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# UNIT 24 AGRICULTURAL LABOUR AND WAGES

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## 24.0 OBJECTIVES

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After going through this unit, you will be in a position to:

- discuss the characteristics of agricultural labour in India;
- analyse the trends in agricultural labour/workers over the period 1951-2010;
- explain the measures initiated by the government to improve the livelihood status of agricultural labourers in India;
- indicate the sources of data on ‘agricultural wages’; and
- analyse the trends in agricultural wages with a focus on its disparity between gender and agriculture versus non-agriculture sectors.

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## 24.1 INTRODUCTION

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As per the Census of India, the percentage of 'agricultural workers' to total rural population has remained more or less stable over the five decade long period of 1951-2001 (it was 32.6 percent in 1951 and 31.5 percent in 2001). Although the percentage share of agricultural workers to total population has come down by more than 20 percentage points over this period, the proportion of 'agricultural workers to rural population' has nearly remained same. This is due to the dynamic interplay of factors like increasing population, growing urbanisation, the pace of non-farm employment expansion, the nature of non-farm employment suitable at least for post-primary educated persons, etc. Thus, although both the factors in the ratio has changed, the proportion (of agricultural workers to rural population) has remained nearly stagnant without any significant change in it.

The Census classifies the 'agricultural workers' into two groups viz. (i) cultivators; and (ii) agricultural labourers. You have studied about the 'small and marginal farmers' in unit 2 (section 2.7) of this course. Recall that they are defined as farmers owning land below 2 hectares of land (farmers owning 0.4 to 1 hectares of land connotated as marginal farmers and those owning 1 to 2 hectares as small farmers) who together, in 2005-06, constituted 83.3 percent of operational land holdings in India. The national sample survey organisation (NSSO) [the other important data source] disaggregates the land holding segment into five sub-classifications viz. (i) landless farmers (those having less than 0.01 hectares of land); (ii) sub-marginal farmers (0.01 and 0.4 ha); (iii) marginal farmers (0.4 to 1 ha); (iv) small farmers (1 to 2 ha); and (v) medium and large farmers (more than 2 ha). In addition, the NSSO connotes tenant-cultivators farming on leased land as cultivators (landless). In view of these sub-classifications, data on agricultural workers is available at higher disaggregation by NSSO than from the Census.

The scope of the present unit includes all the sub-classifications of farmers so as to get a comparison of changing trends among the different classes of farmers. Although the 'marginal and small farmers' possess some land, their plight is no less critical because of their difficulty to access important services like institutional credit and efficient marketing. In view of this, the marginal and small farmers often depend on wage employment for their sustenance. Together, they constitute 'more than 90 percent of agricultural workers'. How are the agricultural workers/labourers defined? What is their magnitude and how have their status changed over time? What specific characteristics contribute to their stagnant situation despite many steps taken by the government to improve their status? What are these measures and to what extent they have helped in improving their livelihood status? These are the specific questions to which we shall seek answers in this unit.

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## 24.2 CHARACTERISTICS OF AGRICULTURAL LABOUR

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Agricultural labourers in India are identified by NSSO in terms of 'agricultural labour households'. In view of this, the number of households needs to be multiplied by the average number of persons in an agricultural labour household to get an estimate of the total number of agricultural labour. Census, on the other hand, directly gives the estimated number of 'agricultural workers' and 'agricultural labourers'. An 'agricultural labour household' is defined as households which derive more than 50 percent of their income from agriculture. There are certain specific characteristics of agriculture labour/workers due to which policy planners have had to design and implement special employment generating programmes to boost up their working days during a year. These characteristics encompass the areas of: availability of employment and income, the

unorganised nature of employment contributing to their low quality of employment, the high incidence of poverty existing among the agricultural workers (which is but a reflection of the two factors mentioned above), etc.

### **24.2.1 Irregularity in Employment and Income**

Agrarian economies need to distinguish the nature of employment in agriculture from those of the employment in the non-agricultural sectors. For this purpose, following the international consensus, NSSO has evolved three approaches to measure employment viz. the usual status approach, the current weekly status approach and the current daily status approach. While the usual status approach captures the numbers employed on a fairly stable basis (by considering persons employed in the greater part of the larger reference period of one year), the other two approaches captures the character of under-employment in agriculture by focusing on measuring the activities/work performed during ‘days within a week’ and ‘hours within a day’. As per the latest data available by Census, in 2001, agricultural labourers constituted 46 percent of total agricultural workers. Further, as per NSSO, in 2004-05, an average agricultural labourer managed to get work for about 209 days in a year with an average daily wage of Rs. 40 (i.e. an average monthly income of about Rs. 700 per person). At this rate, given that the poverty line expenditure level for an agricultural household was placed at around Rs. 1800 per month in 2002-03, at least three members of such a household must manage to get employment for at least 200 days in a year in order that such an agricultural labour household was able to maintain itself above the poverty line. However, in reality as many agricultural labour households are deprived of so many days of employment, many of the agricultural households subsist below the poverty level. We shall take a look at this dimension below.

