iJRASET
International Journal For Research in Applied Science and Engineering Technology

INTERNATIONAL JOURNAL FOR RESEARCH

IN APPLIED SCIENCE & ENGINEERING TECHNOLOGY

Volume: 11 **Issue:** IX **Month of publication:** September 2023

DOI: https://doi.org/10.22214/ijraset.2023.55875

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International Journal for Research in Applied Science & Engineering Technology (IJRASET)
ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 7.538
Volume 11 Issue IX Sep 2023- Available at www.ijraset.com

Problems and Challenges of Rural Non-Farm Economic Activities in Varanasi District of Uttar Pradesh

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Abstract: ***Varanasi is one of the oldest districts of India which is known for its cultural and religious importance. The diverse forms of non-farm activities of the district have significant and unique role. But there are many problems and challenges which have to highlight to raise the voice of the non-farm workers of the region. Descriptive research has been conducted by survey method. The main problems of the region are related to finance, access to the market, infrastructure and proper skill & training.***
Keywords: Non-Farm economic activity, Rural development, Employment

I. INTRODUCTION

The rural non-farm economic sector covers a range of economic activity in rural area including all rural productive works excluding agricultural activity. Rural non-farm activities have enough potential to provide employment and substance to rural area where most of the people engage in farm activity.

Non-farm activities are referred as the economic activities not directly associated to the agriculture. Agriculture, which often faces seasonality and uncertainty in production and price for the farm product, non-farm economic activity may able to provide year-round livelihood opportunities for rural households. Non-farm activities help to address this issue by supporting income generation and employment stability.

These activities activate the local resources, skills, and cultural heritage to create economic value within rural periphery. RNFEAs may help to prevent the rural-urban migration by providing job opportunities. Economic census 2013 identified the activity-wise distribution of non-agricultural establishment into 19 broad categories. In which the major non-farm activities were retail trade (34.09%), manufacturing (23.97%), other service activities including membership organization, repair of computers and personnel household goods (10.03%), transport and storage (6.95%), education (6.36%). The high economic density in agriculture results for disguised unemployment with zero marginal productivity. The surplus workforce can migrate to another economic activity and probably their marginal productivity would not be zero. The non-farm activities are very popular in the Purvanchal region of Uttar Pradesh, but is has many issues and challenges.

It has been found that respondents of RNFEAs faces many problems to run non-farm activities such as problems related to borrowing money, gender, caste, financing etc. These problems have become challenges for them. They are suffering from it consequently the involvement in RNFEAs has reducing. Varanasi district is bordered by the districts as Mirzapur, Jaunpur, Ghazipur, Chandauli, and Bhadohi. It is traversed by the sacred river Ganga and Varuna River, Gomti river flows between Varanasi and Ghazipur district. Total area of the district is 1,535 square kilometers and its population is 36,76,841 in which 2079790 people live in rural areas as per the 2011 census report. There are 1360 villages, 3 tehsils and3 urban local bodies in the district.

The main non-farm works in the district identified as livestock, weaving, retail trade, manufacturing, construction and some other works. Livestock for milk production is one of the major non-farm activities in the district. Carpet, textile (Sari), wood and wood product, furniture, Ceramics & pottery making are also very popular. Mini tiny and micro units of manufacturing are established in the rural areas as the district is also provides a market to the Purvanchal belt of Uttar Pradesh.

II. REVIEW OF LITERATURE

Kapoor, Shreya et al. (2021) analysed about the regional pattern of rural non-farm activities. It points that the biggest shift in RNFE occurred in Southern U P (4.3%) and the lowest in Eastern U P (3.4%). The construction activity held a 43% share of RNFE and manufacturing had 22%. They have used 2SLS-IV regression method to analyse the determinants of the non-farm activity.

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The first stage of regression identified the determinants of non-farm diversification like gender, education, age, landholdings and these are significantly negatively impacted rural non-farm economic activities as a whole, while family size and technical education have a positive effect. The second stage regression results indicate that RNFE has a positive impact on household's monthly per capita expenditure.

Tandel, V.K. (2016) studied about the growth and challenges of NFEA in Gujarat. It concluded that the rural non-farm sector is continuously playing a vital role in the economic development Bharat and India. The author reveals that as agriculture in this region declines in importance in terms of its contribution to the economy, the Rural Non-Farm Sector will need to become a major provider of employment and income to many rural people. Agricultural development is still important and should be pursued as a necessary precondition. The encouragement of Rural Non-Farm Sector also should be undertaken within the broader context of rural development.

Kumar, Nomita P. (2016) worked on the factors affecting occupational diversification in rural areas of Uttar Pradesh. The explanatory variables taken in the study were the level of education, value of total assets, caste dummy, age, religion and economic background of the regions. The author argued that low levels of education and poor skill base forced rural households to engage in low remunerative non-agricultural activities. Regression results showed that education level, caste dummies, age of worker, religion and economic background of regions explained most of the variation in occupational diversification in rural areas of U. P.

