

Transformation of Rural Economy in Tamil Nadu: Evidence from Village Studies

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Abstract: There has been a steady transformation of state economy towards the non-farm sector, resulting in declining share of the agriculture sector to GDP. In a general context of an increase in the non-farm sector and urbanization in Tamil Nadu, this paper would like to analysis the nature of rural non-farm sector in two villages in Tamil Nadu. The transformation in rural Tamil Nadu whether are households shifting to completely to the non-farm sector or are one is plural households increasing in rural areas? Plural households are identified as one where one member of the household is in the farm sector and another may be in the non-farm sector. There is decline of both traditional occupations both in the villages. In both villages landless, small and marginal landholders moving towards non-farm sector shows distress led diversification. There is increase in plural households in rural Tamil Nadu. Males in the large number are shifting from dry village in distress led transformation. The availability of employment opportunities in the rural towns has strong influence in the migration of labourers from villages.

Keywords: Agriculture, diversification, employment, farm sector, non-farm sector, plural household,

JEL Codes: J21, J43, Q15.

INTRODUCTION

There are two important trends on employment seen on Indian economy in the recent period. One is the steady decline in the share of farm households in the rural area and the second is the secular increase in the share of households in the rural non-farm sector. The occupational or employment pattern remained constant in India till the 1950s and 1960s but there was a change after 1970 with the increase in employment in the non-farm sector in the country (Himanshu *et al.*, 2011). The developing countries, where there was a major decline in the share of income originating in agriculture and also a major decline in the share of households seeking employment in the farm sector. The all-India trend shows a significant decline in the share of income originating from agriculture but the decline in workforce engaged in agriculture was much slower than the decline in the share of income. Until the 1980's a dominant

opinion that existed was that agriculture sector was seen as the reservoir for surplus labour but post In the 1980's it was felt that agriculture cannot hold the surplus labour and the non-farm sector has become the reservoir for the surplus labour. The objective of the study is to examine the households which are diversifying to rural non-farm sector and is the process specific to Tamil Nadu state. Tamil Nadu is a state with a relatively more important role for Industry in terms of employment as well as a share of income originating from the non-primary sector. An implication of this is that share of households dependent on the farm sector has declined more when compared to the all-India trend. This could be either due to demand-pull by industry, or supply push from agriculture as water from Kaveri River dried up (Janakarajan 2016). Given the context, one would expect a difference in the nature of households entering the rural non-farm sector in the state of Tamil Nadu.

DATA AND METHODOLOGY

This paper is an empirical exercise attempting to provide evidence of the changing economic structure over time (based on the National Sample Survey Organisation (NSSO) rounds and a village study conducted in two villages in Tamil Nadu. In two villages, a census type of survey was conducted in November- December 2012. The two village selected on the nature of the irrigation facility and Distance from the nearest town also considered for selecting the villages. The study investigate the two villages of Namakkal District of Tamilnadu. Thirumangalam is dry village which no perennial source of Irrigation. The major source of well \borewell and rainfed. The distance from the nearest town is Tirchegodu which is 7 km from the village. Irrunatai is wet village which has canal irrigation facility available in the village. The major source of irrigation is well \borewell, canal and also rainfed . The distance from the nearest town is Paramathi Velur is 15 km from the village. Urbanisation is one of the important factor influencing the growth and transformation of the nonfarm sector.

METHODOLOGY OF CLASSIFICATION

Rural household can classified on basis of land owned, labour criteria or access to credit (vyas 2003, Eswaran and kotwal 1989). In the present the chapter classification about individuals or households based on labour exchanges. a census type of survey was conducted on November to December 2012.

- 1) **Rural diversification** : Rural diversification can be explained as'' Rural diversification may be defined as the economic development

of non-agricultural activities. At the micro level this refers to a livelihood which has multiple, part-time components" (Jha 2006).

- 2) **Rural nonfarm households** : Rural nonfarm households are generally diversified household. The rural nonfarm households (RNFS) are those "whose work encompasses all non-agricultural activities: mining & quarrying, household & non-household manufacturing, processing, repair, construction, trade & commerce, transport & other services in villages & rural towns undertaken by enterprises varying in size from household own-account enterprises to factories" (Jha 2006). In present article rural nonfarm household are household which undertaken any non-agriculture activity in the rural areas.
- 3) **Rural households** : Rural households includes all households in rural areas \ village.