### **24.2.2 Poverty**

In 2004-05, at the national level, the incidence of rural poverty in India was more (28.3 percent) than that for the urban population (25.7 percent). In particular, the poverty ratio for households of ‘all agricultural workers’ was higher at 31.1 percent. Further, among the rural households engaged in agriculture, the ratio of poverty for agricultural *labour* households was highest at 46.4 percent. Notably, for cultivators the corresponding ratio was much lower at 21.5 percent. The poverty ratio for agricultural households, however, progressively declined with higher land holdings – the corresponding level of poverty ratios for different class of farmers being – landless, 22 percent; sub-marginal, 20.2 percent; marginal, 18.1 percent; small, 14.8 percent; and medium and large, 9.8 percent. Thus, while the average poverty ratio for farmers across both the classes of household (viz. landless and land holders) was 15.2 percent, it was more than three times higher for ‘agricultural labour households’. Thus, the extent of ‘land holding’ was a key factor in determining the poverty level across classes of farmers defined by their land-holding size. This drives home the importance of policy focus needed for effective implementation of land reform measures (to grant ownership rights to cultivating farmers) and facilitate easy access to inputs, including extension services, needed for cultivation.

### **24.2.3 Unorganised Employment**

The workforce in India is conceptually dichotomised into organised and unorganised sector employment. The former refers to a sense of security in employment enjoyed by the workers with the provisions of at least one or the other statutory regulations (e.g. number of hours of work, minimum wage payment, paid holidays, etc.) provided by the employer. Such employment in India is, however, very low (about 7 percent of total employment) and is available mostly in non-agricultural enterprises for workers having

some level of formal education or training. Agricultural labourers, owing to their non-literacy and the consequent low skills, belong almost entirely to the unorganised or informal sector workforce. A direct result of this characteristic of agricultural labourers is their lack of bargaining power for the protection of their statutory rights. This has rendered them to be deprived from getting even the assured minimum wage guaranteed by the Minimum Wages Act. This characteristic of agricultural workers has made the National Statistical Commission (2012) to observe that, in the Indian context, about 52 percent of workers engaged in agricultural activities (or about 65 percent of rural usual status workers and 7 percent of urban usual status workers) are excluded from the employment-unemployment surveys of NSSO focusing especially on informal sector. Noting further that in 2004-05, the estimated share of labour input in the unorganised sector activities of agriculture and forestry was 99.9 percent and that in fishing 98.7 percent, the Commission further observes that 'the implication of this is a serious under-estimation of the economic contribution of the large unorganised employment engaged in agricultural and allied activities to the estimates of national income of the country'. The presence of such large numbers of informal or unorganised sector workforce in agriculture, is thus, both a personal as well as an economic loss to the country. Theoretically, the degree of informalisation in workforce is expected to reduce with development which, however, requires higher amounts of capital investment. For this to happen in agriculture, the availability of capital to small and marginal farmers to enable them to productively cultivate their land by absorbing more and more of technological advancements needs to be achieved. Simultaneously, the policy efforts must also focus on raising the technology absorptive capacity of workers engaged in agriculture with the required extension training.

#### 24.2.4 Wage-employment and Self-employment

The employment-unemployment survey report of 2009-10 (LB, GoI, 2010) estimates the self-employed households in agriculture as 28.8 percent. This is twice the corresponding proportion in non-agriculture (13.9 percent). The estimated proportion of wage-employed households is 41.2 percent. Wage-employment is defined to include persons working in the farm or non-farm enterprises of others in return for salary or wages received *on a regular basis* (i.e. not on the basis of daily or periodic renewal of work contract). A sub-category of wage employees is a 'casual wage labour' defined as work done in others farm or non-farm enterprises (both household and non-household) and getting in return wages as per the terms of the *daily or periodic work contract*. Such casual wage labour are engaged in public works like construction of road, bunds, etc. catering to the dual need of providing income in the short term and creating public infrastructure vital for raising the productivity of self-employed workers in particular.

Self-employed persons, on the other hand, are defined as those who operate their own farm or non-farm enterprise or are engaged independently in a profession or trade. The essential feature of the self-employed is that they have *autonomy* (regarding how, where and when to produce) and *economic independence* (regarding market, scale of operation and money) for carrying out operation. The fee or remuneration received by the self-employed consists of two parts - the share of their labour and profit of the enterprise. In other words, their remuneration is determined wholly or mainly by the sales or profits of the goods or services which are produced by them. In view of the fact that an overwhelming majority of agricultural workers are dependent on day-to-day search for employment, the government has over the decades implemented a number of special employment promotion programmes suited to the needs of rural agricultural workers. The main objective of these programmes has been to generate additional

‘person days of employment’ (i.e. more of an immediate employment rather than employment of a regular and sustainable nature) in order that the extent of unemployment or under-employment of unskilled workers is reduced. We will study more about these programmes in section 24.4 of this unit.

**Check Your Progress 1** [answer in about 50 words using the space given]

- 1) What is the proportion of ‘agricultural workers to total rural population’ in India? What factors, would you say, have contributed for this stagnancy?

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- 2) How does the Census classify ‘agricultural workers’? What further sub-classifications are made by NSSO in this regard?

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- 3) How is an ‘agricultural labour household’ defined? What proportion do the ‘marginal/ small farmers and agricultural workers’ together constitute among the total agricultural workers in India?

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- 4) What are the three approaches adopted by NSSO for measuring agricultural employment in India? What data suggests that an average agricultural household is able to have income sufficient to live above the poverty line in India?

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- 5) What is the estimated poverty ratio for ‘agricultural labourers’ in 2004-05? How does this compare with the average poverty ratio for ‘cultivator farmers’?

