

The Contribution of Non-Farm Activities to Rural Employment Promotion

Experience in Iran, India and Syria

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THE COUNTRIES of Asia, the Near East and North Africa face the grim prospect of enormous increases in their agricultural population in the next two decades. The situation is likely to become even worse thereafter. The FAO's projections (based on growth rates of 2.5 per cent a year in total population and 3.8 per cent a year in non-agricultural population) show that over the period 1962 to 1985 the agricultural population will grow from 583 million to 880 million in Asia and from 88 million to 114 million in the Near East and North Africa. "The main cause for immediate concern over population growth rates in Asia", the FAO says, "stems not from the prospects for the food supply but from the implications for farm size . . . , farm income per caput, and all the tremendous economic and social pressures inherent in trying to cram still more people into the agricultural economy of the region".²

In not a few of these countries, the desire to extend social justice to farmers and achieve quick increases in farm output and productivity has led national authorities to introduce changes in the land tenure system as well as in farm organisation patterns and technology. While the impact of these changes on farm production has, on the whole, been salutary, the same cannot be said of their impact on rural employment. For instance, while the new technology, especially the introduction of high-yield varieties, carries some assurance of expanded employment opportunities,

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² Food and Agriculture Organization (FAO): *Provisional Indicative World Plan for Agricultural Development* (Rome, 1970), Vol. 1, pp. 22-26.

the trend towards large-scale mechanisation in individual farms (occasionally merely as a status symbol) as well as in consolidated farming units, conveys contrary implications. One way of overcoming this problem is, of course, to institutionalise the ownership of agricultural machinery so that it is used in ways that increase production without displacing labour.¹ But such a judicious resort to mechanisation is possible in only a very few countries. It is now increasingly being realised that countries facing growing rural employment problems must seek to accommodate many of the new entrants to the rural labour force, and workers made jobless by mechanisation, in the rural areas themselves—and perhaps also in small towns—but in non-farm employment.

The concept of “ rural non-farm activities ”

In considering the expansion of rural non-farm activities as a means of promoting rural employment, it is necessary to define (a) what these activities consist of, and (b) to what types and sizes of localities such activity should be applied.

Reviewing the available evidence on small-unit production in a number of Far Eastern countries, Dr. Oshima attempts to define the “ non-agricultural labour-intensive sector ”²; he finds that there is a close complementarity of demands between the agricultural and the non-agricultural labour-intensive sectors and suggests that the latter sector effectively meets a significant proportion of the rising demand for necessities by using resources which are not considered to be scarce for development purposes and are not liable to be sought after for alternative uses. This sector relies to a large extent on local materials, labour and capital, and its labour/capital ratio is high. Dr. Oshima notes that the persistence of Asian tastes and preference for traditional foods, clothing, household goods, personal services, etc., which cannot be produced capital-intensively, may be the most important reason why, after a century of rapid growth in Japan, 28 per cent of employment in manufacturing is still to be found in units employing fewer than ten persons.³ The activities which might be comprised in this sector and the type and size of localities most appropriate are, however, not fully explored by him.

Major efforts are now under way in Iran to tackle the three-pronged problems of rural unemployment and underemployment, widening rural-urban income disparities and the large-scale migration of rural workers to large urban industrial centres, by assigning a crucial role to the promotion of non-farm activities within a scheme of integrated rural development.

¹ See ILO: *Mechanisation and employment in agriculture* (Geneva, 1973).

² Harry T. Oshima: “ Labor-force ‘ explosion ’ and the labor-intensive sector in Asian growth ”, in *Economic Development and Cultural Change* (Chicago), Jan. 1971, pp. 164 ff.

³ *Ibid.*, p. 179.

Research and planning exercises carried out in this field with ILO technical assistance are aiming at, inter alia, a more meaningful disaggregation of "rural non-farm employment", and the identification of types and sizes of localities regarded as "rural" for the purposes of such development. The tentative conclusions reached so far indicate that all occupations connected with manufacturing, construction and personal household services (other than domestic services) carried out in rural localities with fewer than 5,000 inhabitants, and in small towns with up to 25,000 inhabitants¹ which retain marked characteristics of a rural economy, can be included within the broad category of "rural non-farm activities". Such a broad definition opens up vast possibilities for rural employment promotion, which will necessarily depend on the establishment of appropriate institutions and programmes related to wholesale and retail trade, transport and storage, financing and business services, as well as education and training.

