

Mapping the Structural Transformation of Rural Labour Force in India with Special Reference to MGNREGA

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Abstract

This paper is an attempt to examine emerging trends and patterns of structural transformation of rural labour market in India. After a long period, since 1980s rural labour force has been moving out of agricultural sector (due to both distress and growth induced factors) to the non-agricultural sector for their livelihoods. The manufacturing sector is lagging behind whereas the construction sector is the major emerging sector providing employment to the rural workers. With implementation of rural employment enhancement scheme MGNREGA some improvements have been confirmed in rural areas, however, it has its own issues which are a matter of debate among scholars. Further, owing to the inability of both farm and non-farm sectors to absorb rural workforce, rural labour market is suffering with a grave problem of unemployment. Nevertheless, the ongoing COVID-19 pandemic has further worsened its plight by pushing it in a crisis of job loss. The future of rural labour market would be more uncertain due to pandemic induced reverse migration of urban workers to their villages, which has further been worsening the issues of food security and poverty in the rural areas.

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I. INTRODUCTION

The significance of rural labour market in India can be visualised from variety of facts. To this effect it has been reported that over the next two decades India will have a substantial share in global labour supply due to a demographic dividend of over 200 million working age workers (15-59 year ages) from period 2010 to period 2030 (Thomas, 2014). As per Census calculations of 2011, more than 70 percent of India's population live in rural areas. The aforementioned facts obliges one to look at the major employment trends as well as patterns of structural transformation in the rural labour market for the need to map the pace of employment growth in India.

The significant relationship between economic growth and structural changes pushes academicians and eminent scholars to debate changes in the share of workforce employed in different sectors in India. The structural transformation of employment in rural areas has been a matter of the consideration since 1980s. To put it differently, numerous studies during 1980s and 1990s have examined trends, patterns, and determinants of structural transformation (Vaidyanathan, 1986; Basant & Kumar, 1989; Dev, 1990). Likewise, studies after the initiation of neo-liberal policies also attempted to understand the nature of rural labour force transformation and to examine the major issue relating with it.

The most profound trend related to the emergence of rural non-farm sector as one of the leading source to generate employment and to alleviate poverty for rural workers can be gauged from the numerous studies which have substantiated that India is experiencing a structural transformation of workforce from the farm sector to the non-farm sector but at a sluggish pace (Sen & Jha, 2005; Langouw & Shariff, 2004; Venkatesh, 2013; Himanshu et.al, 2011; Subramanian, 2015 and others) as both farm and urban area are incapable to create employment opportunities to the increasing rural workforce. Himanshu et al. (2011) in their village study suggested that non-farm sector has been helpful for increasing mobility of rural workforce to find adequate employment opportunities and to alleviate poverty. However, the process of non-farm diversification is slow but accelerating in India. Whereas, Binswanger-Mkhize (2013) by comparing structural transformation of India and China, concluded that China has a normal structural transformation whereas that of India's is 'stunted transformation'.

To understand the nature of rural workforce transformation and diversification it is essential to have a clear understanding of existing debates amongst scholars regarding determining factors of shifting of rural workforce from farm sector to non-farm sector. The movement of surplus labour force from traditional (also agricultural and informal) sectors to modern (also industrial and formal) sectors has been a distinguished feature of India's economic development, which has been on the lines of Lewis (1954). The importance of farm sector for enhancing employment in non-farm was recognised by Mellor in his study during 1976, wherein he

