CHAPTER IV

WAGES AND EARNINGS
In any socio-economic study dealing with the problem of AL, an analysis of wage-rate is very important because the rate of wages coupled with the days of employment largely determine and affect their earnings and standard of living. Further, perhaps more than one-half of rural families in a developing country receive a substantial proportion of their income from wage earnings in agriculture. The available information is, however, limited and inadequate. One reason for this lacuna may be that the determination of wages and family labour supply in the agricultural sector of LDCs has been somewhat neglected particularly in the context of a heterogeneous labour force.

It is gratifying to note that during the last few years, some important studies dealing with the wages of AL have been conducted. However, most of these studies were concentrated more on the data available from the secondary sources and also by the treatment of the state as a unit of analysis. Keeping in view the inter and intra-state variations, the credibility of such data seems to be meagre. Wage structure analysis, therefore, tries to explain various wage differentials and wage equalities in the economy.

There is a marked tendency to regard rural workers as an undifferentiated and homogeneous mass. In reality, the agricultural

labour force in many parts of Asia is extremely diverse, composed of men, women and children from both land-owning and landless households. This is particularly true in case of India. Consequently, the wage structure of agricultural labour in India is also complex and diversified. Unlike the organised sector of industries, the wage structure in agriculture varies from state to state, region to region, district to district and village to village. As per the RLE (1974-75) Report, we have, on the one hand developed states of Punjab, Haryana, Kerala and western U.P. where wages are high; on the other hand, wages are very low in Bihar, Orissa, Rajasthan and Madhya Pradesh. This situation is largely due to differing agricultural conditions, customs and practices and varying conditions of labour market; the interaction of these forces provide certain unique features to wage structure in agriculture.

**Characteristics of Wage Structure**

The following are the main characteristics of agricultural wages in India:

1. **Wages are paid in cash as well as in kind.** While industrial wages are more or less completely monetised, agricultural wages are not.

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(2) Wages are paid either daily or monthly or yearly. A special feature of agrarian wages is the irregularity of their payment.

(3) All are given perquisites in addition to cash and kind payment of their wages.

(4) Wages are generally paid at 'time rate' but in case of certain operations like harvesting and transplanting piece rate method operates.

(5) Wages are customary or traditional rather than contractual.

(6) Wage-rate is influenced by age, sex and caste of the worker.

(7) A system of 'influenced' wage rate prevails due to the practice of taking advances in money and in grain by the labourers before the agricultural season begins.¹

(8) Wages in agriculture are generally lower than those in non-agricultural occupations and industries. This situation is largely due to low average labour productivity and low national product per worker in agriculture.²

(9) Wage rate tends to vary from region to region, season to season and operation to operation.

(10) The rate of wage is affected to a great extent by the poor bargaining capacity of the workers. Unlike industrial workers, all are unorganised and hence without bargaining power.³

Consequently, their wages are low.

¹ P.K. Mukherjee, Economic Surveys in Underdeveloped Countries, op. cit., p. 113.
² G.B. Singh, Transformation of Agriculture, op. cit., p. 4.
It is a hard fact that agricultural sector is not a well organised sector. Agriculture in LDCs is traditional by nature even today. Customs, traditions and other such considerations, therefore, have considerable influence over method of wage payment, perquisites and wage rate. According to National Commission on Labour, "Wages are governed to a substantial extent by non-economic elements such as tradition and caste."\(^1\) Although in the long run wages must be conditioned by the net productivity of the industry as a whole, they are in practice subject to other social, political and economic considerations.

In view of the above facts, the wage structure in agriculture is subject to constant change so far as wage differentials and their patterns and mode of wage payments are concerned. However, "with the awakening that has percolated among people in rural areas during the development-era angularities of these characteristics of wage structure might have got rounded off to some extent but from such information as is available it would appear that there has been no fundamental change."\(^2\)

**Wages in Cash and Kind:**

Payment of wages to AL is made in cash as well as in kind.

There are certain operations like harvesting, sowing and trans-

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planting for which the man days worked are paid in kind either fully or partially. But with the growing monetisation of rural economy and steep rise in the prices of food-grains, the system of cash payment has become more popular and is in vogue in majority of the cases. Due to weak bargaining power of labourers, they are compelled to accept a large proportion of wages in cash.\footnote{H. Laxminarayan, "Changing Conditions of Agricultural Labour", 
EPW, 12(43), Oct. 22, 1977, p. 1818.} Harvesting and threshing are perhaps the only operations for which kind wages in wheat continued to be paid in Jalaun District.