The present share of non-farm activities in rural employment

Available statistics show that non-farm activities already contribute significantly to rural employment in Iran; to a lesser extent, this is also true of India and Syria (see table 1).

Even if one concedes that some of the occupations falling within the category of "business and services" bear little relation to "non-farm activities" in the sense in which the term is used here, the importance of this sector in the structure of rural employment seems obvious, and, indeed, becomes even clearer when three other aspects are considered. First, localities with up to 5,000 inhabitants do not necessarily represent a population maximum for "rural" areas. Indeed, localities with substantially larger populations retain rural characteristics in terms of the prevailing activity structure, a high proportion of the working population being employed in rural manufacturing and related activities.² Second, within countries, regional differences in resource endowment occur, and influence the employment structure. Thus, in an area with meagre agricultural resources but a good potential for handicrafts and other non-farm activities, a high proportion of employment may be concentrated in

¹ Analysis of 1966 census data carried out for the ILO comprehensive employment strategy mission to Iran showed that the 97 small towns in Iran with a population range of 5,000 to 25,000 and the 60,707 villages with fewer than 5,000 inhabitants accounted for as much as 44.5 per cent of all employment in manufacturing and construction and 25 per cent of business and services employment. See P. K. Das: *Needs and possibilities of non-farm sector development in Iran*, Paper prepared for the ILO comprehensive employment strategy mission to Iran (Teheran, 1972).

² The results of the 1966 census in Iran showed that in 97 localities with a population range of 5,000 to 25,000, 21.6 per cent of total employment was in agriculture and raw material production, 36.5 per cent in manufacturing and construction and 41.9 per cent in business and services (Iranian Statistical Centre: *National census of population and housing, November 1966* (Teheran 1967)).

TABLE 1. NON-FARM ACTIVITIES BY SECTOR, AS PERCENTAGE OF TOTAL RURAL EMPLOYMENT IN SELECTED COUNTRIES

Country	Manufacturing and construction	Business and services
Iran ¹	18.5	11.1
India	10.0	7.1
Syria ²	4.0	5.1

¹ In localities with fewer than 5,000 inhabitants, 1.2 million persons were employed in non-farm activities in 1966 (see ILO: *Employment and income policies for Iran* (Geneva, 1973), p. 46).

² Although non-farm activities in Syria do not yet constitute a significant proportion of rural employment, recent policies and programmes of the Syrian Government to develop these activities, and especially the emphasis placed on skills promotion among women rural workers and artisans, will be of interest to many countries faced with distressing rural employment problems. These are touched on in a later section of the article.

Sources: *Iran*: Iranian Statistical Centre: *National census of population and housing, November 1966* (Teheran, 1967). *India*: National Sample Survey: *Preliminary tables on the 21st round (July 1966 - June 1967) of the National Sample Survey* (New Delhi), p. 10. *Syria*: Central Bureau of Statistics: *Report on labour force sample survey 1966* (Damascus, 1969).

these activities.¹ Third, a marked characteristic of many predominantly agricultural areas is the dependence of many persons basically employed in agriculture on part-time craft and other non-farm activities as a means of supplementing household incomes. In Japan, for instance, 51.3 per cent of all farm households in 1951 were engaged in some non-farm jobs on the side; by 1969, this proportion had increased to 79 per cent.²

Surveys carried out since 1971 by the Research Centre of the Ministry of Co-operation and Rural Affairs in Iran have shown that in many rural areas, especially those which are agriculturally poor, a substantial proportion (ranging from 24 to 42 per cent) of persons employed in agriculture engage in handicrafts and other non-farm activities as sidelines to supplement family incomes. The income derived from these subsidiary activities varied from a fifth to a third of the total income of persons employed in agriculture. In some districts, such as Marvdasht in Fars Province and Birjand in Khorassan Province, households primarily engaged in handicrafts and related non-farm activities earned almost as much as those primarily engaged in agriculture; and in Nain, households