proposed multiple linkages (i.e., production linkages¹, Consumption linkages² and potential linkages³) between two sectors. Following, Mellor numerous scholars also argued in favour of ‘agricultural-led growth hypothesis’ and they found positive linkages between agricultural growth and the growth of non-agricultural activities (Basant & Kumar, 1989; Dev, 1990; Basant, 1994). However, by negating mentioned study, Vaidyanathan (1986) proposed ‘residual hypothesis.’ He further corroborated a positive correlation between unemployment rate in the farm sector and rural non-farm employment. He termed non-farm sector as the ‘residual sector’ and termed movement of workforce from farm to non-farm sector for livelihoods which acts as a last resort to provide livelihood as a ‘distress phenomenon’. Following Vaidyanathan several ‘push factors’ such as unemployment, poverty, low productivity of farm sector, population pressure, landlessness, inequality have been identified by scholars (Basant & Kumar, 1989). Conversely, some scholars also rejected distress hypothesis (Unni, 1980; 1994; Dev, 1990; Basant, 1994) and clarified that casualisation of workforce has not been an indicator of distress as wage rates in rural non-farm sectors are believed to be higher that of farm sector (Basant, 1994). While negating above mentioned hypotheses, Chandrasekhar (1993) expressed the difficulty to test the validity of monotonic relationship between agricultural growth and non-agricultural employment and he suggested that the size of employment in the non-agricultural sector has been the result of simultaneous working of both ‘push and pull’ factors. On the ground of above mentioned, one could elaborate that spill-over of rural workforce from farm (also traditional) sector to the non-farm (also modern) sector has been a result of combination of different determinants. Further, determinants of rural structural transformation vary from household to household, region to region, state to state within a country.

The main arguments of this article are three-fold. First, structural transformation in rural labour market has been taking place but at a slower pace which is insufficient to derive the demographic dividends. Second argument is, rural workforce is diversifying significantly to informal and casual work which has been an indicator of dearth of decent work opportunities largely due to the adoption of neo-liberal policies by the government. Third argument is, withdrawal of female workforce in rural labour market which has been a pointer of dearth of safe and adequate employment opportunities for rural females as well as declining of their economic position. It also reflects movements of females towards unpaid family works. The fourth argument of the paper is, undoubtedly the novel policy MGNREGA, a rural employment program which has improved conditions of rural casual workforce but still lot has been expected to be done on the government front to control impoverishment of the rural workers. Amid ongoing Covid-19 pandemic has unfolded the necessity to raise more funds towards MGNREGA for employment enhancement of rural workers who have reversely migrated to their villages due to the job-losses in urban areas.

The first section of this paper discusses major sources of income for rural workforce in India. The second section maps out the growth of rural labour force from 1977-1978 to 2017-18. This section majorly discusses growth of employment during the new liberal reforms in India. The third section analysis the changes in rural structural transformation after 1991. This section also elaborates the major emerging trends of rural labour structural transformation. The fourth section discusses MGNREGA and its role in rural areas. The fifth section examines the impact of ongoing Covid-19 pandemic on the rural workers. The last and sixth section is the concluding section in which some future policy concerns have been suggested.

1. Types of Rural Employment in India: an Overview

A complex pattern of diverse activities dominate in the rural areas as some of these non-farm activities are directly related to the farm sector, whereas others are different ranging from full-time but temporary wage employment in industry or construction to regular but part-time self-employment in home-based handicrafts, and trading or other service (Basant & Kumar 1989).

The categorisation of self employment into ‘low quality source of income’(Raveendran et al., 2012) and ‘high skilled workers’ forces one to argue that self-employment has been a major source of rural employment which indicates that dearth of employment opportunities caused rural workers to engage in petty pursuits, whereas second major source rural workforce is casual jobs. The following table (Table1) is an attempt in this concern.

¹ Production linkages are, both backward, via the demand of agriculturalists for inputs such as plows, engines and tools, and also forward through the need to procure agricultural goods such as spinning, milling, etc.

² Consumption linkages are explained with increased in agricultural income more demand of demand for goods and services produced in nearby villages and towns would increase.

³ Potential linkages indicate that more supply of labour and capital due to increase in productivity in agriculture and hence, new agricultural surplus would be a source of investment funds for the non-farm sector.