The data indicate that about 70 per cent workers got their wages in cash, 22 per cent in cash and kind and 8 per cent in kind only. As per the RLE (1974-75) Report, in case of adult male labourer, about 60 per cent wages were paid in cash and 40 per cent in kind in 1974-75 whereas in 1964-65, the corresponding ratios were 62 per cent and 38 per cent respectively.\footnote{RLE (1974-75) - Summary Report, op.cit., p. 46.} Thus there has been no significant swing in favour of cash payment during the decade mentioned above.

Ratio of cash wages to total wages was as low as 50 per cent in some villages and as high as 90 per cent in the other villages. It was also found that cash wages were more in vogue in the villages nearer to towns. Generally in the villages situated in the close proximity of Trai, Kalpi, Konch, Jalaun and Madhogarh towns, there had been a definite swing in favour of cash wages. A
study by G.C. Srivastava\textsuperscript{1} has also revealed that the villages nearer to urban areas have higher level of wages, preponderance of cash wages and of hired labour.

As a practice, casual labourers are paid wages mainly in cash whereas attached workers get payment partly in cash and partly in kind. But now more and more farmers are switching over to cash wage arrangements since in the wake of soaring prices of cereals the old practice of payment in kind is detrimental to their interests. A study by G.B. Singh\textsuperscript{2} fully supports this view. In another important study, M.L. Bhat has further concluded that the kind wages protect the labourers from a decline in the value of their real earnings and also provide them an opportunity to share the benefits of new farm technology.\textsuperscript{3} Thus a sort of conflict has developed in the post high-yielding-era.

Perquisites: Perquisites are customary allowance enjoyed by the AL in addition to their wages paid either in cash or in kind. This is a unique feature of wage payment in agriculture. The most common perquisites granted to the workers are meals, tobacco, bidi, clothes, vegetables, fodder and cereals etc. The other forms of perquisites include footwear, umbrella, blanket and dwelling site etc., but now these are not much in vogue due to an exorbitant increase in the prices of these commodities.

\textsuperscript{1} G.C. Srivastava, 'The Influence of Urban Growth on Wages and Employment in Agriculture', \textit{UAE}, 21(1), Jan-Mar, 1986, pp. 84-90.
\textsuperscript{2} G.B. Singh, op.cit., p. 319.
\textsuperscript{3} M.L. Bhat, op.cit., pp. 55-56.
In Jalaun district, granting of morning breakfast and evening meals to workers together with bidi and tobacco is a common practice. In addition to this, permanent workers are granted clothes, footwear and Haq or Dastur (gifts) and feasts on special occasions such as festivals, marriages and other social ceremonies, etc. The labourers normally get 'Kalewa' or morning breakfast in the form of parched grain or Sattu or four breads (about 250 grams in weight) along with one glass of Matha or salt or Khatai or gur. The obvious objective of granting meals seems to be to avoid the wastage of time and to increase the vitality and efficiency of the worker while he is at work.

Moreover, during harvesting season, permanent workers are given one bojha (head-load) of harvested crop daily or a fixed quantity of food-grains, depending upon the local practices. Likewise in sowing season, they get two angulies (handfuls) grains, measuring about one-half Kg. daily. In addition to these benefits, 'workers hired for one agricultural year, enjoy the right to cultivate a small patch of their master's land with the help of the latter's bullocks and ploughs, and to retain with them the fruits thereof.'¹ A study by Daniel and Alice Thorner reveals that 'all the workers hired on a yearly basis received free food, clothes, footwear, bedding and accommodation.'² But all these benefits are very rarely given now-a-days. The cash value of perquisites does

1. P.K. Mukherjee, op. cit., p. 112.
not constitute any substantial proportion of the total earnings of the workers. Thus, it is evident that perquisites have now lost their eminence in agricultural wage structure.

Wage Payment to Casual and Permanent Labourers:

The daily wages of casual labourers were between Rs. 5.00 to Rs. 5.50 whereas the daily wages of permanent workers varied between Rs. 4.50 to Rs. 5.00. The security of job for longer duration makes the permanent workers agree to receive even a lower rate of wage than that given to casual labourers. But they are given perquisites and other benefits. For example, a permanent labourer may be given a piece of land on batai (a sort of leasing of land) by the land owners on the condition that the labourer will work for the lessor whenever needed. Sometimes the contract provides for crop-sharing arrangement under which the labourer provides all the labour for the farm operations but no other input and is entitled to a share of the main produce. Thus on the whole, there seems to be a tendency for the average daily wage rate of a permanent worker to be greater than that of a casual worker.

There is, however, no empirical evidence to support the above view, the converse appears rather more true. For example, according to Sanghvi, as the permanent worker has assured employment, 'he is willing to accept lower wage rate in return for assured employment and thus work at a security discount.'

and Thorner have also concluded that unfree labour (permanent or attached) almost invariably entails wages at lower than the market rates. Thus a casual worker gets a daily wage higher than a labourer employed for a month or a season. These empirical evidences fully support the result drawn in this study.