¹ According to the 1968 Syrian labour force survey, the proportion of persons employed in manufacturing in the rural southern region, which is agriculturally poor, was 5.9 per cent compared to 0.3, 0.6 and 2.8 per cent respectively in the rural eastern, interior and coastal regions. Similarly, in Birjand in the Iranian province of Khorassan, which has suffered from recurrent drought and is agriculturally poor, 43.9 per cent of all persons employed in 1971 were engaged in rural crafts and manufacturing activities (Research Centre of the Ministry of Co-operation and Rural Affairs: *Report on rural manpower and development possibilities survey in Birjand in the Ostan of Khorassan* (Teheran, 1971; mimeographed)).

² Ramakanta Rath: *Agriculture and human resources planning in Japan and Thailand* (New Delhi, Department of Agriculture, Ministry of Food, Agriculture, Community Development and Cooperation, 1970), p. 12.

TABLE 2. FEMALE LABOUR FORCE PARTICIPATION RATES AND EMPLOYMENT PATTERN IN SELECTED RURAL AREAS OF IRAN

(%)

Province or district	Over-all female participation rate ¹		Women employed in rural non-farm work as proportion of total rural female employment (current surveys)
	1966 census	Current surveys (1971-73)	
Birjand	19.7	44.3	94.4
Sanandaj	3.8	42.8	70.3
Nain	30.2	37.6	99.0
Hamadan	18.1	44.1	98.2

¹ In both the 1966 census and the Birjand and Sanandaj surveys, any woman engaged in any productive activity other than purely domestic work on one or more days of the reference week was reckoned to be in the labour force. In the Nain and Hamadan surveys, conducted in March and July 1973, the criterion was performance of such activity during at least one-third of the working time in the reference week.

primarily engaged in handicrafts earned on average substantially more than households pursuing agriculture as their main source of livelihood. Indeed, in this area, agriculture has, over the years, receded to a secondary position. The crafts and other forms of non-farm activities carried on in the areas surveyed included weaving of carpets and rugs, spinning, hand-weaving of cloth, preserving of fruit and other foods, bee-keeping and production of dairy goods. In Birjand, Nain and Hamadan, the progressive deterioration of agriculture and the short crop maturation period resulting from soil and climatic conditions have brought non-farm activities into sharper focus as important sources of rural employment and income. Data collected in these three areas showed that a large percentage of households combined agriculture with rural non-farm activities and invariably enjoyed much higher income levels than those engaged only in agriculture.

Employment of women in rural non-farm activities

Three other significant facts brought out by these surveys as well as by the 1966 population census have important policy implications for the development of the rural non-farm sector in Iran. They are (a) the increasing participation of women in the rural labour force; (b) the overwhelming concentration of women in employment in rural crafts and manufacturing activities; and (c) the relatively large proportion of women wage earners in the structure of rural employment. Table 2 shows the trend towards increased female participation in the labour force in some rural areas surveyed so far and the proportion of employed females in handicrafts and other non-farm activities.

TABLE 3. WORK INTENSITY OF EMPLOYED WOMEN IN SELECTED RURAL AREAS OF IRAN

Type and name of area	Percentage of employed women working during the reference week for:		
	40 hours and more	20-39 hours	Less than 20 hours
Predominantly agricultural areas:			
Sanandaj	29.0	38.9	32.1
Lahijan	27.8	33.7	38.5
Areas with substantial non-farm activities:			
Nain	46.1	41.3	12.6
Hamadan	40.0	47.6	12.4

Analysing the 1966 census data, P. K. Das¹ found not only that women accounted for 22.5 per cent of wage-earning employment in the non-farm sector in Iranian localities with fewer than 5,000 inhabitants but that as many as 73 per cent of the women in employment were wage earners. Some of the above-mentioned surveys have confirmed this finding.

Analysis of the survey data relating to hours of work in the reference week showed that work intensity among women was much higher in areas where substantial non-farm activities were carried on than in predominantly agricultural areas (see table 3).

