

## **Chapter 10: Rural livelihood and non-agricultural employment**

### **I. The stagnation of rural non-agricultural employment**

One of the reasons why the farming crisis has been so acute in Andhra Pradesh is that non-farming employment has virtually stagnated and there have been hardly any non-agricultural livelihood opportunities that would allow members of farming households some kind of buffer against losses in cultivation. Total rural employment growth is estimated to have grown by only 0.29 per cent per annum in the state (which is less than half the already low national rate) at a time when the rural population was expanding at more than 5 times that rate. The share of non-farm agricultural employment in rural Andhra Pradesh declined from 23 per cent in 1993-94 to 21 per cent in 1999-2000, whereas for the rest of the country it increased from 18 per cent to 23 per cent over the same period. Agricultural employment stagnated in terms of usual status and actually declined in terms of daily status.

Part of this was the result of depressed agricultural conditions which reduced demand for non-agricultural products and services. But it also was related to national and state government policies – in particular, the decline in public expenditure directed towards the rural areas especially after 1992-93, which not only denied the rural population the positive multiplier effects of public expenditure but actually had negative multiplier employment and income effects. So services growth was also very inadequate in terms of rural employment generation. Rural industries were not given any incentives and either could not cope with competition from large producers and imports, or simply did not emerge at all. In addition, on-farm activities such as dairy and livestock rearing faced new challenges and often falling output prices, with no protection in terms of institutions or government policies. Traditional handloom and weaving and similar activities faced problems of markets and excessive exploitation by middlemen, as the co-operatives were allowed to wither.

This means that along with farmers, the section of the rural community that has been most adversely affected by the current crisis is that of rural labourers. The high extent of landlessness in the state has meant that agricultural labourers are dominant among all rural workers, and constitute around half of male workers and more than half of women workers. Even small and marginal farmers or their household members typically seek wage employment in addition to their meagre returns from cultivation which are usually inadequate to feed their families. In such a context, the collapse of rural employment generation has hit workers very hard, causing huge drops in income, forcing seasonal and permanent migrations under extremely adverse conditions and with huge costs to the family.

In all the districts the Commission visited, we found evidence of very low wages being paid, only 10-15 days of work available per worker per month, or around 30-40 days per season of agricultural work. In many places, wage rates had effectively been reduced by the expedient of asking for “half-day” work (of 6 hours) rather than full day, and the full wages (which were still much below the minimum wages) were paid only for 12 hours very arduous work such as ploughing. For most activities, only half day’s work was available at half the rate. The gender gap in wages was very large, with women usually receiving only half to two-thirds the wages paid to men for similar work. Even during the harvest season, wage rates were as low as Rs. 25 to Rs. 50 for women and Rs. 30 to Rs. 60 for men. In the off-season, we were informed that women workers receive only Rs. 10-15 per half day of casual work and men workers Rs. 20-25. These rates prevailed not only in poor districts like Anantapur and Mahbubnagar but also in some villages of richer districts such as Warangal and Guntur, even where wage rates in more developed villages are higher.<sup>1</sup> Nowhere did the

---

<sup>1</sup> Details of the relevant villages, mandals, etc. are provided in the records of the field visits by the Commission.

Commission observe that the official minimum wage was being paid to any workers in any private rural activity.

The low wages and high work participation of women were also associated with children working alongside their mothers; in fact even the official data cite Andhra Pradesh as having among the highest incidences of child labour in the country. It should be noted that 90 per cent of the rural labour in the state is either illiterate or educated only up to primary level, so that the potential for skilled employment is very limited. Instead, such labour typically becomes the migrant workforce to be found in construction sites across India, in very difficult conditions and in hazardous work. In one village of Mahbubnagar, the Commission was informed that every household had at least one member who had migrated out for work, and several households had all moved out together, even though the kharif harvest season was about to begin. In other districts such as Anantapur, migration to cities such as Bangalore by both men and women has been associated with very adverse working conditions in the urban informal sector and services, often leading to the spread of disease. The issue of finding productive work for the rural labour force is therefore a crucial one. It is also necessary in order to allow for a regeneration of the rural economy.

The Commission was constantly informed by farmers that they would prefer to have additional sources of income such as cattle, small ruminants and poultry. The stabilising effects of such income in the face of the volatility of returns from cultivation were widely recognised by farmers and agricultural labourers. However, with respect to dairying, a number of problems were identified, even in areas well-known for dairying such as Chittoor: low milk prices, difficulties in transport, high prices and low availability of feed. The dependence upon private traders and private dairies after the local co-operatives became ineffective were cited as a major problem by many farmers. It is clear that to make dairying a viable on-farm activity, especially for small and medium farmers, there must be some public intervention in the form of marketing assistance and

assured fodder supply. For other livestock and poultry production as well, there are major problems in marketing which prevent small cultivators from embarking upon or benefiting from such activities.

