

# WORKFORCE RESTRUCTURING, EMPLOYMENT PATTERN AND EARNING DIFFERENTIALS: INSIGHTS FROM A VILLAGE STUDY IN PUNJAB

**Baldev Singh Shergill<sup>1</sup>**

**Manjit Sharma**

**Satjeet Singh Tiwana**

## ABSTRACT

*This paper tries to explore workforce restructuring and employment pattern with reference to socio-economic dynamics and caste-occupation matrix in the rural India. It examines the determinants of earning differentials across groups and type of employment and wages. For this purpose, we surveyed 197 households from a village in Punjab as a case study. From the data, we observed restructuring of labour force in the village that shifted from self-employment in agriculture and traditional works to casual farm and non-farm activities, and regular wage and salary employment. In the case of earning differentials, we found that large farm households' earnings were relatively higher than other farmers' categories – either they are involved in agriculture or in non-agricultural activities. Landless households were involved in casual labour and other private jobs where their earnings were comparatively lower than that of forward caste as well as backward caste households. Low education levels, land ownership, wealth as well as social status, all appear to restrict the poor to access the economic activities which were relatively more attractive non-farm activities.*

**Keywords:** Workforce restructuring, Employment, Earning differentials, Punjab, India

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<sup>1</sup> Assistant Professor, Department of Economics, GKC-Punjabi University, Punjab  
E-mail: shergillbaldev@gmail.com

Assistant Professor, Department of Economics, DAV College, Chandigarh  
E-mail: drmanjtdav@gmail.com

Statistical Scientist, Department of Agriculture, Patiala, Govt. of Punjab, Punjab  
E-mail: satjeet\_tiwana@rediffmail.com

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## 1. Introduction

The rural economy of Punjab has been witnessing structural transformation since the colonial period with the policy adopted by the colonial rulers to burgeon Punjab's agrarian transformation. From the colonial period to recent time, the policy initiatives have been waged in the same manner to change the traditional character of the economy on the capitalistic lines of development. The purpose of this article is to examine the workforce restructuring, employment pattern and earning differentials in a village economy. In this direction it is a prerequisite to understand how structural transformation occurred in the Punjab economy and how it changed the character of the rural economy of Punjab overtime. This section deals with these issues in a systematic manner after the independence period when the Indian state executed its own development strategy or growth process through the central planning system taking place since 1951. Since the planning strategy in the early 1950s, the livelihood patterns of the rural households have been influenced by the changing agrarian relations in Punjab. On the other hand, livelihood of the residents depends on employment opportunities outside the agriculture sector and livelihood status depends on the work availability and wages which are the important factors to determine employment and income earnings. Rural development strategies, for example, improvements in rural infrastructure played a fundamental role in altering the restructuring of workforce of the village economy. According to Bhalla et al. (1990), some of the structural changes that have taken place in the Punjab economy consequent to its rapid growth are worth noting. First, even though primary sector continues to dominate the Punjab economy to a much greater extent than it does for the country as a whole, the economy is undergoing a perceptible process of diversification. Whereas the share of primary sector declined from 59.9 per cent in 1960/61 to 50.00 per cent in 1983/84, that of the secondary sector increased from 14.6 to 17.2 per cent, and that of the tertiary sector from 25.4 to 32.8 per cent during the same period. Similarly, Gill (2006) also explored that with regard to structural change, Punjab has already gained a lead. Technically speaking, the state is no longer an agrarian economy. In terms of the state domestic product, the share of agriculture and allied activities came down from 59.32 per cent in 1970-71 to 39.74 per cent in 2000-01. The share of workforce engaged in agriculture (cultivators and agricultural labourers) declined from 62.57 in 1971 to 39.36 per cent in 2001. Thus, agriculture no longer occupies a prominent position either in generating income or in providing employment.