Thus, the data presented in tables 2 and 3 show that female workers not only appear to prefer non-farm activities, but also work longer hours in such activities. These findings imply that the judicious promotion of non-farm activities can tempt women to enter wage-earning employment and enable them to help eke out the household income.

A comparative analysis of the data obtained in national sample surveys in India shows that the over-all female participation rate increased from 20.8 per cent in 1964-65 to 28.5 per cent in 1966-67; and that the percentage of gainfully employed women in rural non-farm activities (which include manufacturing, construction and services) increased from 11.6 to 12.3 during the same period.² What is of special significance is that the female participation rate increased in all age groups except the 25-29 years one, where a slight decline was observed. The percentage of rural women wage earners was quite high—29.9 per cent in 1961-62. Thus, though the proportion of women employees in rural non-farm activities in India is not as high as in Iran, there is evidence that it is increasing.

¹ *Op. cit.*, p. 3, table.

² National Sample Survey: *Report No. 201 (draft) relating to the 19th round*, pp. 13 and 36; and *idem: Preliminary tables on the 21st round . . .*, pp. 6 and 10.

Overcoming skill shortages impeding rural development

A serious constraint to rural development, frequently encountered in developing countries, is the shortage of workers skilled in the repair and maintenance of industrial equipment, agricultural machinery, domestic appliances, etc., as well as in building and construction trades. In some of these countries, indeed, this shortage may be a more immediately important bottle-neck than the capital shortage. Thus in Iran, the 1966 census data showed that in 58,971 villages with fewer than 250 inhabitants, there were only 54 bicycle repair shops, 3 stove repair shops, 74 motor vehicle repair shops and 317 carpentry shops; while in another 10,140 villages with 250 to 500 inhabitants there were 119 bicycle repair shops, 25 stove repair shops, 55 motor vehicle repair shops and 566 carpentry shops.¹

At the same time, a common feature of many developing countries is the steady migration of unskilled rural workers to urban centres in search of non-agricultural employment. While the luckier migrants may obtain some casual menial employment, the rest become drifters. Studies carried out in several regions of Iran as part of the rural manpower surveys referred to earlier, showed that this type of migration is highly selective and is largely confined to young workers. They also revealed two other interesting features which are especially relevant to the development of rural non-farm activities. First, the bulk of the migrants were either school-leavers or semi-literate persons with hardly any basic skills. Second, their dominant motives for migrating were either to acquire skills by serving as apprentices in repair or other workshops in towns or larger cities, or to search for more remunerative work.

It is obvious that programmes designed to overcome the current widespread shortages of skilled rural workers, when coupled with programmes for their subsequent employment or self-employment, can act as a strong deterrent to rural migration, in addition to benefiting rural development. The need for such programmes is now fully recognised in some countries facing distressing rural employment problems. In India, recently, the Committee on Unemployment of the Ministry of Labour and Employment recommended the active promotion of entrepreneurship in rural repair and maintenance facilities, retail centres, etc.² In Iran, a programme has been started to provide skills training to rural workers by grouping certain related trades in such a manner that small enterprises find it profitable to carry out these groups of activities in rural areas. Further details of this programme, which was suggested by the Organization for Non-Farm Activities of the Ministry of Co-operation and Rural Affairs,

¹ Iranian Statistical Centre: *National census of population and housing, November 1966*, op. cit., Vol. 288: Tabulation of rural establishments and workshops (Teheran, 1971).

² Ministry of Labour and Employment, Committee on Unemployment: *Summary of main conclusions and recommendations* (New Delhi, 1973; mimeographed), para. 188 VI.

are given below. In this connection, it must be emphasised that there is an urgent need to conduct research and investigations in the developing countries in order to ascertain more accurately the job attitudes and preferences of young rural workers and the various factors which prompt migration of such workers to urban areas, and, last but not least, to identify strategic areas of skill shortages which impede rural development.