Table 1: Percentage Distribution of Types of Rural Employment in India since 2011

Household Type	NSS 68 th round (2011-12)	PLFS (2017-18)	PLFS (2018-19)
Self-employed in:			
Agriculture	34.3	37.8	36.6
non-agriculture	15.5	14.3	15.1
Self-employed	49.8	52.2	51.7
Regular wage/ salary earning	9.6	12.7	13.1
Casual labour in:			
Agriculture	21.0	12.1	11.7
non-agriculture	13.5	12.9	13.4
Casual labour	34.5	25.0	25.1
Others	6.1	10.1	10.1
All	100.0	100.0	100.0

Source: Annual Report PLFS, 2019 and 2020.

2. Rural Employment Growth in India: a Mapping

The nature of long term employment growth picture could better be understood through changes in Workforce Participation Rate (WPR). WPR since 1977-78 onwards have shown fluctuations and decrease on the whole. It was highest ever during 1977-78 and lowest during 2017-18 at 34.7 percent (Table 2). After Neo-liberal reforms it decline by 2.7 percent during 1999-00. It again increased to 42.0 percent during 2004-05, regarding this decline numerous scholar described distress as the major factor for this increase (Abraham, 2009). While, a comparison of rural-urban UPSS show that rural UPSS has always been higher than the urban matching part. It is significant to mention that the rural- urban gap between female UPSS has been on the declining mode from 2004-05 to 2017-18, which is principally due to decline in rural female UPSS. Contextually, various causes have been explained by scholars such as improvement of female enrolment ratio, increase in income of males of the family, dearth of adequate job opportunities, lack of skills, etc (Himanshu, 2011, Rangarajan et. al., 2011, Verick, 2018; 2019; 4; Abraham, 2013; 2019;). It is also substantiated that they have moved to informal works and to take care of household related activities (which is majorly unpaid family work) (Duflo, 2012) .

Table 2: WPR (in per cent) in usual status (UPSS) at all-India level

Year (NSS round)	Rural			Urban			All		
	Male	Female	Person	Male	Female	Person	Male	Female	Person
1977-78 (32 nd)	55.2	33.1	44.4	50.8	15.6	34.1	54.3	29.7	42.3
1983 (38 th)	54.7	34.0	44.5	51.2	15.1	34.0	53.8	29.6	42.0
1987-88 (43 rd)	53.9	32.3	43.4	50.6	15.2	33.7	53.1	28.5	41.2
1993-94 (50 th)	55.3	32.8	44.4	52.1	15.5	34.7	54.5	28.6	42.0
1999-00 (55 th)	53.1	29.9	41.7	51.8	13.9	33.7	52.7	25.9	39.7
2004-05 (61 st)	54.6	32.7	43.9	54.9	16.6	36.5	54.7	28.7	42.0
2009-10 (66 th)	54.7	26.1	40.8	54.3	13.8	35.0	54.6	22.8	39.2
2011-12 (68 th)	54.3	24.8	39.9	54.6	14.7	35.5	54.4	21.9	38.6
2017-18 (PLFS)	51.7	17.5	35.0	53.0	14.2	33.9	52.1	16.5	34.7

Source: Annual Report PLFS, 2019.

3. Changing Nature of Rural Structural Transformation majorly after 1991: an Analysis

It may be seen (Table 3) that the proportion of rural male workers engaged in the agricultural activities steadily decreased from 80.6 percent during 1977-78 to 66.5 percent during 2004-05 and then to 59.4 percent in 2011-12, which again fell to 55 percent during 2017-18 and again gone down to 53.2 percent in 2018-19. Whereas, the proportion of female workers employed in the agricultural sector diminished from 88.1 percent in 1977- 78 to 83.3 percent in 2004-05 and to 74.9 percent during 2011-12 which again fell to 73.2 percent during 2017-18 and again to 71.1 percent during 2018-19 in the rural areas. Construction is the fastest growing sector in India, which indicated the casualization of non-farm Work which further show growing importance of low quality jobs in India. The proportions of male and female workers in rural areas engaged in 'manufacturing' sector increased to 7.3 per cent and 9.0 per cent respectively in 2018-19. It is significant to mention that over the

period from 1977-78 to 2018-19, share of rural male workers increased in construction, ‘trade, hotel and restaurant’, ‘transport, storage and communications’, and ‘other services’ sectors and share of rural female workers increased in ‘manufacturing’, ‘other services’ and ‘trade, hotel and restaurant’ and construction sectors.