The rural households are classified into two types a) Traditional or non-diversified household b) Modern \ diversified household.

- a) **Traditional or non-diversified household** : Traditional household means whose work comes from hereditary perspective which includes agriculture activities and traditional RNFS sector. Traditional RNFS comes from activities like priest, toddy tapping, goat rearing, dhobi, barber, broomstick making etc
- b) **Modern \ Diversified household** : Ecompass all activities except agriculture and traditional RNFS. modern or diversified household includes all activities such as mill workers, drivers, construction workers, mason, businessman etc.
- 4) **Agricultural labour household** : Agricultural labour household includes all households that only supply labour for agricultural activities and do not operate any land. They earn an income by selling their labour time in labour market and do not have any other source of income. They receive their income in cash or kind. They generally receive the payment end of the day or completion of the task.
- 5) **Cultivator household** : These household supply labour for agriculture activities but also operate land. They might demanding labour for cultivation or also use their own family labour household. These household may also supply labour for agricultural operation cultivator household might be pure labour demanding household or mixed labour supply household. They earn income by selling their agricultural products or even by selling labour.

- 6) **Mixed Household** : These households supply labour for agricultural operations or cultivate their land but more important they work in non-farm activities. They may derive a part income from agricultural activities. They have two main sources of income: income from agricultural activities or allied activities and income from the non-farm work. These households are classified as mixed household.
- 7) **Pure nonfarm household** : These households don't supply labour for agricultural operations or cultivate their land. They depend upon pure upon earning from the non-farm activities. These household doesn't have any income from cultivation or supply labour for the agriculture operations. They have the nonfarm income as only source of the household. These households can be classified as pure nonfarm household
- 8) **Others household** : These household don't supply labour of agriculture operations or cultivate their land. These household depend upon pension or remittances for government as the only source of income.
- 9) **Farm household** : Household which engaged in farm activities. Agricultural labour and cultivator household can classified as farm household. Farm household which depend upon agriculture and allied activities as only source of the income .
- 10) **Nonfarm household** : Nonfarm household can be explained as "we shall refer to such households as 'nonfarm households' even though they may also derive part of their income from farming". (Prasada rao 2006) Mixed type and pure type household can be classified as nonfarm household.

Simple percentage change method is used to the analyse the change in between two periods.

Growing importance of rural non-farm sector in India and Tamil Nadu

The structural transformation in the country is slow and atypical because of low employment in the manufacturing sector. In India the labour absorption capacity in urban industrial sectors has not been quickly going enough to absorb the surplus labour force. There is much scope for the growth of the non-farm sector. In the last decades the growth of employment in rural India has primarily come from the rural non-farm sector (Himanshu *et al.*, 2010) In India there has been increasing share of income and employment of rural nonfarm activities (Vaidyanathan (1986), Dev (1993)

Jatav & Sen (2013)). Within the rural non-agricultural sector the share of services sector more than manufacturing sector. (Basantandkumar (1989) Hans Binswanger (2013)). The growth of non-farm jobs in India has due to an increase in services, transport, and construction. In addition, the growth of the non-farm sector is highly uneven over the state. The “other” is a non-descriptive category, which could include different types of agents. They can be traditional landlords, input and output traders, moneylenders, commission agents and urban workers staying in villages.

Table 1
Distribution of rural workers according to household Type in All India

<i>Household type</i>	<i>1993-94</i>	<i>2004-05</i>	<i>2009-10</i>
Agricultural labour		24.08	23.83
	27.53	(-3.45)	(-0.25)
Self-Employed in agriculture		39.78	35.53
	42.38	(-2.6)	(-4.25)
Farm Sector		63.86	59.36
	69.91	(-6.05)	(-4.5)
Self-Employed in Non-farm sector		16.75	16.41
	13.06	(3.69)	(-0.34)
Other labour (non-agricultural labour)		10.57	14.85
	7.49	(3.08)	(4.28)
Others		8.82	9.38
	9.54	(-0.72)	(-0.56)
Non-Farm Sector		36.14	40.64
	30.09	(6.05)	(4.5)

Source: Unit level data from various quinquennial rounds of NSS on employment and Unemployment situation in India.