Development possibilities in the rural non-farm sector

The scope for the development of rural non-farm activities naturally varies from country to country, and also between regions within the same country, depending primarily on local resources, skills and markets. Unfortunately, even in countries where regional planning is being resorted to, the focus is almost wholly on the development of agricultural resources and infrastructural facilities. The tasks of identifying regional non-farm resources and activities and mapping out a priority programme for their development as an integral element of total regional or national planning are largely left untackled. Yet little by little industrial and urban development and the introduction of more progressive agricultural techniques are creating favourable conditions for the promotion of different kinds of non-farm activities in rural areas. For instance, the growth in urban incomes and increased tastes for artistic rural craft products are opening up fresh opportunities for developing new products and adapting traditional ones for both national and international markets. And farm mechanisation and reorganisation, while adversely affecting farm labour requirements, bring new opportunities in the skilled and semi-skilled services sector, augmented moreover by the enhanced demand for mechanical transportation and appliances, building construction and miscellaneous services which should flow from the higher agricultural incomes consequent on increased farming efficiency. Thus all kinds of opportunities exist or can be developed for imparting new skills to rural workers and promoting different types of individual and group enterprises providing gainful occupations for rural workers in a rural setting.

Indeed, studies carried out in Iran and elsewhere have shown that rural non-farm activities need not be restricted to the traditional handicraft activities but can be extended very substantially. Development possibilities so far identified in Iran can be grouped in, *inter alia*, the following categories¹:

Raw materials. There is scope for the improvement of wool production by better shearing, sorting and grading techniques, and of raw silk

¹ See ILO: *Employment and income policies for Iran*, op. cit., pp. 46-48. The ILO comprehensive employment strategy mission to Iran has estimated that 72 per cent of total employment in the carpet industry is in rural areas, and that women workers account for 73 per cent of this employment. For more details, see also Hans E. Wulff: *The traditional crafts of Persia* (Cambridge (Massachusetts), MIT Press, 1966).

quality by better methods of cocoon-growing, reeling and spinning. It has been estimated that a wool improvement programme would not only increase yields and incomes but could also eliminate imports of wool for the carpet and clothing industries; similarly, small household cocoon-producing units and local silk spinning and weaving shops, if properly organised, could contribute significantly to non-farm incomes in rural areas.

Traditional artisanal industries. These include (a) a wide range of products such as knotted carpets and woven art textiles of cotton, silk and wool, non-tufted floor coverings, and copper, brass and enamelled products; (b) utility consumer goods, e.g. handmade leather and cloth shoes and handwoven cloth; and (c) wood crafts. These activities at present account for as much as 84 per cent of total employment in the rural manufacturing sector. The aim is to provide improved tools, designs and materials and credit facilities for those engaged in such crafts.

Embroidery, knitting and other types of needlework. This category includes both hand and machine knitting, as well as fibre, straw and reed work. The aim is to popularise these products and assist workers with facilities of various kinds.

Ceramics, clay and lacquer wares. The aim is to promote better production methods and the use of improved materials, designs, etc., through training programmes.

*Local manufacture of building and construction materials.*¹ Although some basic building materials such as steel girders and bars must obviously be manufactured at certain central points, it is now recognised that brick manufacture could well be decentralised. Where the local clay is not suitable for brick-making, the small-scale manufacture of concrete or soil-cement blocks, for example, could be considered. Other possibilities for small-scale manufacture are tiles and sanitary ware, fabrication of steel and wooden doors and windows and minor items of ironmongery. In some cases this could be encouraged on an entrepreneurial basis, but some activities might be taken up by rural construction co-operatives organised with the participation of rural workers.

Preserving of fruits and vegetables and preparation of special condiments. The processes include drying, canning and pickling, confection of foodstuffs to various recipes, etc. The aim is to identify existing regional specialities and improve their quality.

Dairy and apicultural products. This category comprises cheese, butter and yoghurt making, bee-keeping and honey gathering, and packing.

Multipurpose repairs, maintenance facilities and construction skills. The aim is to develop certain types of rural engineering services by

¹ See D. W. J. Miles: *Report on building methods and materials in the rural areas of Iran*, Prepared for the Organization for Non-Farm Activities, Ministry of Co-operation and Rural Affairs (Teheran, 1973; mimeographed), paras. 5.4-5.5, p. 18.

selecting youths who have reached a minimum educational standard, training them in suitable institutions and assisting them by means of advice and credit facilities to establish such enterprises in rural areas. The groups of trades considered suitable are (a) blacksmiths' and fitters' work, welding, general repair of bicycles, sewing-machines, etc.; (b) sheet metal, coppersmiths' and tinsmiths' work, brush and spray painting; (c) plumbing, sanitation, pump installation and repair work; (d) motor vehicle and agricultural machinery repairs (general-purpose and not too specialised); and (e) electrical trades, including house wiring, repair of household appliances and small electrical tools, and small switchboard installations.