Himanshu et al. (2016) worked on non-farm diversification and its contribution to poverty reduction in Palanpur village of Western U. P. for the period from 1993 to 2008. The study showed that the process of rural transformation and expansion of non-agricultural activities created both forward and backward linkages in rural areas of Western U. P. It was argued that the distance of villages from some of the smaller towns created non-farm employment opportunities for rural workers. It suggested that strengthen infrastructural facilities to increase the non-farm sector in rural areas of Western Uttar Pradesh and villages should be linked with small towns to generate non-agriculture employment for rural households. Sharad Ranjan (2009) examined whether the shift in employment from agriculture to non-agriculture in Uttar Pradesh is due to prosperity induced or distress induced factors. The study concludes that crisis-induced push factors motivate the workers to take-up non-agricultural employment. The paper also linked of various factors such as land ownership, education and caste affiliation with the non-agricultural sector.

III.OBJECTIVE AND METHODOLOGY

The objective of the paper is to explore and highlight the problems and challenges of Rrral non-farm economic activities in Varanasi district of Uttar Pradesh.

The study is based on primary data which have been collected from 100 respondents who were involved in non-farm activity in the villages of Varanasi district of Uttar Pradesh. Personal interview method with a pre tested schedule was used for the survey and to know their opinion. Graphical presentation and percentage analysis have been done to conclude about problems and challenges of non-farm works in the area of Varanasi district.

IV. RESULT AND DISCUSSION

A. Challenges of RNFEAs in Varanasi Districts

According to the survey conducted by the researcher, following challenges regarding RNFEAs are found in the Varanasi districts faced by respondents. Lack of training and skill, insufficient finance, lack of work culture, low female participation, low income in non-farm sector, use of information technology, attraction of government job, risk factors, insufficient infrastructure: road, power supply, availability of raw materials, lack of demand for local goods, lack of growth of medical infrastructure as a job provider, use of big machinery which reduces labour requirements, lack of big industrial setup like food processing plant, quality verses profit and passiveness to innovation.

Rural non-farm economic activities are an essential factor of rural development strategies, providing sustainable livelihood options, enhancing economic resilience, and fostering inclusive growth in the rural area of the country.

B. Problems of RNFEAs in Varanasi District

1) *Adherence to Farm Activity:* People of rural area are engaged in multiple economic activities. Most of them are sticky to farm activity and take non-farm activity as secondary role in earning. 70 % respondents of the Varanasi districts have accepted that they also involved in farm activity and do non-farm work in only free time not regularly.

2) *Nature of RNFEAs:* Mostly, the non-farm workers are not involved in manufacturing activity except the artisan type. The majority of the workers are involved in retail or wholesale trade (tobacco, grocery, textile, medicine etc.), restaurants, construction (carpenter, blacksmithing etc.) and transport (rikshaw, tempo), flouring and
3) *Scale of Production:* The scale of operations is very small in comparison with the standards of urban unorganised sector units. The average involvement in the rural non-farm activity in Varanasi district is less than two. The highest workers are involved in carpenter and flour activity while the lowest are engaged in retail activity.
4) *Training and Expertise:* Proper training for doing a specific non-farm work has not generalized in the study area. Few have trained for LED repairing, mobile repairing, electric motor etc. But, most of the professionals have no formal certificate as they trained by experience and learning by doing method on a shop or workshop.
5) *Problems in Taking Loan for RNFEAs:* The problems in the occupation of non-farm activities are identified for taking loans. 25%-30% respondents have problems in raising loan in shop keeping, traditional occupation, beauty parlor & boutique, livestock, Vehicle repairing and services, street vending, transportation in both districts. In Jaunpur 30% and 36% respondents have problems for taking loan in earning from machinery, and rural engineering respectively while 75% and 50% in same activities in Varanasi district. It shows that financial management is not very good in both districts. It gives low earning in both districts therefore RNFEEAs involvement is very low in both districts. They mostly used self means to join these activities. Activities-wise problems are ranked by the researcher. In Varanasi, loan is taken for all activities (expect labour activities). Maximum loan is taken for earning from machinery (70.4%). At second place, loan is taken for rural engineering (60.1%) followed by 'street vending and transportation. Fifth rank has been given to beauty parlor and boutique as well as vehicle repairing and services. Last rank got by repairing of electronic items. Labours either they are skilled or unskilled do not take loan for the activities because they are pure labour who provides only their services to the society.