Note: Figures in the brackets provide the change over the period.

In Rural India, the share of the self-employed in agriculture (cultivators) has witnessed a decline from 42 percent in 1993-94 to 35 percent in 2009-10. Similarly, the share of agricultural labour also registered declined from 27.03 percent in 1993-94 to 23.83 percent in 2009-10. In the reference period 1993-94 to 2009-10, there was a large decline of approximately 10 per cent in the farm sector. Overall farm sector exhibited decline, cultivators showed sharper decline than the agricultural labour at the all India level.

In the non-farm sector, self-employed in non-agriculture registered a decline from 13 per cent in 1993-94 to 16.41 per cent in 2009-10. Other Labour household (non-agricultural labour) is registering a greater increase from 7.49 per cent in 1993-94 to 14.85 per cent in 2009-10. Another household

category has observed marginal decrease from 9.54 per cent in 1993-94 to 9.38 per cent in 2009-10. The overall non-farm sector has increased by 10 percentage points from 30 percent in 1993-94 to 40 percent in 2009-10. These changes will have different implications on the evolving structure of the rural economy. On the one hand, farm sector has witnessed a significant decline with both cultivators and agricultural labourers witnessing a fall, on the other hand, the non-farm sector has seen a significant increase with self-employment in non-agriculture and other labour witnessing an increase. This gives an indication of increasing importance to the rural non-farm sector in the rural economy.

An expansion of rural non-farm sector is seen as source for reduction of rural poverty and absorption of surplus labour.

Table 2
Distribution of rural workers according to household Type in Tamil Nadu

<i>Household type</i>	<i>1993-94</i>	<i>2004-05</i>	<i>2009-10</i>
Agricultural labour	23	22.12 (-0.88)	35.99 (13.87)
Self-Employed in Agriculture	40	35.59 (-4.41)	18.48 (-17.11)
Farm Sector	63	57.71 (-5.29)	54.47 (-3.24)
Self-Employed in Non-Farm	13.59	14.42 (0.83)	12.62 (-1.8)
Other labour (Non-agricultural labour	12.78	17.41 (4.63)	23.99 (6.58)
Others	10.12	10.47 (.35)	8.91 (-1.56)
Non-Farm Sector	36.49	42.3 (5.81)	45.52 (3.22)

Source: Unit level data from various quinquennial rounds of NSS on employment and Unemployment situation in India.

Note: Figures in the brackets represent change over the period.

The above table 2 discusses the distribution of the rural workers according to their household type in Tamil Nadu. In Rural Tamil Nadu, the share of the self-employed in agriculture (cultivators) has witnessed a decline from 40 percent in 1993-94 to 18 percent in 2009-10. There was a large decline of approximately 22 percent among the cultivators. The share of agriculture labour inconsistently increased from 23 percent in 1993-94 to 35 percent in 2009-10. In Tamil Nadu, self-employed in non-agriculture exhibited a minor fluctuation in rural non-farm sector. Self-employed in

non-agriculture registered a marginal increase of 13 per cent in 1993-94 to 14 per cent in 2004-05 and again declined to 12 percent in 2009-10. There was a marginal decline of approximately 1 percent among self-employed in the non-agriculture household between 1993-94 and 2009-10. The share of Other Labour household (non-agricultural labour) has shown an increase from 12 percent in 1993-94 to 23 percent in 2009-10 and this trend was consistent. The overall share of non-farm sector increased from 36 percent in 1993-94 to 45 percent in 2009-10. There was an increase of approximately 9 per cent between two periods. The general trend over the is a decrease in the share of the farm sector which is principally attributed to the decline in the share of cultivating households who have predominantly moved to the non-agricultural households. The share of agricultural labour households has witnessed a major change. In the case of Tamil Nadu, the rural sector had shrunk more as compared to the All India trend. Here also the farm sector witnessed a decline due to the decline of the share of cultivators when compare to all-India trend. There was a shift from the self-employed in agriculture (cultivators) to the non-agricultural activities.