Punjab's rural economy has undergone significant economic growth and structural transformation during the early period of green revolution (Ghuman, Singh and Singh, 2007). According to Singh, Singh and Brar (2004), on expected lines, a steady decline is observed in the proportion of workers engaged in the agriculture sector from 67.90 per cent (1983)

to 56.50 per cent (1993-94) to 53.23 per cent (1999-2000). This analysis is to corroborate the Fisher-Clark-Kuznets hypothesis of positive structural change in Punjab. However, the agriculture sector of Punjab economy directly absorbs more than 39 per cent of the total workforce. The cultivators constitute 22.96 per cent of the total workforce of the Punjab state and agricultural workers were of the order of 16.40 per cent (Gill and Singh, 2006). It is significant to note that agriculture sector generates more than 32 per cent of the state's income but employs more than 39 per cent of the workforce. This empirical evidence brings out clearly that the structure of Punjab economy is not only imbalanced but highly agriculture sector dependent, both for livelihood and employment. Therefore, the growth performance of this sector heavily impinges on the well-being of the population living in the rural areas of Punjab. The performance of agriculture sector also affects the growth prospects of the other sectors of the Punjab economy directly and indirectly due to the interconnections between sectors (Singh, 2011). With regard to employment in agriculture, Sidhu and Singh (2004) argued that a fall in employment elasticity of agriculture reduced the demand for labour in the crop sector by 10 per cent (cited in Vatta et al., 2008). It adversely affected the livelihoods not only of the cultivators but also of the landless agricultural labourers who were dependent largely on the agriculture sector and were unable to shift to the non-farm sector due to their skill and resource constraints (Vatta et al., 2008).

The structure of the paper is as follows. This paper is divided into five sections including the introductory one. Section 2 describes the theoretical perspective and empirical studies related to it. Section 3 discusses the methodology and research questions. Section 4 provides empirical evidence regarding workforce restructuring, employment pattern and earning differentials in the village economy, and the final section concludes the study.

## **2. Theoretical Foundations of Structural Changes at the Economy Level**

Economic development is fundamentally a process of structural transformation. This involves the reallocation of productive factors from traditional agriculture to modern agriculture, industry and services and the reallocation of those factors among industrial and service sector activities. The relationship between structural change and economic development was first explored by the development theory pioneers. Development required the reallocation of production factors from low productivity sectors to high productivity areas in which increased returns prevailed (Cimoli and Porcile, 2009).

The basic elements of an economic structure will be taken to be goods and services of different kinds, and the employment provided by the production of such goods and services. Data on the structure of commodities and services that yield income to people and on the structure of occupation

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were collected regularly in England from the early nineteenth century onwards. However, an attempt to classify economic structures, document systemic change in them and explain the resources for such changes probably goes back only to the nineteenth century (Bagchi, 1987).

Structural transformation of the workforce is viewed as one component of the process of socio-economic transformation. Urbanisation and the growth of rural non-farm employment may be seen as spatial manifestations of this structural transformation (Saith, 2001). Continuing with this, if the structural transformation of the workforce occurs on a large scale to change the character of the village economy from agrarian to non-agrarian, new urban centres emerge (Saith, 2001). Cost reducing as well as labour absorbing technical progress in agriculture and expansion of the non-farm sector are essential for the development process in a country like India. If rural non-farm sector and urban informal sector grow at a sufficiently fast rate, these two can absorb both the surplus labour and surplus food. If they grow at a lower rate, the terms of trade turn against agriculture and consequently agricultural income is depressed (Radhakrishna, 2009). According to IDGR (1996), the liberalisation of trade, capital, services and technology flow has facilitated the process of change and led to increasing integration of production systems across national boundaries (Industrial Development Global Report, 1996). Further, mainstream (neo-classical) economic theory had not yet found a way of analysing the transition process from one state of equilibrium to another. So, when one was analysing economies in transition (transitions in policy regimes, production and trade regimes, structure of proportionality between sectors and so on) it was still not clear how to handle the problems of transition within these methodologies. Has planning secured the kind of structural change associated with successful economic transformation? Has the development of capitalism proceeded on a secure basis?