In Syria, rural non-farm activities cover a wide range of handicrafts including carpet-making, knitting and embroidery, textile goods, wood and metal work, pottery, ceramics and glassware, manufacture of bricks and tiles, leather work, etc., as well as silviculture and bee-keeping in mountain and forest areas. The experiences of Iran and Syria also show that permanent settlement is not always a necessary condition for the practice of crafts. Thus some of the finest and most highly priced floor coverings in Iran, known as *qashgai* and *sonmak*, are produced by nomadic tribes in the provinces of Fars and East Azerbaijan respectively. In Syria, too, the finest dairy products, especially cheese, are made by nomadic tribes. Development programmes in both countries are now seeking to strengthen these tribal crafts.

In India—where rural non-farm activities traditionally comprise a range of handicrafts and powerloom manufactures developed mostly in small towns and semi-urban areas, as well as *khadi* (handwoven cloth), coir, silk and handloom textile production, etc.—the need for exploring further possibilities of development in the non-farm sector, by the decentralisation of other industries to the village and household levels, has been recently stressed by the Committee on Unemployment in the context of the growing rural unemployment and underemployment problem.¹

The above analysis clearly shows that rural non-farm activities in the broadest sense may be said to comprise all that “wide variety of local industries, trades and service activities and small enterprises which further diversify the occupational structure of rural communities and small market towns, widen employment opportunities, and complement, in countless ways, the activities and needs of even larger urban centres”.²

¹ Committee on Unemployment: *Summary of main conclusions and recommendations*, op. cit., para. 180.

² Douglas Ensminger and Richard Morse: *Industries and services for rural India* (New Delhi, Ford Foundation, 1964). See also Guy Hunter: *The new societies of tropical Africa—a selective study* (London, Oxford University Press, for the Institute of Race Relations, 1966), pp. 127 and 161, for a brief account of emerging rural employment possibilities in the non-farm sector in some African countries.

Development policies and strategies

Development policies and strategies for the promotion of rural non-farm activities will inevitably vary in content and emphasis, depending on the nature and scale of rural employment problems, the development possibilities, the geographical distribution of the population and the overall development patterns of individual economies.

Thus, in Iran the factors responsible for a much greater emphasis on rural non-farm activities are (a) the almost universal practice of certain crafts which are important sources of foreign exchange earnings, as well as of employment for women; (b) the existence of a considerable development potential in other non-farm resources and activities mentioned in the foregoing section; and (c) the need to contain the large-scale migration of young male rural workers to urban centres by devising special rural skills development programmes. Similarly, in Syria, the adeptness of women rural workers in traditional crafts and the need to utilise their skills more productively have resulted in special emphasis being laid on this sector.

Also, in both Iran and Syria, because of the large distances between rural settlements, efforts are being made to provide basic services and extension and training facilities for the promotion of non-farm activities from conveniently located centres (e.g. the carpet and rug weaving and training centres operated at rural district level and the embroidery, knitting and dressmaking courses given at rural community development centres in Syria, and the "rural cultural houses" and "rural development centres" set up in Iran). In India, on the other hand, the development of rural industries is being increasingly linked to industrial development in general and underemployment in agriculture is being tackled largely through massive rural works programmes; the wide distribution of industrial skills throughout the country is resulting in the emergence of new forms of rural non-farm enterprises (such as the production and assembly of industrial components).

The essential features of the development policies and strategies for the promotion of rural non-farm activities being pursued in Iran, India and Syria are discussed below.

