural non-farm sector to address the recurrent issues revolving around high incidence of disguised unemployment and concomitant vicious cycle of poverty in the countryside (Jha et al., 2019). It has been widely observed that development of rural non-farm sector has tremendous potential for reducing the vulnerabilities in rural areas (Imai et al., 2015). Rural households find a way out to avoid unnecessary migration to bigger towns and cities by getting gainful employment in the rural non-farm sector in their neighborhood.

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Interestingly, on average, about one-third of the rural household income comes from rural non-farm sector (Jatav & Sen, 2013). However, there is significant variation in casual non-farm wage income, regular non-farm wage income and self-employment non-farm wage income. Policy makers have two-pronged challenges, i.e., (a.) to stabilize the rural non-farm wage income, and (b.) to augment the rural non-farm wage income.

Revitalizing the non-farm sector in India is a viable alternative to mitigate the risks of food insecurity and impoverishment in the wake of declining agricultural productivity and increasing incidence of disguised rural unemployment. Furthermore, emerging agro-climatic conditions have made it untenable for the village folks to depend on agriculture for livelihoods. Non-farm sector employment becomes main source of household income case of the landless peasants who are anyway living on the fringe, drawing their sustenance from the government-sponsored social benefits. It is possible to improve the quality of life of people at the bottom of the pyramid in rural social architecture through energizing the rural enterprises in the country with appropriate policy interventions and removing the roadblocks in the process by way of right ecosystem for the same. It is imperative that the policy makers and other stakeholders investigate the challenges that impede the growth of rural non-farm sector in India and take corrective measures before it is too late. Focus on development of rural non-farm sector becomes all the more important in the wake of emergent need of creating job opportunities across the country (Start, 2001).

CHALLENGES

A major challenge faced by the rural non-farm sector is the public perception revolving around low productivity and low product quality (Lanjouw & Lanjouw, 2001). Hence, success of rural non-farm sector in the country depends on bringing changes in the existing public perception which can be altered by providing training on quality management to rural entrepreneurs and enabling them to obtain relevant ISO certifications while setting up the village-based enterprises. Also, the government can set up regional laboratories in public-private partnership (PPP) mode to check the quality of various items produced by rural enterprises. The rural entrepreneurs must be incentivized to adopt lab testing of their products to ensure consistency in quality. At the same time, it is important to reduce dependence of rural entrepreneurs on informal credit by facilitating cash flow-based credit in place of collateral-linked credit.

Rural non-farm sector currently offers lower wage income and poor quality of employment (Haggblade et al., 2010, Pattayat & Parida, 2024). Thus, skilled manpower from the villages prefer to migrate to towns and cities for better prospects. It is imperative that quality of employment in the rural non-farm sector improves in terms of wages, job security, healthcare and wellness, housing and educational opportunities for children, and above all, career progression. It is possible to strengthen rural non-farm sector by augmenting rural economies in general through appropriate policy interventions (Reardon et al., 1998). For example, the state governments can foster food processing units by developing food parks serving clusters of villages. Food parks can attract sizeable investments, technological upgradation, and standard management practices to streamline human resources, procurements, supply chains, and quality management. Moreover, the government can provide support for the food parks in the same way it promotes Special Economic Zones (SEZs).

THE ROAD AHEAD

Rural enterprises require less capital and resources to create phenomenal impact in terms of increased incidence of employment, sustainable livelihoods and community-based innovation which has the potential to transform the Indian villages. However, it is imperative that the rural non-farm sector is transformed in line with the growing aspirations of the rural population. Youth in the villages are no longer satisfied with any job opportunity. Rather, they are looking at better quality of life with improved wage earnings, job security, and other facilities at the workplace. Rural entrepreneurs are also looking at investments from venture capital and private equity firms to work on their innovative ideas. Moreover, they need a level playing field in terms of market access. Unfortunately, the rural artisans and craftsmen are at the receiving end of large corporate houses.

The Rural Development Ministry of the Government of India has launched an ambitious 'National Campaign on Entrepreneurship' to empower fifty thousand community resource persons on enterprise promotion and train fifty lakh members of various Self-Help Groups across the country under the Deendayal Antyodaya Yojana –National Rural Livelihood Mission. Apart from the promotion of micro entrepreneurship in rural areas, the government is also pushing agriculture-based enterprises through Pusha Krishi and its affiliates. The government also runs Agri Clinics and Agri Business Centres under the aegis of Ministry of Agriculture and Farmers' Welfare. However, we need interventions from the corporate houses and non-profit organizations to promote rural enterprises on a large scale by strengthening rural economy ecosystem by setting up rural Polytechnique, creating innovation hubs, and facilitating impact investment.

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