The structure of economy may be visualised in terms relative contribution of the sector to domestic product (from the perspective of output flows) or to employment (from the perspective of input inflows) (Singh, Singh and Brar, 2004). As Bhalla (2009) argued that restructuring of workforce with the restructuring of sources of the wealth of nations and the changes in the organization of production and its scale were linked to the introduction of cost-reducing technologies, and that both resulted in a shift of the labour force away from the self-employment of family labour on small peasant farms and in traditional household industries, in favour of casual labour and regular wage and salary employment in “modern” enterprises, concurrently with the emergence of open employment (Bhalla, 2009).

The shift from lower to higher economic structures involves a phasing out of self-employment, and a concomitant rise in the share of hired workers and of open employment in the total labour force. In India, the rising share of agricultural labourers in the rural workforce and the simultaneous fall in the share of cultivators, shown by successive censuses, is one of the hallmarks

of this transition. The increased diversity of rural economy is leading to the diverse pathways of development in each region/local context based on the local resource endowments and geographical location (Long, 2011).

Evolution of the non-farm economy is a function of changing production conditions and forms in which surplus is generated and redistributed. It might be the product of agrarian pauperisation and of a determination in terms and conditions of work of the rising share of the workforce which is not self-employed. It is one of the established facts that, while self-employment is on the decline, the casual employment is on the rise. Yield improvements and the growth of the rural non-farm sector contributed to the diversification of employment opportunities. According to Reddy (2013), the main driving forces of the changes are: non-farm employment within villages, rural-urban linkages and demonstration effect, migration to large cities, and public investment in education/health and sanitation.

Of late, with the growing of the economy, there is an increased dynamism in rural labour markets with increased rural-urban linkages, expansion of non-farm employment, migration and technological change in rural and agricultural sector, farm mechanisation, and increase in labour productivity. Haggblade et al. (2010) argue that as towns grow, they attract more workers from the rural hinterland, leading to a rise in migration and even in rural-to-urban community. As a result, the share of agriculture in the total workforce begins to decline, even through absolute levels of agriculture output and employment may continue to grow for some time (Himanshu et al., 2016).

Putting it differently, Patnaik (1994) contended that economies like India are prone to being caught in structural change of this kind. Development planning began in India with no radical alteration in the distribution of assets, including land, which had existed earlier. No radical land redistribution was undertaken in India after independence; while the land reforms that were undertaken somewhat changed the composition of the top land-owning stratum, yet the extent of land concentration was not noticeably reduced. The vast mass of rural unemployed and underemployed remained as before.

Occupational diversification in an economy is usually considered a positive phenomenon, as it constitutes an important component of the growth process. The process of diversification and the changing rural occupational structure in the developing countries have been viewed in the development literature broadly from two perspectives (Koppel et al. 1994; Unni, 1996). The first is 'developmental perspective' which argues that the forces of economic growth and changes such as agricultural modernization, urbanisation, infrastructural development etc., have led to creation of new employment opportunities, resulting in the emergence of a diversified occupational structure. These developmental forces are operating through increased demand for inputs, goods and labour from agriculture sector. The second perspective is the 'deterioration trajectory', caused by factors

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inimical to growth and prosperity, such as degradation of natural resources, agricultural stagnation and rapid population growth, all forcing livelihood diversification of a distressed nature. Seasonal migration of poor households to prosperous rural and urban areas in search of casual employment is considered a typical example (Breman, 1985). Alternatively, distress diversification has been put forward as a residual sector hypothesis (Vaidyanathan 1986), which occurs when labour is not fully absorbed in the agricultural sector and the non-agricultural sector acts as sponge for the excess labour (Shylendra and Rani, 2004).