Iran

The Government of Iran has for some time evidenced its serious interest in traditional handicrafts by entrusting a variety of activities in this field to several ministries and specialised agencies, such as the Handicrafts Centre of the Ministry of Economy, and the Iran Carpet Company. Until recently, however, the objectives of each such agency or administration were, of necessity, limited in scope and—from the viewpoint of general planning—one-sided. In the main, their efforts were concentrated in large urban centres and provincial towns, were focused mainly on handicrafts,

and were insufficiently co-ordinated. There was also a serious dearth of relevant information, which of course is crucial for effective planning.¹

By 1969, it began to be recognised that Iran's spectacular land reform programme (which benefited some 2,500,000 farmers) and supporting measures such as the creation of a network of rural co-operatives, with their heavy emphasis on agricultural development, were inadequate to deal with the emerging employment needs and problems of the rural areas. The Government therefore established in 1970, within the Ministry of Co-operation and Rural Affairs, a Department for Non-Farm Activities which was later constituted as an autonomous organisation for the development and extension of these activities, to spearhead a broader action programme in this field. ILO regional advisers in small enterprises development and co-operative development, and two ILO experts in rural employment and income and small enterprises development, had meanwhile analysed the prospects in this sector in special missions and field studies. Further justification for the intensive development of the rural non-farm sector was provided in the report already referred to of the ILO comprehensive employment strategy mission to Iran. The ILO mission pointed out that much of the task of creating 1.5 million new jobs in the course of Iran's Fifth National Development Plan (April 1973 to March 1978) to occupy new entrants to the rural labour force and reduce existing rural underemployment would have to be tackled in the rural non-farm sector, which had the necessary potential.

This sector has since been assigned a crucial role in the said Plan, being conceived as an integral element of total rural development designed to expand rural employment, reduce rural-urban income disparities and stem the large-scale rural exodus, with the emphasis on accelerated employment of women and young male workers and improvement of their skills. The relocation and the restructuring of the ownership and management of small non-farm enterprises are envisaged, except in the case of such activities as knitting and embroidery by women, which can best be promoted at the household level itself.² A unique opportunity to accomplish these basic structural reforms—e.g. setting up centrally located workshops with modern equipment to meet the increasing demand for wage employment, and establishing rural industries estates—is afforded by Iran's new "rural development centres"³ which are currently being designated in various regions of the country; many of these will soon become the hubs of diversified production and service activities.

¹ Ramy Alexander: *Crafts in Esfahan and functional literacy*, General document No. 7, Work-Oriented Adult Literacy Pilot Project in Iran (Esfahan, 1970), p. 51.

² For example, private efforts to improve and popularise embroidery work in the village of Irandeh in Baluchistan have produced a considerable expansion in home and foreign sales, to the benefit of some 1,000 women workers there.

³ During the Fifth Plan period some 2,000 such centres will be designated, together with clusters of satellite villages, and provided with infrastructural and service facilities.

The more distinctive features of the development strategy now being evolved in Iran include:

- setting up of efficient administrations at the headquarters of the Organization for Non-Farm Activities and in the field, and development of effective machinery for interdepartmental co-ordination and collaboration;
- provision of adequate budgetary resources and institutional credit facilities to enable the Organization for Non-Farm Activities to carry out its programmes;
- identification of development possibilities in the rural non-farm sector through regional field surveys and feasibility studies;
- research into appropriate technology (current studies indicate that the level of technology to be promoted in terms of investment per worker need not be as low as is the case in most south-east Asian and African countries);
- development of various types of enterprises—private, group and co-operative—through a comprehensive and active system of assistance which will embrace supervised credit, the supply of raw materials, improved tools and equipment, training, and common regional service facilities;
- promotion of sales of non-farm products through market development and research, and participation in exhibitions, international meetings and seminars;
- recourse to international expertise, under multilateral technical assistance programmes, for technical advice on planning, research, and the elaboration of detailed development programmes.