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6) How is an 'unorganised sector worker' defined in India?

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7) What is the observation of the National Statistical Commission (NSC) on the: (i) magnitude of unorganised agricultural workers who are left out of the coverage of employment-unemployment surveys; and (ii) the implication of such large number of agricultural workers getting left out of the coverage of national informal sector surveys?

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8) To rectify the situation stated in 7 above, in which direction do you think the policy efforts are needed to be focused?

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9) How is wage-employment defined in the employment-unemployment surveys of India?

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10) What basic distinction characterises a 'casual-wage labourer' from that of a 'wage-employee'?

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11) How is a self-employed person defined? In which respects does a self-employed person differ from that of a wage-employed person?

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- 12) Given that high proportion of workers are dependent on wage-employment in Indian agriculture, what has been the broad objective of employment generation programmes launched by the government?

## 24.3 TRENDS IN AGRICULTURAL LABOUR (AL)

The changing trends in the numbers and proportion of agricultural labour can be gauged by the census data over the five decade period of 1951-2001 as the 2011 census data on number of agricultural workers has not yet been released. Further, an idea about the average monthly income of an agricultural household by their landholding category can be had by the special NSSO survey on 'Situation Assessment Survey (SAS) for Farmers' for 2002-03. Using these data, and by using the computations of average indicators like growth rates and percentages, we can bring out the changes in the condition of agricultural families/households during the six decade period under reference.

### 24.3.1 Growth/Percentage of Agricultural Labour/Workers

Table 24.1 presents data by Census on trends in agricultural labour/workers over the six decade period of 1951-2011. Except the data on total rural population, the data on cultivators, agricultural labourers, etc. are available only up to 2001. Major inferences that flow from the data are the following.

**Table 24.1: Trends in Agricultural Labour – 1951-2011**

Year	Figures in Millions				Percentage	
	Rural Population	Cultivators (Marginal/Small Farmers)	Agricultural Labourers (AL)	Total Agricultural Workers (TAW)	TAW to Total Rural Population	AL to TAW
1	2	3	4	5	6	7
1951	298.6	69.9 (23.4)	27.3	97.2	32.6	28.1
1961	360.3	99.6 (27.6)	31.5	131.1	36.4	24.0
1971	439.0	78.2 (17.8)	47.5	125.7	28.6	37.8
1981	523.9	92.5 (17.7)	55.5	148.0	28.2	37.5
1991	628.9	110.7 (17.6)	74.6	185.3	29.5	40.3
2001	742.6	127.3 (17.1)	106.8	234.1	31.5	45.6
2011	833.1	-	-	-	-	-
GR*: (%)	1.8	1.2	2.8	1.8	-	-

**Source:** Agricultural Statistics at a Glance - 2011, Ministry of Agriculture, GoI.

**Notes:** \* The growth rates (GR) are for the period 1951-2001. Figures within brackets in column 3 are percentage of column 3 to column 2.

- 1) The growth rate of 'agricultural labourers' has been higher (2.8 percent) than that of 'rural population' (1.8 percent). In particular, over 1951-2001, while the rural population has grown by 2.5 times (2.8 times over 1951-2011), agricultural labour

has grown by 3.9 times. This has increased the density of ‘agricultural labourers’ in the rural sector.

- 2) The growth rate of ‘total agricultural workers’ is same as that of ‘rural population’ (1.8 percent) over the five decade period of 1951-2001.
- 3) The above trends indicate that the process of labour transfer from agriculture to non-agriculture was very slow. Since this process is linked to the skill level of workers (particularly of rural males), we need to look at the findings of other studies in this regard.
- 4) The non-farm sector’s inability to contribute to the labour transfer (and poverty reduction) is attributed to the fact that ‘most of the employment it has created is for educated workers rather than for the non-literates or primary level educated persons’ (EPW, 2009).
- 5) Consequent to the above trends, the percentage of ‘agricultural labour to total agricultural workers’ has increased sharply from 28.1 percent in 1951 to 45.6 percent in 2001.
- 6) The percentage of ‘cultivators to rural population’ (i.e. columns 3 to 2) has roughly been stagnant over 1971 (17.8 percent) and 2001 (17.1 percent). The percentage of ‘cultivators to total agricultural workers’ (i.e. column 3 to 5) has come down from 72 percent in 1951 to 54 percent in 2001. These trends are suggestive of the poor implementation of land reform measures to grant ownership of land to the actual cultivators during this period.

### **24.3.2 Increasing Number of Marginal Farmers**

Table 24.2 presents the distribution of operational land holding for different category of farmers over the period 1961-2006. Major trends flowing from the Table are the following.

- 1) There has been a decrease in the proportion of small, medium and large farmers and a corresponding steep increase in the proportion of marginal farmers. The increase in the percentage of marginal farmers is a significant 25.7 percentage points over the period 1961-2006.
- 2) Among the other three class of farmers with higher land holding size, the steepest decline is for medium size farmers; the decline being by 18.4 percentage points.
- 3) The increasing trend among the class of marginal farmers is attributed to: (i) rising population on the one hand and (ii) fragmentation of land holdings on the other.

Since poverty as a feature is present among all class of farmers, though progressively less among the farmers with larger landholding, the question that arises is on the income derived by an average agricultural household and its adequacy to maintain a life above the poverty line. We can gauge the situation on this by the results of a special survey on Situation Assessment of Farmers conducted by NSSO in 2003.