### **3. Research Questions and Methodology**

It is worth mentioning in the context of village economy that land ownership pattern, cast affiliation and gender, all are the forces behind the earning differentials and choice of occupations among households. The present study is an attempt to understand how land ownership and caste works as the main driving force to access farm and non-farm employment in the labour market. For this, the paper tries to analyse the various socio-economic parameters such as workforce restructuring, employment pattern and earning differentials of households. This paper also analysed the caste-occupation matrix of household members. The analysis of the present study is based on the census survey data collected from Sekha village during 2013-14. Sekha village is located in Ludhiana district, one of the developed districts in Punjab. The total population of the village is 1,086, out of which, 556 are males and 530 are females. We divided the total households in the village into three categories namely, forward caste, backward caste and scheduled caste. On the basis of ownership of land, households were also divided into two broad categories such as land owning households and landless households. Further, land owning households were divided into four categories namely marginal farm households (0 to 2.5 acre), small farm households (2.5 to 5 acre), medium farm households (5 to 10 acre), and large farm households (more than 10 acre) according to the standard land classification. The results of the study are discussed in the next section.

### **4. Findings and Analysis**

In this section we discuss the key findings of the study obtained from the primary survey that include the socio-economic profile of the households, employment and occupational pattern of the household members, land ownership characteristics, literacy rates and others. The sample size of the study and basic socio-economic characteristics of the households are reported in Table 1.

Table 1 reveals that there were 197 households, out of which, 91 households belonged to general caste, 23 belonged to backward caste and 83 households belonged to scheduled caste. General and backward caste

households combined constituted 60 per cent of the total population. The percentage share of the scheduled caste population was 40 per cent which was comparatively higher as compared to the share of state level scheduled caste population i.e. 32 per cent. In the case of land ownership, 46 per cent households had land ownership and the rest of the households were landless. Male literacy was found highest (84.37 per cent) in backward caste households followed by 82.46 per cent in forward caste households and 80.5 per cent in scheduled caste households. In contrast to male, female literacy rate was found highest in forward caste households than in backward caste households. Between male and female literacy rate, the results show that the former is invariably higher than the latter in all the categories of households.

**Table 1: Socio-economic Characteristics of Households**

Parameters	Categories	No. of Households	Share (in per cent)
1.Caste	Forward Caste	91	48.25
	Backward Caste	23	11.14
	Scheduled Caste	83	40.61
		Male	Female
2.Literacy Rate	Forward Caste	82.46	78.51
	Backward Caste	84.37	77.19
	Scheduled Caste	80.50	70.96
3.Land Ownership	Land Owning Households	91	46.19
	Landless Households	106	53.81

Source: Field Survey

#### 4.1 Labour Force and Unemployment

There have been dynamic changes in the village economy overtime. To get an overview of labour market of the village in question, labour force participation rate, work population ratio, proportion of unemployment, and unemployment rate were examined. The labour force participation rate is a major indicator of the state of the labour market. Changes in labour force participation rates are the result of a combination of factors, including changes in the demographic composition of the population as well as cyclical and structural changes in the economy. Each of these factors affects labour force participation rates in various ways. The demographic composition of a population reflects the shares of men, women, and the different age, race, and ethnic groups within that population (MLR, 2013).

Without going into the composition of labour, we tried to understand LFPR in the village. Table 2 shows that labour force participation rate in the village was 769 persons per thousand. Worker population ratio consists of 430 persons per thousand. Proportion of unemployment was 570 persons per thousand and unemployment rate was 741 persons per thousand in the village.

The reasons of high unemployment rate in the village economy were many as observed during the field-work: no work availability in the village, restricted mobility from village to nearby town and big cities, restricted opportunity for forward caste women and the hierarchical patriarchal society of the village. This table provides a synoptic analysis of the rural labour market and explored the fact causing lack of work availability.

**Table 2: Indicators regarding Labour Force and Employment in the Village**

Indicators	Per thousand person
Labour Force Participation Rate (LFPR)	769
Worker Population Ratio (WPR)	430
Proportion of Unemployed (PU)	570
Unemployment Rate (UR)	741

Source: Field Survey

#### 4.2 Occupational Pattern

Occupational diversification appears as a logical reaction to a shrinking agricultural resource base, especially for the poorer section of rural communities. Increasingly, such households depend on external avenues of livelihood (Ruedi and Hogger, 2004). Over the course of time, with structural changes in the economy, both economic activities and composition of labour force have been changing. It is by and large viewed in the context of Indian society that, first, occupations of the people are very much associated with their social status and this kind of occupational rigidity has been itemising with the capitalistic development process initiated; and second, due to development strategy of economy in the larger context, households' shift from one occupation to another occupation persists. In this context, this paper attempts to understand occupational changes in the village economy.

