Economic Development of Non - Agricultural Households in Vietnam and Its Problems

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Abstract:
Household economies in general and non-agricultural household economy in particular are still necessary economic forms in socio-economic development in Vietnam. On the basis of clarifying the roles of the non-agricultural household economy as well as the problems posed in the economic development of non-agricultural households in Vietnam today, the article proposes some recommendations for the economic development of non-agricultural households in Vietnam in the coming time.

Keywords: Economic development of non-agricultural households; Vietnam; problems.

Introduction

The non-agricultural household economy is a relatively popular economic form developed in many countries around the world. This type of economy is playing important roles in the current socio-economic development in Vietnam: contributing to job creation for local workers; increasing income for workers, eradicating hunger and reducing poverty; creating conditions for arousing and promoting the potential of a large part of the population to participate in national development; restoring and developing traditional professions; contributing significantly to GDP growth of the country and increase the state budget; shifting the economic structure towards industrialization and modernization ... However, stakeholders' awareness of the role of non-agricultural household economy in the socio-economic development process in Vietnam is not even. Therefore, clarifying the roles of the non-agricultural household economy as well as the issues posed in the current development of the non-agricultural household economy in Vietnam, thereby proposing some recommendations for the economic development of non-agricultural households in Vietnam in the near future is extremely necessary.

1. The role of the non-agricultural household economy in socio-economic development in Vietnam

The household economy can be understood as a business organization owned by a household, in which members have common assets, contribute their efforts to joint economic activities in agricultural, forestry, and fishery production or some other production and business sectors as stipulated by law. The household economy has the following basic characteristics: firstly, a household economy is formed in a separate organization within the family, household members share assets as well as their business results; secondly, in the household economy, the head of the household is the owner but also the direct employee; thirdly, the production scale of the household economy is often small, with low capital investment; fourthly, the production process is mainly based on manual labor and traditional tools, so labor productivity is low; fifthly, the household head’s management skill and professional qualification which mainly bases on experiences passed down from the previous generation to the next is not enough.

The non-agricultural household economy is a form of the household economy, so it has all the above characteristics. However, the production and business activities of the non-agricultural households are not in the fields of agriculture, forestry and fishery.

In the process of socio-economic development in Vietnam today, the non-agricultural household economy has crucial roles, shown in the following points:

Firstly, the non-agricultural households contribute to job creation for local workers. The non-agricultural economic activities attract a large number of idle workers, in addition, they can also take advantage of workers above and below the working age in certain stages.

Secondly, the non-agricultural household economy contributes to increasing income for workers, eradicating hunger and reducing poverty. With a contribution of about 38% to the income of households in urban areas and 26% in rural areas, income from the non-agricultural economic activities is of vital importance. Currently, the average income of a worker in the non-agricultural household economic sector is about 1,500,000 VND / person / month. Although the above average income level is still modest, it is of great significance for improving people's lives, contributing to poverty reduction and good implementation of socio-economic goals.
Thirdly, the non-agricultural household economy creates conditions to arouse and promote the potential of a large part of the population to participate in the development of the country. One of the great potentials of the non-agricultural household economy is the capital source because although the capital scale of each household is small, a large number of non-agricultural households has mobilized many sources of capital scattered among the population for production and business.

Fourthly, the non-agricultural household economy also makes a substantial contribution to the restoration and development of traditional professions. With "hereditary" methods of vocational training and experiences in business and production, the non-agricultural household economy has contributed to preserving and restoring traditional professions that were lost in the past. Craft villages have been present in almost all localities across the country, many localities have traditional crafts passed down in each household, each family line with famous products specific to each region such as Bat Trang Pottery Village (Hanoi); Dong Ky Wood Carving Village (Bac Ninh), Nga Son Sedge Mat Village (Thanh Hoa), Brocade Weaving Village (Hoa Binh), Non Nuoc Stone Carving Village (Da Nang) ... thereby promoting production and management experiences has been accumulated over many generations in each family and family line, linking traditional technology with modern technology, promoting development of production.

Fifthly, the non-agricultural household economy contributes greatly to GDP growth of the whole country and increase of the state budget. The recent economic development of the non-agricultural households has aroused the country's potentials for socio-economic development. These potentials are wisdom, experience, entrepreneurship, capital, labor, natural resources and other resources. By exploiting and using these potential resources well in the production process, the non-agricultural household economy has created a large amount of products for the society, at the same time, raised the income of the employees, creating a driving force promoting the development of production and contributing to economic growth.

Sixthly, the non-agricultural household economy contributes to promoting economic restructuring in the direction of industrialization and modernization. The development of the non-agricultural household economy has attracted more and more agricultural laborers to the non-agricultural sectors. It can be said that the non-agricultural households are the primary subjects playing the role of transforming the economic structure of each locality, contributing to the economic restructuring of our country in the direction of industrialization and modernization.

2. Problems raised in the economic development of the non-agricultural households in Vietnam today

In the development process, the non-agricultural household economy is facing many difficulties. There are difficulties caused by the non-agricultural economic activities themselves and also difficulties caused by the new period.

Firstly, awareness of subjects, especially citizens about the position and role of the non-agricultural household economy is still limited. The primary motive for participating in off-farm activities is to make use of leisure time and to the lack of income from farming activities. Therefore, people can participate in any non-agricultural activity from production of simple agricultural products to small-scale businesses or seasonal labor.