**Table 24.2: Distribution of Operational Holdings (%) by Class of Farmers: 1961-2006**

Class of Farmers	1960-61	1970-71	1980-81	1990-91	2000-01	2005-06
Marginal	39.1	45.8	56.0	62.8	62.3	64.8
Small	22.6	22.4	17.8	16.3	19.0	18.5
Medium	33.8	28.8	21.8	18.1	17.3	15.4
Large	4.5	3.1	1.9	1.3	1.4	1.3
All	100.0	100.0	100.0	100.0	100.0	100.0

**Source:** Agricultural Statistics at a Glance 2001 (for 2000-01 and 2005-06); Papola, 2010 for 1961-1991.

**Note:** Medium includes semi-medium.

### 24.3.3 Deficit in Income/Consumption Expenditure

Table 24.3 presents data on 'total income' by different sources of activities and total consumption expenditure incurred for different classes of farmers. It also presents the percentage of 'income deficit' in relation to the total 'consumption expenditure'. Major inferences that flow from the data are the following.

- 1) On average, across all classes of farmers, the income deficit per month is to an extent of Rs. 655. This works out to an income deficit of about 24 percent on average over all class of farmers. The one class of farmers for which there is a surplus income is the medium and large class (the surplus being about Rs. 4208).
- 2) The income deficit varies from a high of about 40 percent for the 'landless' and a low of about 20 percent for the 'small farmers'. For the sub-marginal and marginal class of farmers the deficit is roughly the same (around 30 percent).
- 3) 'Wages' as source of income was understandably the highest for the landless (77.9 percent). The source of income by 'wages' progressively declined with the increase in the size of landholdings: sub-marginal (60 percent), marginal (40 percent), small (25 percent) and medium & large (9 percent).
- 4) The income deficit implies that all class of farmers, except the 'medium and large' category, are perhaps indebted. To that extent, a household experiencing deficit in its budget, whether meeting the deficit by debt or otherwise, are vulnerable.

The 'situation assessment survey (SAS)' report of 2003 has further looked into the extent of indebtedness among the farmers and the source from which they were able to meet it. While farmers from all class of landholdings were in debt, those in larger land-

**Table 24.3: Income (Rs.) Deficit by Class of Farmers: 2002-03**

Class of Farmers (household)	Average Monthly Income from				Total Income (Deficit)	Total Consumption Expenditure
	Cultivation	Wages	Livestock	Non-farm Business		
Landless	11	1075	64	230	1380 (40.0)	2297
Sub-marginal	296	973	94	270	1633 (31.7)	2390
Marginal	784	720	112	193	1809 (32.3)	2672
Small	1578	635	102	178	2493 (20.8)	3148
Medium & Large	15682	1680	182	1393	18937 (*)	14729
All Classes	969	819	91	236	2115 (23.6)	2770

**Source:** Bhalla, 2008. **Note:** \* - no income deficit for this class.

size groups were indebted more often than the landless. While at the aggregate 49 percent farmer households were indebted, the corresponding percentage for the two classes of broad landholding size are: (i) those with no land or up to 1 ha of land, 46 percent; and (ii) those with more than 2 ha of land, 58 percent. Further, while a larger proportion of medium and large farmer households could take loan from institutional sources (67 percent), for the sub-marginal and marginal farmers the corresponding percent was relatively lower (58 percent and 47 percent respectively). Data on 'purpose of loan' indicates that loans were taken for capital expenditure by about 30 percent, for current productive expenditure by 35 percent and for consumption expenditure by 35 percent. By class of farmers, nearly 61 percent of 'landless' took loan for consumption expenditure. The loans taken for current consumption expenditure declined with the increase in size of land holding. On the whole, sustenance and improvement in livelihood by agriculture were of primary concern for a large proportion of farmers.

**Check Your Progress 2** [answer in about 50 words using the space given]

- 1) Based on the trends in agricultural labour, what can be said about the process of labour transfer in India? Why is it so?

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- 2) What has been the trend in respect of: (i) proportion of agricultural labour to total agricultural workers; and (ii) cultivators to total rural population?

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- 3) Over the period 1961-2006, the proportion of which class of farmers has increased steeply? To which factors is this trend attributed?

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- 4) What does the trend on 'deficit in income' by class of farmers convey for an average agricultural household in India?

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- 5) To what extent has 'institutional finance' been able to assist the different class of farmer households in India?

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- 6) What proportion of loans taken was for creation of productive assets? How did loans taken for consumption expenditure vary among the class of farmers and by size of land holding?

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## **24.4 PROGRAMMES FOR IMPROVING THE LIVELIHOOD STATUS OF AGRICULTURAL LABOUR**

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As early as in the middle of 1960s, the government realised that agricultural labourers and marginal/small farmers require special support to enable them to benefit from the process of agricultural growth. Since then, there have been many programmes implemented for assisting them in getting employment particularly during lean agricultural seasons. Some of these programmes are farming oriented while others are aimed at self-employment promotion. From time to time, many of the earlier programmes have been merged into new programmes. In this section, we shall take an overview of these programmes.