Table 3: Rural Percentage distribution of workers in usual status (ps+ss) by broad industry division⁴.

Broad industry division	Category of worker	Year (NSS round)								
		1977-78 (32 nd)	1983 (38 th)	1987-88 (43 rd)	1993-94 (50 th)	1999-00 (55 th)	2004-05 (61 st)	2009-10 (66 th)	2011-12 (68 th)	2017-18 (PLFS)
Agriculture	Male	80.6	77.5	74.5	74.1	71.4	66.5	62.8	59.4	55.0
	Female	88.1	87.5	84.7	86.2	85.4	83.3	79.4	74.9	73.2
Mining & Quarrying	Male	0.5	0.6	0.7	0.7	0.6	0.6	0.8	0.5	0.5
	Female	0.2	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.2
Manufacturing	Male	6.4	7.0	7.4	7.0	7.3	7.9	7.0	8.1	7.7
	Female	5.9	6.4	6.9	7.0	7.6	8.4	7.5	9.8	8.1
Electricity, water, etc.	Male	0.2	0.2	0.3	0.3	0.2	0.2	0.2	0.3	0.5
	Female	0	0	0	0	0	0	0	0.1	0
Construction	Male	1.7	2.2	3.7	3.2	4.5	6.8	11.3	13.0	14.5
	Female	0.6	0.7	2.7	0.9	1.1	1.5	5.2	6.6	5.3
Industry	Male	8.8	10	12.1	11.2	12.6	15.5	19.3	21.9	23.2
	Female	6.7	7.4	10	8.3	9	10.2	13	16.8	13.6
Trade, hotel & restaurant	Male	4.0	4.4	5.1	5.5	6.8	8.3	8.2	8.0	9.2
	Female	2.0	1.9	2.1	2.1	2.0	2.5	2.8	3.0	4.0
Transport, storage and communications	Male	1.2	1.7	2.0	2.2	3.2	3.8	4.1	4.2	5.2
	Female	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.3
Other services	Male	5.3	6.1	6.2	7.0	6.1	5.9	5.5	6.4	7.6
	Female	3.0	2.8	3.0	3.4	3.7	3.9	4.6	5.2	8.9
Services	Male	10.5	12.2	13.3	14.7	16.1	18	17.8	18.6	22
	Female	5.1	4.8	5.2	5.6	5.8	6.6	7.6	8.4	13.2
Non-farm	Male	19.3	22.2	25.4	25.9	28.7	33.5	37.1	40.5	45.2
	Female	11.8	12.2	15.2	13.9	14.8	16.8	20.6	25.2	26.8
All	-	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: computed from *Employment and unemployment Survey, NSS (various rounds); and from Annual Report, PLFS, 2017-18 (2019)*

The construction sector’s share of employment starts rising from 1999-00. For rural males, share of transportation and storage sectors employment started to rise in 1993-04. Services sector indicates a mounting trend from 1977-78 till 1993-94 for rural male workers. For rural female workers, the service sector shows a continuous increase. The decline in the share of employment of farm sector has been moved to the tertiary sector.

The employment shift from 1977-78 to 2017-18 indicates that employment share has been shifted from farm sector to the secondary sector. It is essential to mention that in rural employment female workers are highly engaged as comparison to the rural male workers. From the above discussion one could argue that rural employment has not shown a significant structural transformation. Owing to the neo-liberal policies since the early 1990s, decline in public expenditure caused unchanged occupational structure of rural workforce i.e. rural workforce is still dependent on the farm sector and informal non-farm pursuits for their livelihoods and also caused increase in unemployment which increased to 7.3 percent in the period 1999-2000 from 6 percent in the period 1993-94 (Jha 2003; 2019).