Secondly, lack of capital to carry out production and business. In recent years, a number of non-agricultural households have had access to preferential capital but the loan amount is very small. The conditions for a bank loan are still quite strict, from the assessment of collateral to considering business plans, ... so the households also have difficulty in accessing loans. Moreover, many non-agricultural households still base on the State budget essentially, have not yet mobilized a lot of state-outside resources to conduct production and business.

Thirdly, difficulties in the consumer market. Due to the impact of the global economic recession along with the Covid-19 pandemic, the consumption in the domestic market has declined dramatically. The products made have no place to be sold.

Fourthly, the non-agricultural economic activities are under much pressure from labor and employment issues. Craft villages are also facing the need to create more jobs for a large unemployed labor force to return from urban areas, industrial zones, export processing zones ... due to the difficult situation of the domestic and global economy. In addition, organizations operating in the non-agricultural economy also face a shortage of skilled workers and the lack of contiguous staff.
**Fifthly**, the development of the infrastructure system is not synchronous. Many communes in rural areas still do not have roads for cars to the center. Quite a lot of inter-provincial and inter-commune roads are seriously degraded, but the maintenance fee is not enough, ... Besides, power supply is not continuous, power shortage and rotating power outages have caused many difficulties for the non-agricultural economic activities.

**Sixthly**, most of the non-agricultural activities today are heavily manual, low-tech and obsolete. This leads to low non-agricultural labor productivity, difficulty improving product quality and lowering product costs. As a result, the added value of the non-agricultural economic activities is very limited.

**Seventhly**, environmental issues. It can be said that most of the non-agricultural households in Vietnam today are not equipped with knowledge as well as measures to minimize impacts on the surrounding environment. Environmental pollution caused by the non-agricultural economic activities not only affects health and longevity of workers, but also affects people's lives and socio-economic development of localities.

**3. Some recommendations for the economic development of the non-agricultural households in Vietnam in the coming time**

To promote the economic development of the non-agricultural households in Vietnam in the coming time, it is necessary to pay attention to the following issues:

**Firstly**, changing perceptions about the importance of non-agricultural household economic development. At the 13th National Party Congress, the Communist Party of Vietnam identified major development targets for 2021-2025: “Becoming a developing nation with modernity-oriented industry and surpassing the low-middle-income level”. Therefore, promoting the development of the rural non-agricultural economic sectors is a top important task. Only that way can create more jobs, reduce leisure time, thereby shortening the gap in economic development between urban and rural areas, contributing to speeding up the economic growth in order to achieve the set socio-economic goals.

**Secondly**, solving the capital needs for the non-agricultural economic activities. To solve this problem, banks should consider lending terms according to business performance or the number of jobs created in that non-agricultural economic activity sector. In the long term, the non-farm households need to have clear and effective business plans so that banks can trust and be willing to lend. In addition, it is necessary to diversify capital sources, in addition to banks' capital, capital of other credit institutions, people's credit funds, funds of people's unions (women, farmers ...), mutual funds of social organizations (associations, professional associations, trade village associations ...).

**Thirdly**, strongly developing the consumer market in the countryside, expanding market relations in both input and output to promote commodity-monetary relations in the rural areas to a new level, consolidating and expanding activities of the rural market areas and trading cooperatives. It is the active and dynamic operation of this system that will make the rural market more vibrant, and make the products easier to consume.

**Fourthly**, building and developing human resources. This is an urgent issue for the development of the non-agricultural economic activities because nowadays the non-agricultural laborers often do not stick with their jobs, simultaneously rural youth do not want to work in their homeland,... Therefore, to develop the non-agricultural economic activities, it is necessary to foster and improve the workforce’s skills, implement occupational safety and health measures, ensure conditions for employees to stick with their jobs.

**Fifthly**, building and completing infrastructure. This is considered a breakthrough in new rural construction in the next few years to ensure the development of the non-agricultural activities in the rural areas. In fact, infrastructure construction investment requires huge capital, long construction time. If only based on state capital, there will be many difficulties, unable to meet the demand. Therefore, the development of rural infrastructure must be promoted with the mobilization of capital from citizen, domestic and foreign enterprises through many investment methods such as BOT, PPP... To do so, it is indispensable to have attractive policies to encourage and call for investment.

**Sixthly**, stepping up investment in the application of modern and advanced science and technology in production and business. For the non-agricultural economic activities, especially handicraft industries, the application of science and technology is essential for improving quality, design, and lowering products’ cost; overcoming the situation of simple and manual management, applying modern and methodical management.
theories from low to high in accordance with the level of organizations in order to practically contribute to the development of the household economy.

Seventhly, taking measures to protect the environment. The urgent issue now is to improve the living environment (air, water, soil...) in the non-agricultural areas: apply modern technologies in overcoming environmental pollution, encourage use of clean technologies and other technologies to minimize environmental pollution... Besides, it is necessary to organize training for households on the significance of environmental protection and optimal measures to limit environmental pollution.

Conclusion

The economic development of the non-agricultural households is a current issue in socio-economic development in Vietnam. Therefore, there should be a clear awareness of the role of the non-agricultural household economy as well as the problems posed in the economic development of non-agricultural households in Việt Nam today, at the same time implementing synchronously the above recommendations to promote the economic development of the non-agricultural households in the coming time./.

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