### **24.4.1 Farming Oriented Programmes**

During the fourth five year plan (1969-74), two agencies viz. (i) the small farmers development agency (SFDA) and (ii) the marginal farmers and agricultural labour development agency (MFALDA) were established. These agencies, were to launch programmes to help the landless labourers and marginal/small farmers in establishing small irrigation means (by undertaking land development and soil conservation works) and to acquire animals for expanding their means for earning income through allied agricultural works. In view of this, they were primarily set up at the district level. Till 1980, an estimated 8 million persons were assisted under their aegis. The two programmes/agencies were merged into the 'integrated rural development programme' (IRDP) in the subsequent years.

### **24.4.2 Self-employment Programmes**

The objective of promoting self-employment among the poor households was given a distinct thrust with the launch of IRDP towards the end of 1970s. The aim of the programme was to assist the poor households to acquire productive non-land assets. For this, the programme gave both subsidy and assistance for bank loan. During its life time of 20 years from 1979-1999, an estimated 54 million households were assisted. Many evaluation studies of IRDP have found out that the contribution of the programme

to supplement income of poor households was significant. The estimated number of households who could raise themselves above the poverty line with the help of this programme was about 15 percent. A major criticism of IRDP was that though it was meant to be 'integrated' in the sense of providing all the required assistance for a successful establishment of a self-employed venture, in practice it was very much lacking in its integrated character. Further, with an average estimated investment per assisted household of Rs. 9000, the scale of assistance provided was considered too small to begin an enterprise and sustain it. The IRDP was replaced by 'swarnajayanti gram swarozgar yojana' (SGSY) in 1999. The SGSY focused on development of micro-enterprises with social mobilization through formation of self-help groups (SHGs). Further, to improve upon the much needed integrated character, it adopted measures like: (i) planning of activity clusters; (ii) infrastructure build up; (iii) technology support; and (iv) market linkages. Till 2009-10, about 10 million SHG swarozgaris and 4 million individual swarozgaris were assisted under the programme. The average investment (from credit plus subsidy) per swarozgari was Rs. 32,008 in 2009-10. Although this was higher than the amount of assistance received per self-employed person under IRDP, even this was found far lower than the figure of Rs. 1,00,000 considered as minimum investment required for a self-employment venture. Further, even in the best performed states (e.g. Andhra Pradesh and Kerala), the SGSY beneficiaries were found to be earning a monthly income of just Rs. 2,000. In view of this, rural households had to undertake multiple activities including wage-labour to supplement their income. In light of this, the Committee on Credit Related Issues (Radhakrishna Committee, 2009) recommended the restructuring of SGSY and combine it with skill-based wage employment programmes.

### **24.4.3 Wage-employment Programmes**

The need for providing wage employment opportunities for aiding the rural poor had been recognised for long. However, a stimulus for this was received in the early 1970s with the availability of quinquennial estimates of unemployment generated by the employment-unemployment surveys of NSSO. In other words, these estimates helped the planners in having a quantitative estimate of employment to be targeted for generation in rural areas. Drawing upon the long experience of labour-intensive public work programmes for providing mass relief during times of natural calamities, the first wage-employment programme, the 'national rural employment programme' (NREP), was launched in 1980. Launched as a poverty alleviation programme, the NREP had two twin objectives: (i) providing wage income to rural poor; and (ii) creating rural infrastructure. In 1983, the 'rural landless employment guarantee programme' (RLEGP) was launched with the objective of providing guaranteed employment for 100 days to the rural landless. Another programme viz. the 'employment assurance scheme' (EAS) was also launched with a similar objective of providing 100 days of employment in selected backward areas in 1983. The two programmes of NREP and RLEGP were merged into the 'jawahar rozgar yojna' (JRY) in 1990. Later in 2001, all wage-employment programmes were merged into the 'sampoorna grameen rozgar yojna' (SGRY). The wage-employment programmes, during any one given year, were able to generate substantial amount of 'person days of employment'. For instance, in 1998-99, about 4.4 million person years of employment amounting to about 1.5 percent of total labour force person years in that year was generated. In spite of all these efforts, it was observed that 'all these programmes were able to meet only a small part of the required supplementary employment and were, therefore, able to make only a small contribution to the household incomes of rural households, in general'. The continued hardships experienced by the rural agricultural households, through the years of 1990s and beyond, resulted in the commissioning of the National Commission on Farmers in

2004. The commission, in its many reports submitted over the years 2004-06, raised serious concern on the slowdown in agricultural growth and termed the condition of marginal and small farmers particularly in the rainfed areas as one of 'distress'. This led to the enactment of the National Rural Employment Guaranteed Act in 2005. You will study about this Act in the next unit of the course.

#### **24.4.4 Area Development Programmes**

The suitability and effectiveness of self-employment and wage-employment programmes vary among areas as it depends very much on the resource endowments of a region. In realisation of this, the efforts have also focused on development of area specific, and farmers-specific, programmes. Under this category, the 'drought prone area programme' (DPAP) was one of the earliest to be launched in 1973-74. The objective of the programme was to minimise the adverse effects of drought on the production of crops and livestock by focusing on the needs of productivity of land, water and human resources in drought prone areas. The ultimate objective of the programme was to make such areas 'drought-proof'. While the DPAP was successful in creating durable assets, its overall impact on containing the adverse impact of drought was not effective. The Hanumantha Rao Committee (1993) which reviewed the programme attributed the poor performance of DPAP to the 'geographically and activity-wise highly dispersed and un-integrated nature of implementation'. Subsequent to this, the DPAP was restructured focusing on a watershed approach. In subsequent years, the DPAP was run concurrently with two other programmes viz. the watershed development programme and wasteland development programme. Further, in order to have a more integrated approach, the three programmes were operated on common guidelines. In the Eleventh Plan (2007-12), the three programmes were consolidated into a single programme viz. the 'integrated watershed management programme' (IWMP).