Agrarian Structure in Two Villages in Tamil Nadu

The structure of the rural economy in Tamil Nadu has been changing along with the overall economy. There has been a steady transformation of state economy towards the non-farm sector, resulting in declining share of the agriculture sector to NSDP. The proportion of the rural population to total population was on the decline from 56 percent in 2001 to 51.6 percent in 2011, implying the process of urbanization in the state. TN witnessed the highest shift in occupation from cultivators to non-cultivators. However, the agriculture sector still continues to play an important role as it provides livelihood and food security for a large section of the population. This paper is an investigation into the broad characteristics of non-farm sector in two villages of Namakkal district, Tamil Nadu. Tamil Nadu has been divided into seven agro-ecological zones. The first village, Thirumangalam of Tirchengodutaluk is present in the western zone of agro-ecological zones and the Second village Irruttanai of ParamathiVelurtaluk is present in North Eastern zone. These two villages selected based on the nature of the irrigation facility and the distance from the nearest town. Thirumangalam is dry village which has no perennial source of Irrigation and the major source of irrigation are wells\ bore wells and rain-fed. Irruttanai is a wet village which has canal irrigation facility along with wells and bore wells. Generally Rural household can classify on the basis of land, labour and (Vyas 2003), credit (Eswaran and kotwal 1989) labour (Ramachandran, et.al, 2010) In addition to classifying households into classes based on land and

caste an attempt was made to classify households in the primary survey into three broad groups. They are: cultivators households, agricultural labour households, mixed households, pure non-farm households and others households. Mixed households derive their from income from agriculture and non-farm activities. Pure non-farm households do not have any income from agricultural operations. Lastly other household does not supply labour for agricultural operations and do not cultivate any land. These households depend upon pension or remittances for survival.

In Thirumangalam, around 69 per cent of households is mixed households owning around 74 per cent of the land. They also operate around 77 per cent of the operated land. Next major groups are non-farm households and others. Each group has around 7 per cent of the households whereas non-farm households own around 10 per cent of the land while other households own little less than 1.5 per cent of the land. The share of pure farm households those who do not participate in any non-farm activities is just 17 per cent. Further, the farm households have been sub-divided into cultivators and agriculture labour, in which the share of agriculture of labour is 13 per cent and 4 per cent of cultivators.

Table 3
Type of Household, land owned, land operated

<i>Thirumangalam</i>		<i>Irruttanai</i>					
<i>HH</i>		<i>HH no.</i>	<i>Land owned</i>	<i>land operated</i>	<i>HH no</i>	<i>land owned</i>	<i>land operated</i>
Farm sector	Cultivators	4 (4)	32.1 (14.26)	32.1 (15.50)	13 (8)	65 (15.16)	66.5 (15.36)
	Agriculture Labour	13 (13)	0	0	23 (14)	0	0
Mixed		69 (69)	167 (74.22)	160 (77.29)	113 (68)	357.75 (84.63)	366.35 (84.63)
NFS		7 (7)	22 (9.77)	15 (7.24)	11 (6.66)	6 (1.38)	6 (1.38)
others		7 (7)	3 (1.33)	0	5 (3.03)	0	0
Total		100 (100)	225 (100)	207 (100)	165 (100)	428.75 (100)	432.85 (100)

Note: In bracket in percentage

Source: Field survey, Dec 2012

Similar is the case in Irruttanai village. Around 68 per cent of the total households are mixed households and they own around 84 per cent of the

land and operate the same amount of land. In contrast to Thirumangalam village, the share of farm households is as high as 22 per cent and they own and operate around 15 per cent of the land. The share of non-farm households is just more than 6 per cent i.e. 11 households. In both, the villages, around 70 per cent of the households are mixed households, who depend on both farm and non-farm activities showing the importance of diversification for better livelihood and income. So there looks to be a tendency, independent of irrigation for expansion of mixed households in both the villages. There is growth of mixed households as survival mechanism with decline agricultural income. The Distribution of households across social groups presented in Table 4.