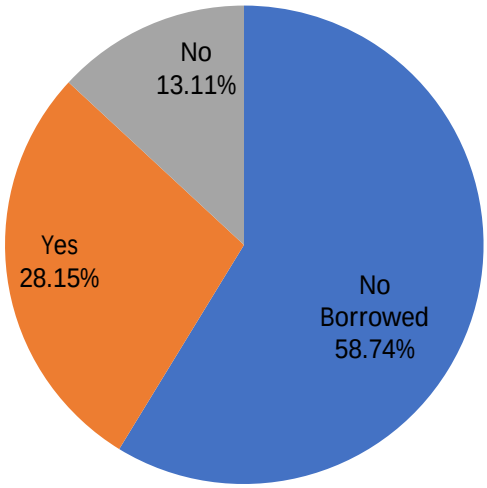

Figure 1: Problems in Taking Loan in Varanasi (Survey)

6) *Reasons of Problem in Borrowing Money for RNFEAs:* The survey reveals that maximum respondents do not take loan from anywhere. While, 25-30% respondents have taken loan from government sector, private sector or with their friends. The reasons of the problem in taking loans told by the respondents were negative attitude of lender, documentation, insufficient loan amount, high interest rate and few others. Problems related to negative attitude of the lender feels by the respondents who engaged in shop keeping, traditional occupation, transportation, vehicle repairing and services and street vending. High interest rate has been mostly faced by transportation, earning from machinery and rural engineering type of activities. Respondents from all activities have complained for insufficient loan amount. Documentation is also a problem for taking loan from government sector in almost all activities. Same conditions can be seen in both districts

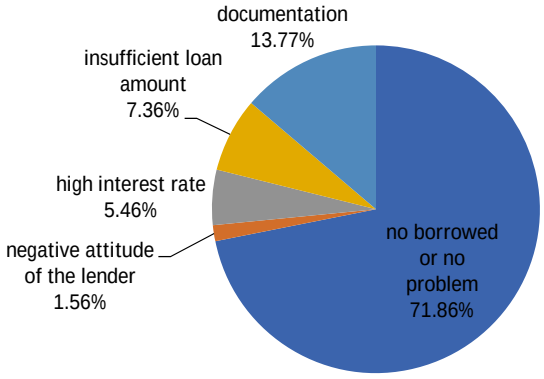

Figure 2: Reasons of Problem in Borrowing Money for RNFEAs (Survey)

7) *Infrastructure:* Problems of infrastructure in the study area are related to inadequate and unreliable electricity supply, rough roads, non-mechanized technology and proper transportation facility.
8) *Other Major Problems in RNFEAs:* It was found that the financial problem is a primary problem among all RNFEAs in Varanasi districts and other problems are related to marketing, gender and social category. Gender problem is found in unskilled labour activities, beauty parlour and boutique activities. Social Category problem is found in unskilled labour activities, shop keeping, beauty parlour and boutique, skilled labour activities & street vending.

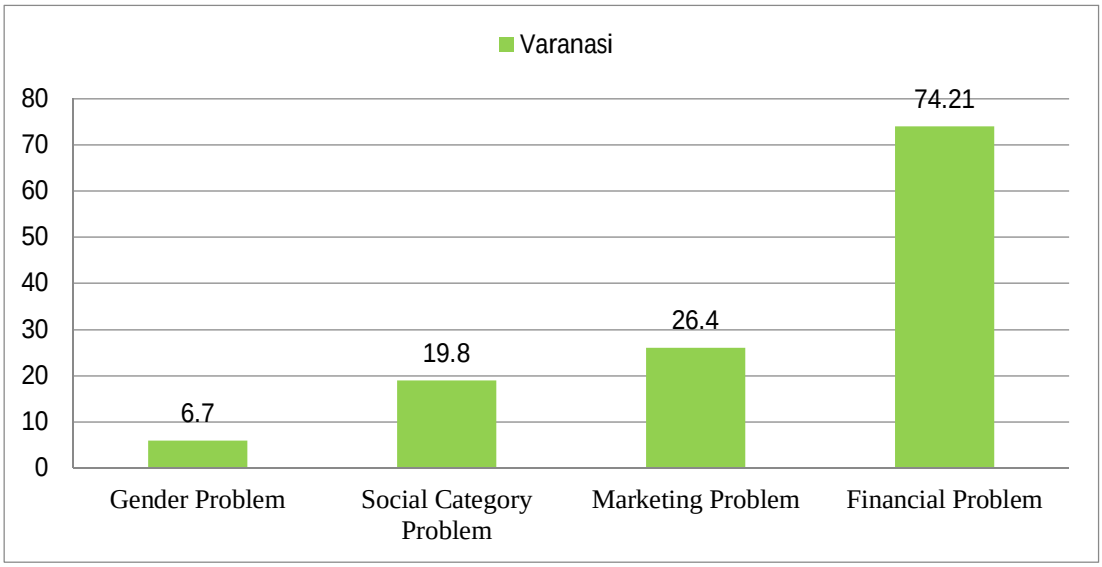

Figure 3: Socio-Economic Problems in RNFEAs (Survey)