#### **24.4.5 National Rural Livelihood Mission (NRLM)**

The NRLM is a post-2010 initiative implemented with the objective of reducing poverty among the below-poverty-line (BPL) households in rural areas. The mission has adopted a multipronged approach to strengthen the livelihoods of rural poor by: (i) promoting SHGs; and (ii) improving existing occupations by providing skill development and placement. The mission is implemented on a decentralised basis through the 'district rural development agencies' (DRDAs). Recognising that the promotion of self-employment alone cannot be the solution to all households, the mission is adopting a simultaneous effort to equip the workers in such households with skills to take up wage and salary-based employment. For this, the mission is linking its efforts with those of the 'national skill development mission' (NSDM). Through this, the mission envisages to: (i) set-up many 'rural self-employment training institutes' (RSETI) and (ii) impart training in employable skills by utilising the existing training infrastructure and master craftsmen for the skill development of rural youth.

#### **24.4.6 Eleventh Plan Initiatives**

The Eleventh Plan aimed at restoring dynamism to agricultural sector by raising public investment in agriculture from 3 percent of agricultural GDP to 4 percent. Further, in order to ensure that the agricultural sector grew at 4 percent per annum, the Plan proposed to adopt a regionally differentiated strategy particularly in respect of rainfed areas. You have already studied in the previous block of this course (in unit 22) on many schemes already launched like: (i) the rashtriya krishi vikas yojna (RKVY) and (ii) the macro-management of agriculture scheme (MMAS). A particularly significant

aspect of the Eleventh Plan was its special focus on the ‘social context’. This sought to bring on the agenda issues of land reforms, protection of rights in land of tribal people, security of homestead rights and tenancy reforms. Such an approach was said to reflect a point of departure from the production-centric strategies adopted in the earlier decades.

### **24.4.7 Twelfth Plan Approach**

The Twelfth Plan acknowledges the continued prevalence of agrarian crisis particularly in the rainfed areas of the country. Remedial action, begun in the Eleventh Plan period, is proposed to continue through the Twelfth Plan period. These include a substantial increase in plan allocation to: (i) Bharath Nirman for Rural Infrastructure (BNRI); (ii) the dovetailing of employment security with land and water conservation under MGNREGA (vide Unit 25); and (iii) the enabling of PRIs (panchayati raj institutions) in poorer regions to make their own plans for budgetary support under Backward Regions Grant Fund (BRGF).

#### **Check Your Progress 3** [answer in about 50 words using the space given]

- 1) What was the objective of the two farm-oriented programmes (agencies) established during the 4<sup>th</sup> five year plan? What was the extent of its progress till 1980?

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- 2) What was the broad objective of IRDP? What is the extent of its achievement during its life span?

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- 3) What were the two major criticisms made by the evaluators of IRDP?

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- 4) How were the lacunae in IRDP overcome in its successor programme SGSY? For this, what was the approach adopted by the SGSY?

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- 5) In which respect and to what extent SGSY could improve over IRDP? Despite this, what was the observation of the committee on 'credit related issues' on SGSY?

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- 6) Mention the two main objectives of the two wage-employment programmes launched during the 1980s? To what extent, were the wage-employment programmes able to meet the employment needs of the rural poor?

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- 7) Which was an 'area development programme' launched in the early 1970s? Why was it restructured in the 1990s?

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- 8) Name the post-2010 initiative to reduce rural poverty? What are the two elements of its approach?

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- 9) How does the NRLM aims to achieve its objective of developing skill among the rural workers?

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- 10) How did the Eleventh Plan try to restore dynamism in the Indian agricultural sector? What was an identified departure in its approach from those of the earlier strategies adopted?

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- 11) In which specified directions the Twelfth Plan proposes to move to address the issue of ‘agrarian crisis’?

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## 24.5 AGRICULTURAL WAGES: DATA SOURCES AND TRENDS

An important feature of wages in general, and agricultural wages in particular, is its differential in terms of activities and gender. Although the Minimum Wages Act (1948) lays down the statutory minimum wage for agricultural workers, in practice the prevailing wage rates are much lower. Further, while the minimum wages Act specifies a national minimum wage irrespective of location or gender, the wages are different between the gender within the agricultural sector and for workers between the agricultural and non-agricultural sectors. In other words, there are inter-sectoral and intra-sectoral disparities in the matter of wages. Covering these dimensions, we shall in this section take an overview of agricultural wages from the angles of data sources and trends.

### 24.5.1 Data Sources

The reports of Rural Labour Enquiry (RLE) gives data on earnings for different type of agricultural and allied activities like ploughing, sowing, transplanting, weeding, harvesting, cultivation, forestry, plantation, animal husbandry and fisheries. Since 1977-78, the work on the collection of data for the RLE reports are integrated with the NSSO’s quinquennial employment-unemployment surveys. Subsequent to the collection of data by NSSO, the reports of RLE on ‘Wages and Earnings of Rural Labour Households’ are compiled and published by the Labour Bureau. The latest report published in this respect is for the 61<sup>st</sup> NSS Round for the year 2004-05 (published with a six year time lag in 2010). Before we turn to study the trends in wages for agricultural workers (from the data of three preceding employment-unemployment surveys for the years 1993-94, 1999-00 and 2004-05), it will be in order to mention two *specific features* of ‘agricultural labour’, having implications on consistency dimension, one relating to their ‘estimated numbers’ and the other to their ‘earnings/wages’.