Other activities such as traditional weaving, which is second largest rural employer after agriculture in the state, have experienced severe crisis since the mid-1980s, with recurrent cases of starvation deaths and suicides. Small producers have been badly affected by the decline of the state-run co-operative (APCO) and the ensuing high dependence upon trader-middlemen who also provide consumption loans and inputs such as yarn, as well as looms on a lease basis. The policies of the central government over the past decade, of allowing indiscriminate exports in period of high domestic prices and imports during periods of low domestic prices of raw cotton, also adversely affected both cotton farmers and weavers. In Mangalgiri in Guntur district, where the hand-woven products are now very well-received in the national market, the Commission found that men and women weavers did not earn more than Rs. 25-30 per day despite a full day's work, and there were descriptions of suicides and hunger deaths among the weavers' families.<sup>2</sup>

## **II. Recommendations**

1. The prospects for dairy activities must be strengthened and developed. For market development, the state government may consider restoring the lead role of the AP Dairy Development Corporation and strengthening it. Other large co-operative agencies with a proven track record (such as NDDB) may also be associated in developing the market for milk in the state, using local producers. It is important to ensure that those involved in dairying receive a remunerative price. In addition infrastructure for dairying such as chilling plants, collection centres, transport facilities and veterinary services, should be developed along milk routes. The state government may request the central government to

---

<sup>2</sup> Details provided in the report of the field visits of the Commission.

provide adequate protection from imports of dairy produce, which is allowed under the WTO rules.

2. Livestock rearing requires grazing land and/or fodder, so it is necessary to ensure access to common property resources for poor households as well as supply of fodder at affordable prices.

3. Currently credit provision for non-agricultural production activities is extremely limited and inadequate, forcing small producers to go to private moneylenders. There should be some incentives for increasing lending to small producers engaged in rural non-agricultural activities.

4. There must be emphasis on post-harvest operations. Agro-processing activities have to be developed. The AP Agro-Industries Development Corporation must be revived, and the scope of its activities should be enlarged to include storage and processing. In addition to providing infrastructure for agro-processing, the state government may consider a package of incentives for private investment in this area..

5. For weavers, policies are required to reduce the volatility in yarn prices and ease the effect of higher yarn prices.

- APCO needs to be revived on an urgent basis and run on democratic lines.
- The supply of hank yarn of the desired count, at reasonable prices and in adequate quantities should be ensured.
- The Janta cloth scheme should be restored.
- In order to ensure a market for handloom, the stores purchase policy of the state government should ensure adequate purchase from APCO and the co-operatives. The stocks currently being held should be lifted.
- The state government should approach the central government for the restoration of the full list of 22 items earlier part of the Handloom Reservation Act.

- Part of the Technology Upgradation Funds Scheme should be earmarked specifically for weavers.

6. Self Help Groups should be integrated with the various facilities that already exist in the state government system, and provided all the other incentives, such as access to infrastructure and markets that are being planned for rural non-farm activities.

7. The Employment Guarantee Scheme (EGS) must be universal, provide employment for 100 days for every rural adult who desires it, and provide a living wage. It should be implemented as soon as possible and enlarged to cover every district of the state within five years. There should be a minimum of 40 per cent of such jobs available to women.

8. There must be a special focus on using the EGS and Food for Work for rural income expansion and improving the sustainability of agriculture. There are a range of activities which could be developed under the EGS. It is important that these activities should be made available on common lands, on the private lands of small and marginal farmers, as well as on lands held by medium farmers in drought-prone areas:

- Tank development, i.e., cleaning, desilting , repair of old tanks and ponds and construction of new tanks
- Activities necessary for soil regeneration
- Afforestation drives, including horticulture
- Plant-based bio-pesticides and natural pest management
- Development of bio-fertilisers
- Micro-watershed programmes
- Sanitation services
- Preparing school meals
- Health mobilisation activities.

9. A Government Order of the Government of Andhra Pradesh (No. 98 of 1986) specifies that preferential recruitment to posts equivalent to L.D.C. (now Junior Assistant), typists and the cadres below, in the irrigation, power or other infrastructure projects should be given to the eligible displaced persons or their dependents (children or spouse). Applications for appointment from the eligible candidates are to be made to the District Collector concerned, within a period of one year from the date of actual displacement of the family. However, because this G.O. was not widely known, very few eligible displaced persons have actually applied for such employment within the specified period of one year. The state government should publicise the G.O. widely and provide a one-time exemption to enable members of displaced agricultural families to apply for such employment.