V. CONCLUSIONS

It can be concluded that the RNFEAs may play a vital role in Varanasi district of Uttar Pradesh not only by providing employment to disguised labour-force but also by generating supplementary income in rural areas. Therefore, it is a responsibility of the government to provide some facilities for it like quick loan at low interest rates with less documentation, necessary infrastructure, etc. Government should run awareness and motivational programmes for removal the gender and caste problems. RNFEAs can be run with low investment. It has enough scope in these places. Therefore, financial facilities should be properly managed by organized sector at low interest rates as well as with low documentation. Rural non-farm economic activities discourage urban migration and promotes the development of small-scale industries with the use of local resources. Addressing the said problems and challenges is very important. It needs an investment in infrastructure, improvement in education and skill development, expansion of financial services, strengthening market linkages, promoting gender equality. By extricating the puzzle of mentioned challenges rural non-farm activities (RNFEAs) can contribute significantly to rural development and rural poverty reduction.

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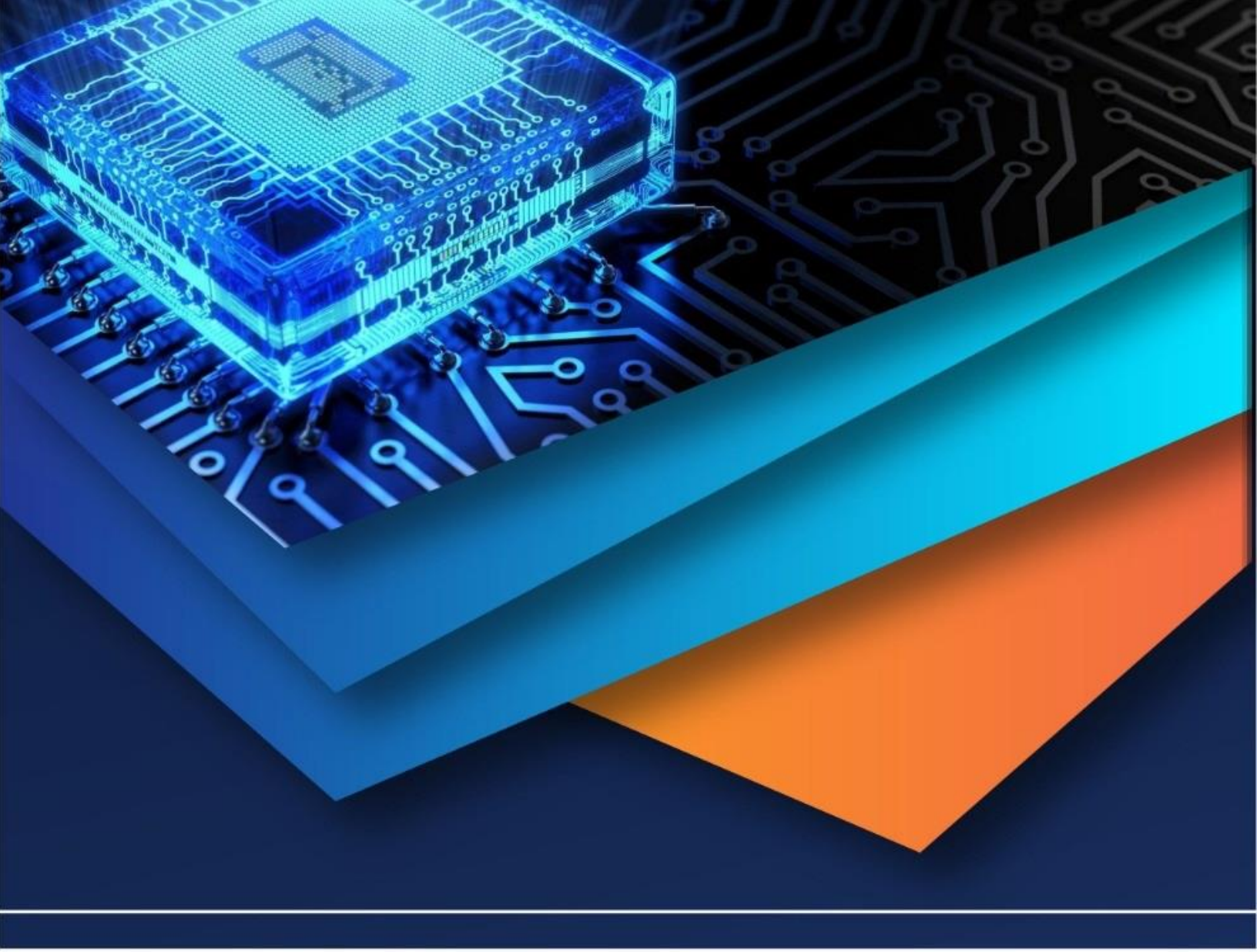

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