- 1) **Differences in Estimates:** Earlier, in section 24.3.1, we noted that as per the Census reports for 2001, the number of ‘agricultural labour’ was 106.8 million and as a percentage of ‘total agricultural workers’ (estimated at 234.1 million), the agricultural labour constituted 45.6 percent. Realising the importance of addressing the issues of such large number of informal or unorganised sector workers, the Government of India constituted a National Commission for Enterprises in the Unorganised Sector (NCEUS) in 2004. Among other things, the Commission was tasked to ‘review the status of unorganised sector workers in India in terms of their size, spread, scope and magnitude of employment’. The Commission has since brought out many reports and these can be referred as an important data source on the unorganised sector in India. In its report on Conditions of Work and Promotion of Livelihoods (NCEUS, 2007), the Commission has observed that: (i) almost all of the agriculture labourers are casual labourers depending on manual activities in agriculture in return for wages (paid either on hourly or piece rate basis); and (ii) in 2004-05, the estimated number of agricultural labourers in India is 87 million constituting 34 percent of a total of 253 million agricultural workers in



India. The estimated number of agricultural labour, based on NSSO data, was thus lower than that of the Census. It is, therefore, important to note that due to limitations of data collection, the estimates by different sources could vary considerably. For instance, the NCEUS has observed that ‘the LB’s survey on unorganised sector do not cover self-employed workers in small enterprises run by family labour’. This tells us the importance of going by the range of estimates/proportions, with a careful examination of the concepts and definitions adopted for collection of data, while using the data by different sources.

- 2) **Two Norms for Minimum Wage:** The national minimum wage for manual work, set by the Minimum Wages Act irrespective of rural-urban location in 2004-05 prices, is Rs. 66. However, observing that a large proportion of workers in 2002 remained outside the protection of the Minimum Wages Act, the NCEUS proposed an alternative ‘basic minimum wage’ of Rs. 49 for rural areas.

### 24.5.2 Trends in Agricultural Wages

Table 24.4 presents trends in disparity of wages by gender and agriculture/non-agriculture activities. Major inferences which flows from the data, and some additional facts on the trends in wages by States, are the following.

- 1) Wages in 2004-05 (at 2004-05 prices) in agriculture was slightly less than even the basic minimum wage proposed by NCEUS.
- 2) By gender, the females got a further 31 percent less wages than males. The ratio of female wages to male wages has remained nearly the same over the period of 1994-2005.
- 3) The growth rate in wages, for both the genders, had sharply decelerated during 2000-05 as compared to the period 1994-00 (for males from 2.8 to 1.4 percent and for females from 2.9 percent to 1.3 percent). However, the growth in wages for both male and female workers, over the 11-year period of 1994-2005, was same (2.2 percent). This indicates a period of stability over the first half of 2000s as compared to the later part of 1990s.

**Table 24.4: Disparity in Agricultural Wages – 1993-94 to 2004-05**

Gender/Ratio	Year	Wage (Rs./Manday) at 2004-05 prices	Growth Rate (%) [period]
Male	1993-94	37.9	2.8 [1994-00]
	1999-00	44.8	1.4 [2000-05]
	2004-05	48.1	2.2 [1994-05]
Female	1993-94	26.5	2.9 [1994-00]
	1999-00	31.6	1.3 [2000-05]
	2004-05	33.4	2.2 [1994-05]
Ratio of Female to Male Wages	1993-94	0.70	-
	1999-00	0.71	-
	2004-05	0.69	-
Ratio of Agriculture to Non-agriculture	1993-94	0.66	-
	1999-00	0.62	-
	2004-05	0.65	-

Source: NCEUS, 2007.

- 4) The ratio of average agricultural wage to non-agricultural wage rate has hovered around 0.65 over the period 1994-2005. This indicates that an agricultural labourer got less than two-thirds of the wage for non-agricultural work.
- 5) The lack of minimum wage standards existed across all the states. However, Kerala, J & K and H. P. were exceptions with a substantially higher percentage of agricultural labour (71-83 percent) getting wages above the national minimum wage of Rs. 66.
- 6) The above percentage was notably less in the agriculturally prosperous states of Punjab and Haryana with 60 percent of agricultural labour in Haryana and 58 percent in Punjab getting wages above the national minimum wage of Rs. 66.

**Check Your Progress 4** [answer in about 50 words using the space given]

- 1) What are the major sources of data on the number of agricultural labour and their wages?

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- 2) Why do we find wide difference in the estimates of proportion on the 'number of agricultural labour to total agricultural workers' by different sources? In light of this, what is advisable to do while using the data by different sources on a common characteristic of interest?

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- 3) What is the 'minimum wage' prescribed for manual work in agriculture? What reason did the NCEUS offer while suggesting a much lower 'basic minimum wage' as against the 'national minimum wage' for agriculture in India?