Table 3 shows that 75 per cent of the marginal farmer households remained with the same occupation. 79.2 per cent small farmer households, 94.2 per cent medium farmer households and 75 per cent large farmer households remained with the previous occupation. In the context of non-farm households, 46.6 per cent remained with the same occupation and more than half of the non-farm households changed their occupation. This happened due to the transformation in the agriculture practices and progress of the other sectors in the economy. It can be recapitulated from the above analysis that there was a shift from one occupation to another occupation which was sluggish in nature. Data also explored another dimension in the context of farming households – marginal and small farm households shifted their occupation due to low income earning from agriculture and allied activities. Medium farmer households clenched in the farming activities because their earnings were



sufficient but they could not generate economic surplus with the size of land ownership they had. Whereas, large farmers had generated surplus and they invested this generated surplus into other non-farm economic activities. Similarly, Vatta et al. (2008) analysed in the case of rural economy of Punjab that land and skill level have been the major determinants of access of a rural worker to non-farm employment. These attributes generally vary across different categories of land owning and landless rural households and hence had varying influence on the pattern of their employment and income.

**Table 3: Status of Occupational Change across Households (in %)**

Household/ Category	Land owning Categories				Non-Farm Households (landless)
	Marginal Farm Households	Small Farm Households	Medium Farm - Households	Large Farm Households	
Household with Occupational Change	25.0 (7)	20.8 (5)	5.8 (1)	25 (6)	53.4 (54)
Household with same Occupation	75.0 (21)	79.2 (19)	94.2 (16)	75 (18)	46.6 (47)

Note: Figures in brackets are in numbers.

Source: Field Survey

### 4.3 Land Ownership-wise Employment Status in Farm and Non-Farm Sector

In the rural economy of Punjab, greater part of economic activities revolves around land and other agrarian economic activities. Table 4 illustrates that 46.4 per cent of the marginal farmers were engaged in only agriculture activity as the main occupation and rest of this percentage took part in both agriculture and non-agriculture activities. In the case of small farmers, around 79 per cent were employed only in agriculture, 12.5 per cent were engaged in both agriculture and non-farm activities and 8.4 per cent were involved in only non-farm activities. In the case of medium farmers, all households participated in farm activities only. In the case of large farmers, 75 per cent were involved in farm sector activities, 16.6 per cent in both activities and 8.4 per cent were employed in the non-farm sector. Landless households' workforce was involved in non-farm sector in the study village.

The analysis brought out the fact that households from land owning categories were self-employed in agriculture because the households had land ownership and also absorbed non-farm activities. On the other side, majority of the landless households were engaged in non-farm self-employed economic activities as well as in non-farm sector.

**Table 4: Employment Status in Farm and Non-Farm Sector (in %)**

Occupation/ Category	Land Owning Category				Landless Households
	Marginal Farm Households	Small Farm Households	Medium Farm Households	Large Farm Households	
Self-Employment (in Agriculture)	46.4 (13)	79.1(19)	100.0 (17)	75.0 (18)	0.0 (0)
Self-employment (in Agriculture and Non Agriculture)	53.6 (15)	12.5 (3)	0.0 (0)	16.6 (4)	0.0 (0)
Employment (in Non-Farm sector)	0.0 (0)	8.4 (2)	0.0 (0)	8.4 (2)	100.0 (101)

Note: Figures in brackets are in numbers.