Table 4
Distribution of classified households across social groups

<i>Thirumangalam</i>		<i>Irrutanai</i>					
<i>HH</i>		<i>SC</i>	<i>Domi- nant BC</i>	<i>Other BCs</i>	<i>SC</i>	<i>Domi- nant BC</i>	<i>Other BCs</i>
Farm sector	Cultivators	1 (2.22)	10 (20)	0	0	17 (37)	25 (27)
	Agriculture labourers	13 (28.88)	0	0	14 (53.84)	5 (10.86)	11 (12)
Mixed		27 (60)	34 (68)	1 (20)	11 (42.30)	21 (45.65)	45 (48.38)
NFS		2 (4.44)	3 (6)	2 (40)	1 (3.84)	1 (2.17)	9 (9.67)
others		2 (4.44)	3 (6)	2 (40)	0	2 (4.34)	3 (3.22)
Total		45 (100)	50 (100)	5 (100)	26 (100)	46 (100)	93 (100)

Note: In bracket in percentage

Source: Field survey, Dec 2012

In Thirumangalam village, the schedule caste and backward caste households are the majority. Among schedule caste households, around 60 per cent they are mixed households whereas another major share of 13 per cent is agriculture labour households. Only two households are into pure non-farm activities. Similarly, around 68 per cent of backward caste households are mixed households in this village. There are no agriculture labour households from this social group but around 3 households are exclusively into non-farm activities.

The scenario is slightly different in Irruttanai village. The major share of schedule caste households is agriculture labour households with 54 per cent. Another 42 per cent of them is mixed households. Interesting aspect this village is that the significant share of dominant backward caste households is cultivators, i.e. around 37 per cent. Further, there are also around 11 per cent of households are agriculture labour households. However, a major share of households i.e. around 46 per cent is mixed households. Relatively, Irruttanai village has more other backward households than thirumangalam. Among them, around 48 per cent are mixed households and another 27 per cent are cultivators. Irruttanai case is quite interesting because the households are almost proportionally distributed across all household types than in Thirumangalam village. This distribution could be because of nature of economy where the farm sector is important due to better irrigation facilities.

In comparison, the SC households in Thirumangalam village are more diversified than in irrigated Irruttanai village. The SC households are largely landless and labour supplying households. May be the lack of farm activities and minimum income pushing them into the non-farm sector in the dry village, which could be vice versa in the case of irrigated village.

In the table 5, depicts data on land holding groups across classified households. This data provides some information on which land holding group are in farm, non-farm, and mixed households. In Thirumangalam (Dry) village, the significant share of landless, marginal and small land holding groups are mixed households. Around 58, 62 and 82 per cent of landless, marginal and small land holding groups are mixed households. However, the share of medium and semi-medium land holding groups in mixed households also significant but relatively less than other small groups. Another 23 per cent of landless households is agricultural labourers. They just supply labour in both farm and non-farm sectors. Among all the land holding groups, the share of the medium land holder is highest followed by marginal and medium/large land holders.

The structure seems to be a bit different in Irruttanai(wet) village. In contrast to Thirumangalam, around 47 per cent of landless is in farm sector in which 45 per cent of them are agricultural labour. Around 30 and 15 per cent of landless are mixed and non-farm households respectively. The share of marginal and small land holders in mixed households is 51 and 58 per cent respectively which is lesser than in Thirumangalam village. However, the share of marginal and small holders in the farm sector is 43 and 35 per cent respectively. The interesting feature of Irruttanai village is that the share of semi-medium land holders in mixed households is the highest,

Table 5
Distribution of classified households across land holding groups.

<i>Thirumangalam</i>		<i>land- less</i>	<i>margi- nal</i>	<i>small</i>	<i>semi medium</i>	<i>Medium &Large</i>	<i>Total</i>
Farm sector	cultivators	0 (22.80)	2 (25)	3 (17.64)	5 (35.71)	1 (25)	11
	Agriculture labour	13 (22.80)	0	0	0	0	13
Mixed		33 (57.89)	5 (62.5)	14 (82.35)	8 (57.14)	2 (50)	62
NFS		4 (7.01)	1 (12.5)	0	1 (7.14)	1 (25)	7
others		7 (12.28)	0	0	0	0	7
Total		57 (100)	8 (100)	17 (100)	14 (100)	4 (100)	100
<i>Irruttanai</i>		<i>land- less</i>	<i>margi- nal</i>	<i>small</i>	<i>semi medium</i>	<i>Medium &Large</i>	<i>Total</i>
Farm sector	cultivators	1 (1.66)	17 (43.58)	15 (34.88)	5 (35.71)	4 (44.44)	42
	Agriculture labour	27 (45)	1 (2.56)	2 (4.65)	0	0	30
Mixed		18 (30)	20 (51.28)	25 (58.13)	9 (64.28)	5 (55.55)	77
NFS		9 (15)	1 (2.56)	1 (2.32)	0	0	11
others		5 (8.33)	0	0	0	0	5
Total		60 (100)	39 (100)	43 (100)	14 (100)	9 (100)	165

Note: In bracket in percentage Source: Field survey, Dec 2012

whereas in Thirumangalam village the share of marginal and small landholders is highest.