Noticeably, from the whole previous discussions it could be inferred that the emerging trends of rural Indian economy has been the poor employment quality due to the three main facts: firstly, the continuing dominance of agriculture in employment⁵, secondly, the predominance of the informal employment⁶ and thirdly,

⁴ For classification of industry, National Industrial Classification (NIC) 2008 was used in PLFS (2017-18) and NSS 68th round. NIC 2004 was used in 66th round, NIC 1998 in 61st and 55th rounds, NIC 1987 in 50th round and NIC 1970 was used in NSS 43rd, 38th and 32nd rounds.

⁵ Even though its share in employment has declined over the years, it still accounted for over half the workers in 2009-10. Its share in GDP, however, has declined from about 43 percent in 1972-73 (when its employment share was 74 percent) to 15 percent in 2009-10. Lack of similar structural change in workforce as in the national output has meant a steep relative deterioration in the quality of employment in agriculture (Papola and Sahu, 2012).

⁶ Papola and Sahu (2012) documented that almost all the employment in agriculture is informal, but in manufacturing also about 88 percent of employment is in this category. Average earnings per worker were Rs. 62 in the unorganized sector as against Rs. 239 in the organized sector in 2004-05. In terms of social protection,

the dominance of the self-employed and casual labour categories as the regular employer category forming a small percentage of total workers.

The three major features of rural labour force have emerged namely, increasing growth of non-farm employment, increasing casualisation and informalisation and de-feminisation which are elaborated in the following way: -

3.1. Emerging trends of Rural Labour Force Diversification in India: an Insight

The Mounting growth of non-farm employment

It is evident from the whole discussion that the farm sector is still the principal source of livelihood for the rural workforce in India but the gap between job seekers in the rural areas and the job opportunities in farm sector is widening. Non-farm sector is gradually becoming an increasingly important source of livelihood in rural India as majority of people in rural areas have diversified their sources of income, thus non-farm sector has been playing a dominant role in this process of rural diversification. One could observe that during 1999-2000 to 2011-12, average annual growth rate of real GDP (at 2004-05 prices) was 7.4 percent, overall rural employment grew at an average of 0.81 percent (i.e. by less than one per cent per annum) and that of rural non-farm employment registered substantial increase of 5.1 percent (Saha & Verick 2016). The share of non-farm sector in total rural employment was 19.3 percent and 11.8 percent for rural males and females respectively in 1977-78 which increased to 45.2 percent and 26.8 percent for males and females respectively in 2017-18 (PLFS, 2019)

Increasing casualisation and informalisation

One of the noteworthy features of rural workforce is the increasing casualisation and informalisation in India. After 1991, neo-liberal reforms resulted in the decline of employment in farm sector and more employment of rural workforce in the ‘construction, trade and hotels’ (Table 3) which are basically low productive sectors with a greater degree of informality which is an indicator of deteriorating quality of rural employment (Jha 2003; 2019; Sen and Jha 2015). Table 4 precisely reflects higher degree of informality among rural workforce in case of regular or salaried employees with no social security cover. There are two challenges. One is to increase productivity in agriculture and the informal sector. The second challenge is to shift these workers to high productivity sectors and also create new jobs in the non-agriculture sector.

Table 4: Percentage of Rural Regular Wage/ Salaried Employees in usual status (ps+ss) engaged in Non-agriculture sector in various conditions of Employment in India, 2017-18 and 2018-19

category of regular wage/ salaried employees	percentage of regular wage/salaried employees who had no written job contract		percentage of regular wage/salaried employees not eligible for paid leave		percentage of regular wage/salaried employees not eligible for any social security benefit	
	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
Male	71.7	70.4	58.1	58.6	51.9	55.4
Female	58.5	58.2	47.9	49.5	55.1	57.7
Person	69.2	67.8	56.2	56.7	52.5	55.9

Source: Annual Report PLFS, 2020.