Source: Field Survey

#### **4.4 Economic Activity-wise Employment Status: A Disaggregate Analysis**

Continuing with the aforementioned explorations, we tried to examine the employment activities across economic categories i.e. land-owning and landless households at the disaggregate level in the village (Table 5). In the case of marginal farmer households, 47.8 per cent were engaged in only farming activities, 4.4 and 4.4 per cent households earned their income as truck drivers and private jobs respectively, 8.7 per cent got government jobs and same percentage of households were involved in self-employment activities. Again, 4.4 per cent were involved in tailoring and 17.2 per cent were involved in non-agricultural labour. In the case of small farmer households, 73 per cent households were involved in only farming activities, 7 per cent in dairy, 4 per cent each in truck ownership, private and government jobs, bore-digging and other activities. In the case of medium size farming households, 86 per cent got their employment in farming sector and 7 per cent each from dairy and other activities. In the case of large farmer households, 71 per cent households were engaged in farm sector which was lower than other farmer household categories, 16 per cent households occupied government jobs which was higher than other categories of the households, 8.4 per cent were self-employed in non-farm activities and only 4.6 per cent were involved in other activities. Looking at the data regarding landless households, 36 per cent households, which was the maximum share of households, were engaged in non-farm labour in the informal sector; 22 per cent were engaged in government job, which was higher than land owning households; 12 per cent and 11 per cent got employment as casual labourers and were engaged in self-employment activities respectively. Only 6 per cent households were in private jobs and 3 per cent were employed in non-farming activity i.e. tailoring.

**Table 5: Activity-wise Employment Status (in %)**

Economic Activities	Land Owning Categories				Landless Household Category
	Marginal Farm Households	Small Farm Households	Medium Farm Households	Large Farm Households	Non Farm Households
Agriculture	47.8	73.0	86.0	71.0	0.0
Dairy	0.0	7.0	7.0	0.0	0.0
Truck Owner	4.4	4.0	0.0	0.0	0.0
Private Job	4.4	4.0	0.0	0.0	6.0
Government Job	8.7	4.0	0.0	16.0	22.0
Shop & Self Employment	8.7	0.0	0.0	8.4	11.0
Bore Man	0.0	4.0	0.0	0.0	0.0
Tailoring	4.4	0.0	0.0	0.0	3.0
Casual Labour	0.0	0.0	0.0	0.0	12.0
Non-Agriculture Labour	17.2	0.0	0.0	0.0	36.0
Other	4.4	4.0	7.0	4.6	10.0

Source: Field Survey

The noteworthy feature emerged from the analysis is that, marginal, small farmer and non-farm households received their employment from diversified sources which were low wage economic activities that required low skills and low education level. Low education levels, wealth and social status, all appear to restrict access of the poor to the relatively more attractive non-farm activities, which were comparatively high earning occupations than farm labour and required high investment in asset generation and skills.

#### 4.5 Sources of Income

The study attempts to find out: what were the livelihood strategies adopted by the rural households and were they earning their livelihood from one source or more than one? It was observed that all the categories earned their income from two sources except large farmers. Large farmers earn their income from three sources. Table 6 illustrates that 87 per cent of medium farmers and 88 per cent of landless community earned their income from one source only. Marginal and small farmers earned their income with almost equal percentage share of one source i.e. 78.2 per cent and 77 per cent respectively and rest percentage was earned from the second source of income.

**Table 6: Number of Income Source (in %)**

Source of Income/ Categories	Land owning Households				Landless Households Non-Farm Households
	Marginal Farm Households	Small Farm Households	Medium Farm Households	Large Farm Households	
One	78.2	77.0	87.0	71.0	88.0
Two	21.8	23.0	13.0	25.0	12.0
Three	0.0	0.0	0.0	4.0	0.0

Source: Field Survey

Table 6 reveals that across categories income of the people was not enough for their livelihood from one major occupation and they found other works to increase their income. In the case of landless community, they all worked in the informal sector as part-time and seasonal workers and were involved in various economic activities in farm and non-farm sector. Large farmer households were the rich community in the village who had diversified their economic activities.