The classification of mixed households along land size reveals an interesting feature in the surveyed villages. Both the villages show a significant proportion of landless, marginal and small land holders in mixed households. It is very clear from the data that the bottom section of the land holders or labour supplying are ones who is moving out into non-

farm activities than the top section. Inadequate land and jobs in farm sector may be pushing this section of the households. However, they are still engaged in farm activities and also participate in non-farm activities. The non-farm sector may act as a survival mechanism and improve the standard of living for the landless and small & marginal landholders, whose income from farm sector is not enough for the survival. The semi-medium and medium landholders may be shifting to get higher opportunities and income in the non-farm sector.

Cropping pattern is shows diversification in rural Areas. Table 6 depicts the distribution of cropping pattern across different type of households. In Irruttanai village also it seems a similar cropping pattern. However, the pure cultivators also cultivate high-risk crops like tapiaca, sugarcane and other commercial crops in 7, 8, 4.3 acres of land. The food and fodder crop Jowar is the major crop cultivated by the pure cultivating households with around 57 acres of the area. The coconut has also been cultivated by them in 9.5 acres of land. The striking difference between pure cultivators and mixed households is that the mixed households cultivate around 38 acres of high-risk crops like tapiaco and other commercial crops. However, they also cultivate the major food and fodder crop, Jowar, in large scale.

Table 6
Distribution of cropping pattern across classified households

<i>Thirumangalam</i>							
<i>HH</i>	<i>Jowar</i>	<i>ground- nut</i>	<i>coconut</i>	<i>tapiaco</i>	<i>sugarcane</i>	<i>others</i>	<i>Total</i>
Agriculture labour	0	0	0	0	0	0	0
cultivators	8	2 (3.9)	2 (21)	2 (4)	0	0	12 (44.4)
Mixed	16	13	9 (18)	10 (24.1)	2 (4)	3 (4)	44 (94.5)
<i>Irruttanai</i>							
<i>HHs</i>	<i>jowar</i>	<i>ground- nut</i>	<i>coconut</i>	<i>tapiaco</i>	<i>sugarcane</i>	<i>others</i>	<i>Total</i>
Agriculture labour	3	1					4
cultivators	(5) 27 (56.7)	(2) 5 (9.5)	0 1 (5)	0 3 (7)	0 2 (8)	7 4.3 (17.55)	(7) 45 (87.5)
mixed	40 (70.9)	6 (10.5)	2 (1)	6 (20)	3 (8)	10 (17.55)	67 (127.95)

Note: In bracket area

Source: Field survey, Dec 2012

The table 7 explains the non-farm occupation structure in the two surveyed villages. Non-farm occupation pattern is divided into two parts; the traditional rural non-farm employment and modern non-farm employment. We have classified the tables based on PrasadaRao classification 2006 in his book on ruralnon-farm growth in which he defines "Traditional" is taken to mean pre-industrial. There is no specific time point at which "modern" starts as some industrial innovations were introduced prior to independence and others afterward" (Prasada Rao 2006).

Table 7
Type of Household and Traditional & Modern occupation in both villages

		<i>Thirumangalam</i>			<i>Irruttanai</i>		
		<i>Tradi- tional</i>	<i>Modern</i>	<i>Total</i>	<i>Tradi- tional</i>	<i>Modern</i>	<i>Total</i>
Farm sector	cultivators	0	0	0	0	0	0
	Agriculture labour	0	0	0	0	0	0
Mixed		4 (5.47)	69 (94.52)	73 (100)	29 (25.66)	84 (74.33)	113 (100)
NFS		3 (25)	9 (75)	12 (100)	4 (44.44)	5 (55.55)	9 (100)
others		0	0		0	0	0
Total		7 (8.23)	78 (91.76)	85 (100)	33 (27.04)	89 (72.95)	122 (100)