Increase in de-feminization

The noteworthy trend of rural labour force has been increasing withdrawal of females from the workforce. While rural men increasingly move into non-farm work, particularly in construction labour but women appear to be stuck in agriculture (table 2) and WRP of rural female was 34.0 percent during 1983 which decreased to 19.0 percent during 2018-19 but the same in case of rural males was 54.7 percent in 1983 and 52.1 percent in 2018-19 (table 8). Though, during 1999-2000 and 2004-05, WPR of rural women increased from 29.9 percent to 32.7 percent respectively due to the agrarian distress (Abraham, 2013). The trend of de-feminisation has been a serious concern and a matter of debate among scholars. Among various causing factors, significant factors have been less work opportunities to rural females, increasing educational enrolment, improvement in economic conditions of the households, patriarchal pressure, social norms, safety issues and lower skills (Jha 2003; Mehrotra et. al. 2014). Nevertheless, one could also note a significant observation that with MGNREGA, economic status of women has improved. It is evident that during 2004-05 only 1.5 percent rural women were employed in construction sector which increased to 6.6 percent during 2011-12 (table 5), which has resulted in an increase of marginal category workers among rural females (table 2).

Despite of above discussion, it is reasonable to mention (on the basis of broad industries division) that the share of rural females is higher in agriculture, manufacturing and other services as compared to rural males (Table 2).

only about 0.4 percent of the workers in the unorganized sector were covered under any statutory social security scheme, whilst in the organized sector the extent of such coverage was only 53 percent.

From the above discussion one could argue that a large gap between potential labour supply and actual labour absorption (WPR) in case of both males and females has taken place during 2017-18 because during the mentioned period WPR has been the lowest at 51.7 percent and 17.5 percent for males and females respectively (table 2). Over the period WPR in rural areas has been accelerating but at a slow speed in India (Table 2). This further caused an increase in unemployment (among 15-29-year-old men) which increased sharply from 6.7 million in 2012 to 21.1 million in 2018 in India (Thomas, 2020).

4. MGNREGA and its Impacts on Rural Employment

Towards the promotion of welfare of rural and weaker sections of the society as well as to increase rural employment, Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) by the Ministry of Rural Development has been a major step

To bring the livelihood security in the lives of rural poor, there have been several employment schemes in the past like Employment Assurance Schemes (EAS), National Rural Employment Programme (NREP), Jawahar Rozgar Yojana (JRY), Sampoorna Grameen Rozgar Yojana (SGRY) etc. However, MGNREGA as a programme was implemented in three phases: it was Introduced in 200 rural districts in its first phase (2 February 2006), in its second phase during 2007-08, it was extended to an additional 130 rural districts and then the remaining districts were notified under MGNREGA with effect from 1 April 2008. Indeed, when NREGA was notified on 7 September 2005, it merged with the then on-going schemes of the Jawahar Gram Samridhi Yojana (JGSY), Employment Assurance Scheme (EAS) and Sampoorna Grameen Rojgar Yojana (SGRY).

MGNREGA has an objective to enhance livelihood security to the rural poor by providing at least one hundred days of wage employment to every household whose adult members are ready to do unskilled manual work. It not only provide wage employment as an alternative source of livelihood but also create durable assets e.g. road construction, land development, water conservation and irrigation facility, which has tremendous influence on different sectors of village economy.