India

In India, where the importance of handicrafts and other village industries in providing rural employment and income was recognised in that country's First Five-Year Plan, the following policy measures have been taken:

- increased allocation of budgetary funds and institutional credit facilities to non-farm rural development programmes;
- establishment of a network of all-India boards to advise on and assist in the formulation of development programmes for handloom textiles, *khadi*, handicrafts, raw silk, coir and other village industries;
- appointment of a committee, comprising representatives of the ministries concerned and the chairmen of the all-India boards at central government level, to co-ordinate the development programmes;

- organisation of central and centrally sponsored programmes for industrial extension services, to be replaced later by “cluster”-type training centres for artisans in the states;
- formulation of common production programmes, especially in the textiles sector, to ensure some degree of preference or guaranteed markets for the products of small units, and granting of fiscal incentives;
- establishment of a Central Technological Institute to undertake research, and of an integrated training programme for *khadi* weaving and village industries;
- organisation of a series of rural industries projects in different states;
- encouragement of artisans’ and craftsmen’s co-operatives.

In recent years, emphasis has been laid on the progressive reduction of subsidies, sales rebates and “sheltered” markets, and on steps to improve the productivity of small enterprises through more positive forms of assistance, such as increased financial help in obtaining sites, a greater diversification of credit, and other related facilities such as help with technical, managerial and marketing problems. The need for identifying other rural non-farm activities and promoting rural enterprises undertaking repair and maintenance work has also been felt. A distinctive feature of the Indian programme is the evaluation of the projects and schemes at regular intervals either by the Programme Evaluation Organization of the Indian Planning Commission or by special evaluation committees.

Syria

In Syria, several steps have been taken in recent years to encourage handicrafts and other rural non-farm activities. These include:

- setting up of a Popular Credit Bank to provide loans for small industries, artisans, small tradesmen and co-operatives;
- establishment of a General Organization for Trade and Artisan Products to tackle the marketing problems of these enterprises;
- promotion of industrial co-operatives;
- setting up of a General Federation of Handicrafts Associations to encourage associations of artisans and help them to tackle raw material problems and training needs in their sectors.

Only small enterprises employing not more than nine persons are eligible to become members of handicrafts associations, some 125 of which, representing 15,000 member establishments, have already been formed in the various provinces.

Carpet- and rug-making centres established and run by the Ministry of Social Affairs and Labour and needlework and embroidery courses regularly organised at community development centres provide important sources of training, employment and incomes for rural women. International experts have been consulted occasionally for advice concerning a more systematic classification of rural non-farm activities and development possibilities, and the promotion of specific sectors by such means as the establishment of carpet centres.

Summary

Considering the limited labour-absorption capacity of the agricultural sector and the developing rural employment crisis in many countries of Asia, the Near East and North Africa, there is an urgent need to search for new forms of non-farm activities that go beyond traditional handicrafts, and to locate these activities in appropriate rural areas and in small towns near by in order to stem the large-scale rural exodus.

A comprehensive strategy for the promotion of rural non-farm activities should include the following elements:

- (a) identification of the whole range of existing and potential rural non-farm activities in different regions of a country, by means of detailed investigations on the spot;
- (b) elaboration of practical projects for each type of activity on the basis of feasibility studies, and determination of suitable locations;
- (c) establishment of appropriate machinery to study, plan, implement and evaluate field projects, and of an effective system of co-ordination and collaboration where more than one department or agency is involved;
- (d) provision of adequate funds and institutional credit facilities for development and promotional activities;
- (e) introduction, in specific areas of non-farm activity, of such technological innovations aimed at improving productivity as are consistent with each country's resources of labour and investment capital;
- (f) promotion—in the light of emerging employment needs, preferences and possibilities—of different types of enterprises (e.g. private, co-operative and corporate) in the rural non-farm sector, through offers of active assistance and special incentives;
- (g) launching of special programmes for training young rural workers in new skills and setting them up in appropriate enterprises with initial financial and other support; the aim of such programmes should be to overcome current shortages of skilled workers, which hold up rural development;

- (h) a vigorous market research programme and sales campaign to find outlets for rural non-farm products both within and outside the country;
- (i) introduction of a system for collecting at regular intervals statistical data relating to rural non-farm enterprises, to facilitate planning, the modification (if necessary) of training programmes, and the evaluation of results.

Finally, there is no doubt that, within the framework of an over-all rural development policy, international exchanges of experience and expertise can often be of valuable assistance in initiating and developing systematic programmes of rural non-farm activities.