Note: In bracket percentages

Source: Field survey, Dec 2012

Traditional ruralnon-farm employment in the two villages are as follows: Thirumangalam (dry village) has 7 and Irruttanai (wet village) 33 individuals in the traditional rural non-farm sector. It has been noticed that in Irruttanai village individuals are mostly engaged in traditional rural non-farm sector work like taddy topping, goldsmith, traditional doctors, goldsmith and Priesthood etc. A higher number of workers are found in traditional occupations such as tailors, traditional construction workers which consist of boyar caste, taddy topping, and poultry farms etc. There is a decline of caste-based occupations in both the surveyed villages. But there is a diversification in occupations, due to changing consumer demand for tailoring and poultry farms. There is less number of traditional non-farm occupations in the Thirumangalam (dry village) compared to the Irruttanai (wet village). It shows that the economic pressure in the dry village

is pushing the households in the traditional non-farm sector to diversify into the modern non-farm employment.

In the contrast to traditional rural non-farm employment, modern employment is more diversified in the Irruttanai village (wet village). The modern rural non-farm employment in the two villages are as follow: the Thirumangalam (dry village) has 78 individuals and Irruttanai (wet village) 89 individuals in the modern non-farm sector. It has been noticed that in Irruttanai village the individuals are mostly engaged in Modern Rural non-farm sector like drivers, bore wells works, construction works, engineer, teachers etc. Similarly, in Thirumangalam (dry village), the individuals are engaged mostly as sago factory workers, power loom workers, textile mills and transports services. In Thirumangalam village around 35 individuals work in sago factory, while In Irruttanai village around 18 individuals work as Drivers. In the both surveyed villages Individuals are mostly engaged in modern non-farm activities in intra-village and nearby rural towns like that of construction works, sago factory, bore well works etc. Some of the individuals in both the villages migrated to other big cities in the country. Namakkal districts which have predominate activities in bore well works, transport services, power looms etc. influences the employment pattern in both the surveyed villages.

CONCLUSION

Rural economic structure is witness a change. There is decline in the share of households in farm sector. The decline is much faster in Tamil Nadu compared to All India levels. In Tamil Nadu, agriculture still continues to be a backbone of the state economy. Namakkal district is known for activities involving bore wells, sago production, power looms, textile and egg production etc. There is a decline in cultivators and agricultural labour in the farm sector in the district in the recent past. The decline in the farm sector is compensated by the increase in the non-farm sector activities. The two surveyed villages have different structures in terms of households in the farm and non-farm sector. The 75 percent of households depend upon the non-farm activities for their livelihood. Interestingly, at Individual level, female participation is larger than males in agriculture and allied sectors. Males in the dry village are more diversified implying some push factors in agriculture and a movement towards non-farm activities could be due to distress in the farm sector. In the entire analysis, it is very clear that the most of the households in both the villages are engaged in both farm and non-farm sector for livelihood. The male population has been engaged in non-farm sector whereas female

population engaged in the farm sector. Another important finding in the analysis is that the share of landless, marginal and small land holders in mixed households, engaged in both farm and non-farm activities, is greater than other land groups. There is the preference for the males in favor of non-farm sector compared to females. The emergence of the industries in the nearby towns also is reason for the diversification of the males. There is less number of traditional occupations in dry village compared to the wet village. There is a decline of caste-based occupations in both the surveyed villages. But there is a diversification in occupations, due to changing consumer demand for tailoring and poultry farms. In Irruttanai (wet) village, more number of individuals is engaged in the modern non-farm sector compared to Thirumangalam (dry) village. Individuals are mostly engaged in modern non-farm activities in intra-village and nearby rural towns like that of construction works, sago factory, bore well works etc in both surveyed villages. However, both village shows the diversification of some individual in both villages in big cities for employment. Industries located nearby like sago factory, power looms, borewell etc influence the employment in the both villages. In both villages landless, small and marginal landholders moving towards non-farm sector shows distress led diversification. Males in the large number are shifting from dry village in distress led transformation. The availability of employment opportunities in the rural towns has strong influence in the migration of labourers from villages. Overall distress component has a primary role in the growth of the rural non-farm sector.

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