#### 4.5.1 Caste-wise Income Status

It is a common understanding that forward caste household workers who are the main occupants of the agricultural land earned their livelihood from farm income, and backward and scheduled caste households earned their income from agriculture as wage labourers and from other economic activities which are related to industry or service sectors. We divided the economic activities into five major groups: agriculture and allied activities, self-employment activities, casual labour, jobs and non-agriculture labour, based on the field survey observations. Table 7 depicts that forward caste households earned 97.5 per cent of their income share from agriculture and allied activities, and the other two caste groups' households earned only 2.50 per cent from the same source. In the case of self-employment activities, forward caste households and scheduled caste households earned 38.8 per cent and 40 per cent share and backward caste households earned comparatively lower share i.e. 21.2 per cent. From forward caste households not even a single person was earning his livelihood as casual labourer, while the corresponding figure for backward caste and scheduled caste was 1.3 and 98.7 per cent respectively. In the case of jobs, the share of forward class was 44.7 per cent and that of scheduled caste was 38.2 per cent whereas backward class holds only 17.1 per cent which is comparatively lower than the other classes. In the case of non-agriculture labour, the share of forward caste was only 5.4 per cent and the share of scheduled caste was 12.4 per cent whereas the share of backward caste was 82.2 per cent which was exceptionally high than the other two classes.

**Table 7: Caste-wise Income Share from different Economic Activities**

Caste/ Category	Agriculture & Allied	Self Employment	Casual Labour	Job (Private & Public)	Non- Agriculture Labour
Forward Caste	97.5	38.8	0.0	44.7	5.4
Backward Caste	1.1	21.2	1.3	17.1	12.4
Scheduled Caste	1.4	40.0	98.7	38.2	82.2
Total	100.0	100.0	100.0	100.0	100.0

Source: Field Survey

From Table 7 it can be brought out that forward castes' income share was high in the agriculture and allied activities and in contrast schedule castes' income share was high in non-agriculture labour. The income share was also relatively high in the self-employment and jobs because forward caste households had high share of productive assets in the village (Sharma, Tiwana and Singh, 2014).

#### 4.5.2 Economic Activity-wise Income of various Caste Group Households

To understand the socio-economic structure of the village, we looked at the income share across caste based households from various economic activities that provide a self-effacing presentation in this context. Table 8 indicates that forward caste households earned 88.2 per cent of their total income from agriculture and allied activities, 4.2 per cent and 6.8 per cent from self-employment and jobs respectively and 0.8 per cent from non-agriculture labour. In the case of backward caste households, this group received maximum share of their income from jobs (35 per cent), 30.5 per cent share from self-employment activities, 20.8 per cent from non-agriculture labour, 13.3 per cent from agricultural and allied activities, and less than one per cent share from casual labour. In contrast, the scheduled caste households got maximum share from non-agriculture labour (with 43.2 per cent), 24.4 per cent from jobs, 18 per cent from self-employment activities, 9.2 per cent from casual labour activities and 5.2 per cent from agriculture and allied activities.

From Table 8 it can be revealed that there were wide differences in the income share from different economic activities across social groups, which substantiate the argument that scheduled caste households had low income share in the village economy because they are mostly involved in casual and non-farm labour where earnings were very low due to low wages than the earnings of forward and backward caste households.

**Table 8: Income Share across Caste Households**

Cast/ Category	Agriculture & Allied	Self Employ- ment	Casual Labour	Job	Non Agriculture Labour	Total
Forward Caste Households	88.2	4.2	0.0	6.8	0.8	100.0
Backward Caste Households	13.3	30.5	0.4	35.0	20.8	100.0
Scheduled Caste Households	5.2	18.0	9.2	24.4	43.2	100.0

Source: Field Survey

#### 4.6 Employment Status and Income Share: Differences and Disparities

In this exercise, we tried to understand the relationship between the share of population involved in different economic activities and their income share in the respective category.