The distress migration always undermines the bargaining power of the workers hence, Desai et. al. (2015) argued that MGNREGA reduced short-term distress migration by 22 percent (instead of long run migration) but not long-term migration which indicates that MGNREGA has proved that it has emerged a safety net without affecting the process of structural transformation. Though it has directly been affecting the participants, but its general equilibrium effects i.e. benefits of it to non-participants has also been a matter of debate among scholars. One of the objectives of it is to improve the bargaining power of labour who often faced exploitative market conditions. Several studies have found that agricultural wages have increased significantly, especially for women, since the inception of the scheme. It has been suggested that due to it rural wages have experienced an increase of around 1 percent to 9 percent. Likewise, Azam (2012) found that due to it an increase of 8 percent in female farm wages and 1 percent on male farm wages has taken place. Similarly, Desai et al., (2015) also suggested that it benefited farm sector through increased cropping intensity, area expansion, and the growing of more commercial crops as the MGNREGA assets have reduced farmers' vulnerability.

By increasing the school enrolment MGNREGA may have played a role in closing the gaps between the enrolment of non-farm employed worker's children enrolled and that of MGNREGA workers' children. Children from MGNREGA households are more likely to attain higher education levels and have improved learning outcomes than their peers from non-MGNREGA households.

Undoubtedly, MGNREGA has been changing rural labour market but still farming remains at the core of rural Indian life, however, increasingly greater proportions of men and women participate in non-farm work. Many men and women combine farm work with non-farm labour, even without MGNREGA. Only 13 percent of rural men and 10 percent of rural women ages 15-59 work in MGNREGA. Average number of days worked in MGNREGA is less than four days at the population level. Thus MGNREGA is a very small part of the rural labour market. Still in rural areas about 45 percent of female MGNREGA workers were either not working or worked only on a family farm in 2004-05 though this scheme is the first opportunity many women have to earn cash income. Rural wages rose sharply between 2004-05 and 2011-12, but the increase has been greater at the top of the wage distribution than at the bottom. Men's daily wages for agricultural work grew by 50 percent during 2004-05 and 2011-12, those for women by 47 percent. Table 5 indicates decline in participation rate in it from 2011-12 to 2013-14.

Table 5: Decline in national participation rate in MGNREGA

Year	Total rural households (crore)	Total rural households worked in MGNREGA (crore)	Participation rate (%)
2011-12	16.86	5.06	30.0
2012-13	17.19	4.99	29.0
2013-14	17.23	4.79	27.8

Source: Desai et al., 2015 (P.27)

5. Impacts of COVID-19 on Rural Employment

It is noticeable that both farm and non-farm sectors were already unable to absorb increasing labour force in India due to decline in their value addition over the years. Indian manufacturing had already experienced a slowdown due to a decline in both domestic demand and exports as well as due to the effects of the credit scarcity we could note that between 2018-19 and 2019- 20 the rate of growth of gross value-added (at 2011-12 prices) in manufacturing decreased from 6.9 to 2.0 percent. The same in agricultural and allied sectors decreased from 2.9 to 2.8 percent, in industry from 6.9 to 2.5 percent, in construction sector from 8.7 to 3.2 percent and in services from 7.5 to 6.9 percent. The GDP at market price declined from 6.8 percent to 5.0 percent during the period under review (Economic Survey 2019-20). Similarly, as per one survey of enterprises (micro, small and medium-sized enterprises) conducted by UNIDO (United Nations Industrial Development Organisation) during April, 2020 showed that COVID-19 hit Indian manufacturing sector very hard as manufacturing in enterprises related with activities such as manufacture of automotive components, bicycles, paper, textiles, and ceramics, as well as foundries and tea factories has almost stopped because of cash constraints, degradation of machinery and raw materials and above all reduced labour force as migrant workers returned to their native places.