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- 4) What is the extent of disparity in agricultural wages by gender in India? What was the extent of disparity between the agricultural and the non-agricultural wage (over the period 1993-94 and 2004-05) in India?

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- 5) Which three states were exceptions in respect of minimum wages to agricultural labourers? To what extent were they different?

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- 6) How did the situation on agricultural wages compare in the agriculturally prosperous states of Punjab and Haryana as compared to the State referred to in (5) above?

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## 24.6 LET US SUM UP

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The NSSO estimates on the number of agricultural labour in India for 2004-05 is 34 percent (87 million) of a total of 253 million agricultural workers in 2004-05. The agricultural labourers are characterised by poor conditions of work and consequently suffer high poverty levels. Almost all of them are in the unorganised sector with little regulation or social security cover. Realising their plight, the government has launched a number of programmes from time to time to assist them in enhancing their wage and self-employment opportunities. Evaluation studies conducted from time to time have revealed the extent of their success and weaknesses. Taking note of these inputs, the government has taken many new measures to improve the lot of agricultural labourers. Despite these measures, initiated over the last six decades since independence, the agricultural workers are still vulnerable both with regard to finding adequate work and receiving the statutory minimum wage for manual work. There is disparity in wages paid both on account of gender and agricultural/non-agricultural sectors of activities.

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## 24.7 KEY WORDS

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| <b>Agricultural Labour</b> | : A person offering his manual services in exchange for wages paid in cash or kind in any of the following occupations: (i) farming including cultivation, tillage, etc.; (ii) dairy farming; (iii) production, cultivation, and harvesting of horticultural commodities; (iv) raising of livestock, bee-keeping, or poultry farming; and (v) forestry, timbering, carriage for transportation to market or delivery to storage/market, etc. |
| <b>Wage employment</b>     | : Jobs which gives wages on piece rate or salary (including paid apprenticeship) working on full time or part time basis. Such jobs are not, however, on the basis of daily or periodic renewal of work contract.  |

## Casual wage employment

: Jobs in which payment is made as per the daily or periodic work contract. Depending on whether they are working in public work sponsored by government agencies or local bodies, they are distinguished as 'casual labour in public works' and 'casual labour in other types of work'.

## Agricultural Labour and Wages

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## 24.8 SUGGESTED BOOKS/REFERENCES FOR FURTHER READING

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- 1) Agricultural Statistics at a Glance -2011, Table 2.3 (a), Directorate of Economics and Statistics, Department of Agriculture and Cooperation, Ministry of Agriculture, GoI, 2012.
- 2) Bhalla, G. S. (2008), Condition of Peasantry, National Book Trust, New Delhi.
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- 4) Labour Bureau (2010), Report on Employment and Unemployment Survey (2009-10), GoI, Chandigarh.
- 5) Mukesh, E. (et. al.) (2009), Sectoral Labour Flows and Agricultural Wages in India, 1983-2004: Has Growth Trickled Down?, EPW, January 10, pp 46-55.
- 6) National Statistical Commission (NSC), Report of the Committee on Unorganised Sector Statistics (Chairman: R. Radhakrishna), GoI, February, 2012.
- 7) National Commission for Enterprises in the Unorganised Sector (NCEUS) (2007), Report on Conditions of Work and Promotion of Livelihoods in the Unorganised Sector, Chapter 8 on Agricultural Labourers, pp 122-124.
- 8) Papola, P. S. (2010), Livelihood in Agriculture – Status, Policies and Prospects in State of India's Livelihoods Report 2010 (Ed. By Sankar Datta and Vipin Sharma), Sage-Access.

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## 24.9 ANSWERS/HINTS FOR CYP EXERCISES

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### Check Your Progress 1

- 1) See section 24.1 and answer.
- 2) See section 24.1 and answer.
- 3) See sections 24.1 and 24.2 and answer.
- 4) See section 24.2.1 and answer.
- 5) See section 24.2.2 and answer.
- 6) See section 24.2.3 and answer.
- 7) See section 24.2.3 and answer.
- 8) See section 24.2.3 and answer.

- 9) See section 24.2.4 and answer.
- 10) See section 24.2.4 and answer.
- 11) See section 24.2.4 and answer.
- 12) See section 24.2.4 and answer.

**Check Your Progress 2**

- 1) See section 24.3.1 and answer.
- 2) See section 24.3.1 and answer.
- 3) See section 24.3.1 and answer.
- 4) See section 24.3.2 and answer.
- 5) See section 24.3.3 and answer.
- 6) See section 24.3.3 and answer.

**Check Your Progress 3**

- 1) See section 24.4.1 and answer.
- 2) See section 24.4.2 and answer.
- 3) See section 24.4.2 and answer.
- 4) See section 24.4.2 and answer.
- 5) See section 24.4.2 and answer.
- 6) See section 24.4.3 and answer.
- 7) See section 24.4.4 and answer.
- 8) See section 24.4.5 and answer.
- 9) See section 24.4.5 and answer.
- 10) See section 24.4.6 and answer.
- 11) See section 24.4.7 and answer.

**Check Your Progress 4**

- 1) See Section 24.5.1 and answer.
- 2) See Section 24.5.1 and answer.
- 3) See Section 24.5.1 and answer.
- 4) See Section 24.5.2 and answer.
- 5) See Section 24.5.2 and answer.
- 6) See Section 24.5.2 and answer.