**Table 9: Employment Status and Income Share (in %)**

Population/ Income	Culti- vators	Agricul- ture Labour	Total Agricultural Workers	Non- Farm Labour	Private & Govern- ment Job	Self Employ- ment
Population Share	39.7	6.2	45.9	23.4	18.9	12.8
Income Share	69.0	1.7	70.7	9.5	11.7	8.2
Per Capita Income (Rs.)	62295	14319	56170	19962	32670	23130
Average Per Capita Income (Rs.)	39914					
Ratio	1.56	0.36	1.40	0.50	0.81	0.58

Source: Field Survey

Data in Table 9 explores that the land owning households had 39.7 per cent of population share with 69 per cent of income share in the village. The population share of agriculture labourers was 6.2 per cent but they had 1.7 per cent share in the total income which was a meagre share. The share of non-farm labourers in the village was 23.4 per cent and they had only 9.5 per cent of the income share. In the case of private and government jobs, the population share consists of 18.9 per cent but their income share was 11.7 per cent. 12.8 per cent of population share were involved in self-employment activities but they earned 8.2 per cent share of the total income. In brief, it can be argued that only cultivators' population had high income

share in the village. The analysis indicates wide differences between the share of population involved in different economic activities and their income share in the village.

#### 4.6.1 Earnings from various Economic Activities: A Disaggregated Analysis

In this section, the analysis was based on the income share from several economic activities by farm and non-farm households. Table 10 depicts that in the context of farm households, marginal farmer households got 53.3 per cent earnings, small farmers earned 86.9 per cent, medium farmers got 96.4 per cent and large farmers generated 83 per cent of earnings from agriculture and allied activities. In comparison, landless households earned only 4 per cent from agriculture and allied activities and rest of their income was derived from non-farming economic activities. It is worth noting that there is a positive relationship between farm income and ownership of landholdings in the village economy.

**Table 10: Income Share by Occupation (in %)**

Occupation	Land owning Categories				Landless Households
	Marginal Farm Households	Small Farm Households	Medium Farm Households	Large Farm Households	Non-Agriculture Labour
Agriculture	38.9 (13)	76.4 (17)	86.7 (13)	78.8 (18)	0.0
Dairy	14.4 (11)	10.5 (17)	10.7 (14)	4.2 (15)	4.0 (31)
Transport	15.0 (1)	2.3 (1)	0.0	0.0	0.0
Government Job	12.0 (2)	4.0 (1)	0.0	6.5 (4)	30.6 (26)
Private Job	3.4 (1)	1.2 (1)	0.0	0.0	4.1 (4)
Self-Employment	3.7 (3)	1.2 (1)	0.0	5.4 (2)	12.3 (9)
Tailoring	1.3 (1)	0.0	0.0	0.0	0.0
Bore Man	0.0	1.8 (1)	0.0	0.0	0.0
Non-Agriculture	11.3 (7)	0.0	0.0	0.0	42.4 (46)
Casual Labour	0.0	0.0	0.0	0.0	6.6 (16)
Land Rent	0.0	3.0	2.6	5.1	0.0

Note: Figures in brackets are in numbers.

Source: Field Survey

## 5. Concluding Remarks

The study reveals that employment diversification took place across all caste based households and farm households in the village. Marginal and Small farmers, and landless households are more diversified than others. Further,

the unequal landownership was found directly linked to the occupation diversification. Across categories, households depended on multiple sources of income but variations were also found in this context. We observed the restructuring of labour force in the village that shifted from self-employment of family labour in agriculture and traditional works to casual farm and non-farm activities, regular wage and salary employment in modern development processes. This clearly poses questions such as, does the village economy shifted from a low economic structure to a higher economic structure i.e. farm to non-farm sector with regard to the share of output, employment and earning status? and, whether the earning differentials increased with respect to socio-economic categories? The study found that the earnings of large farm households were relatively higher than other farm household categories – either they were involved in agriculture or in non-agricultural activities. The policy initiative should be in the direction of generation of income for landless, marginal and small farm households that would lead to equality in the allocation of resources at the village level with micro level planning.

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