However, to combat the worse impacts on rural employment Government of India is supporting State Governments in expansion of livelihood and employment opportunities in the rural areas through various programs under the Ministry of Rural Development which includes Deendayal Antyodaya Yojana - National Rural Livelihood Mission (DAY-NRLM) and Mahatma Gandhi National Rural Employment Guarantee Scheme (MG-NREGS). The welfare initiatives of the government has been reflected by increase in the issuance of job cards which increased to 86,23,535 during the financial year 2020-21, which was 36,64,368 job cards during the financial year 2019-20, though no job cards have been issued from 1st April, 2020 to 12th September, 2020. However, during the financial year 2020-21 (from the period 1st April to 12th September, 2020) total employment generation has been 20,202.92 lakh person days and total wage expenditure has been Rs. 40,18,282.32 lakh⁷. Central government also increased MG-NREG wages by the average increase of Rs. 20 (i.e. per person wages increased to Rs. 202 from Rs. 182) with effect from 1st April, 2020 and also released Rs. 4,431 crores to states and UTs for MGNREG wages and material arrears⁸. It is essential to mention herein that due to announcement of lockdown the MGNREGS came to halt and for about a month, no employment was created through the scheme. On 20th April 2020, the government notification (on 15th April, 2020) exempted the MGNREGS work from the lockdown restrictions.

Further, to accelerate supply-side capacity of the economy an economic package of Rupees 20 trillion (which was about 10 percent of GDP of the economy) as a part of Atmanirbhar Abhiyan (Self-Reliance Mission) was announced by the government on 12th May, 2020. In a way, to boost purchasing capacity of rural workers (including migrant workers) govt. of India also sanctioned Rupees 400 billion for MGNREGA. Similarly, to resume activity as well as to save jobs in small businesses (micro, small and medium enterprises) govt. has announced the collateral-free loan schemes of Rupees 3 trillion which facilitated each street vendors in rural as well as urban areas to get a bank credit up to Rs. 10,000. Moreover, for the welfare of workers and to accommodate the requirements for physical distancing and the influx of migrant workers various states such as Himachal Pradesh, Punjab, Gujarat, Uttar Pradesh, Rajasthan and Madhya Pradesh have amended the provisions of the Factories Act of 1948 to extending working hours (from 8 hours to 12 hours daily or from 48 to 72 weekly) in the month of April, 2020 for the three months.

It is expected that due to the ongoing crisis India will face serious economic crisis of job loss in the near future. Contextually, India Today on 16th June, 2020 reported that India will lose 130 million jobs due to Covid-19 pandemic. Correspondingly, a joint report by ILO and ADB (Asian Development Bank) in 2020, also estimated that about 41 lakh youth in the country lost jobs due to the COVID-19 pandemic while construction and farm sector workers account for the majority of job losses⁹.

⁷ Government of India. Ministry of Rural Development. 2020. 'Job Cards to Migrant Labourers and Employed Workers.' Viewed on 26th September 2020, <https://rural.nic.in/press-release/job-cards-migrant-labourers-and-employed-workers>.

⁸ Government of India. 31st March, 2020. viewed on 24 September 2020, <https://rural.nic.in/press-release/govt-hikes-mg-nregs-wages-wake-covid-19-pandemic-average-increase-rs20>.

⁹ The Economic Times. 18th August, 2020. Viewed on 23 September 2020, <https://economictimes.indiatimes.com/news/economy/indicators/41-lakh-youth-lose-jobs-in-india-due-to-covid-19-pandemic-ilo-adb-report/articleshow/77613218.cms>.

II. CONCLUSION

The structural transformation process is an acknowledged outcome in developmental process. It has started to ensue since 1980s but there are several concerns in this process such as lack of industrial employment, emergence of unorganized employment, withdrawal of female work force and so on. One could argue that the structural transformation should be about shifting from low productive-low wage sector to high productivity-high wage sector with some rational social security. In this context, one could suggest that more skill enhancement initiatives for males and females, provision of substantial and safe job opportunities for females, more initiatives to the farm, manufacturing and service sectors and provision of adequate social security measures for informal or casual workers should be on the priority list while framing policies for rural development. In the wake of COVID-19 pandemic, one could also suggest an essentiality to set out medium and long term strategy to manage slugging demand and to accelerate the revival of the rural labour market through promoting jobs with social security initiatives and enhancing productivity of rural economy along with adequate health facilities in the economy.

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