Determination of Wage-Rate and Factors Affecting It:

In LDCs, the rate of wages is determined by the interaction of economic and non-economic forces prevailing in these economies. The agricultural sector in the Third World Countries is characterised by certain special features such as the influence of the social institutions and traditional and cultural practices on the behaviour of rural population, surplus labour in agriculture, low level of agricultural productivity and extreme poverty, etc. Many economists have argued that the market forces in such a situation and the theories of wages applicable to the organised sector are in-operative in this sector.

The behaviour of rural workers in LDCs is believed to be "irrational." G. Myrdal, for example, argued that the scale of social values in this sector, which is pro-capitalist by nature, delineates not only a social hierarchy, but also the occupational grouping of the rural economy. Consequently, a very poor farmer, but belonging to a high caste, will lease his tiny bit of land to

1. Daniel and Alice Thorner, op.cit., p. 38.
a share-cropper or have the work performed by farm servants.¹
Moreover, 'if a person can get sufficient in four days to support himself for seven days, he will keep holiday the other three.'²

The existence of surplus labour and institutional structure, it is believed, result into a subsistence wage-rate to AL. In this type of economy, agriculture never pays the real wage determined by her profitability and by her proper capacity to employ labour without waste.³ Some economists⁴ have, therefore, postulated that agricultural wage-rate in such an economy is determined by the subsistence requirements of the labourers and/or by the average productivity of AL.

It is true that surplus labour have an adverse effect on wages but it is difficult to believe that the marginal productivity of labour is zero⁵ or that the farmers pay higher wages than

4. Economists like W.A. Lewis, R. Nurksæ, S. Enke, Ranis and Fei, etc. support this view.
5. The marginal productivity of labour in LDCs is never zero because it would always be possible by known methods to obtain some addition to the crop by using additional labour, in more careful selection and of planting the seed, more intensive weeding, cultivation, more pains-taking harvesting, etc.


For similar results see also B. Hansen, 'Employment and Wages in Rural Egypt.' American Economic Review, 59(3), June, 1969, pp. 298-313.
the labourer's worth. In fact the marginal product of labour is positive and significant.\(^1\) Prevalence of traditional influence does not necessarily imply that the market forces would not have a significant influence on wage-rate.

The two basic forces which determine wage rate and bring about a change in market wage rate are the supply of labour and demand for labour. The Census figures of 1961 and 1971 show that the participation rate of members of ALHs to total labour force is fairly high and in fact is steadily increasing. Further, there is no reason to expect a decline in absolute number of labour in agriculture for a few decades to come. According to Satyapriya, "proportion of agricultural labour to total agricultural workers, gross cropped area per agricultural labour, gross cropped area per agricultural worker and the proportionate importance of male agricultural labour among total agricultural labour were considered as factors affecting the money wage rate from the supply side."\(^2\)

The demand for labour is determined by the size and distribution of land holdings, irrigation, cropping intensity and cropping pattern, yield rate of cereals, extent of mechanisation, and the availability of family labour for working on the farm etc.

Thus the demand-supply framework, with all its limitations, does explain quite a significant amount of the inter-village


\(^2\) V.S. Satyapriya, Dimensions of Agricultural Labour in Karnataka, op.cit., p. 110.
variations in average wage-rate of male farm labour. A study by Pandey\(^1\) comes out with the result that the market forces of demand for and supply of labour are capable of explaining the larger part of variations in the agricultural wage rates. However, Mishra\(^2\) has concluded that the forces of demand and supply play a limited role in wage determination. But in the opinion of Jai Krishna,\(^3\) this conclusion seems to be rather hasty.

Nevertheless, the fact that 'the equation for wage-rate leaves a part of the variations unexplained suggest that the theories of wage determination have to go beyond the simple demand-supply framework and investigate the adjustment mechanisms and the nature of lags and inflexibilities in the process...\(^4\)' This indicates the lack of perfectness of rural labour market. Imperfections in the labour market are universal and agriculture in India is by no means an exception. Some of the major imperfections in labour markets are: absence of homogeneous service, lack of mobility due to cultural, food and language barriers, lack of communication or knowledge, emigration of workers, and so on.\(^5\) The other sources of imperfections in the labour market include: the preponderance of

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family workers and self-employed persons in the total supply of agricultural workers, institutional and conventional forces and seasonality in agriculture.

The seasonal nature of agriculture plays a significant role in determining the wages of AL. A careful examination of the relationship between wage rates and hours worked reveal that labour markets operate with a certain degree of sensitivity to seasonal variations in demand and work opportunities.\(^1\) The wage rate shows substantial variation between different operations or seasons as a result of fluctuations in demand within the year.\(^2\)

To conclude then, the wage rate in agriculture is the product of marginal productivity of labour, cultural and institutional forces, seasonal factors and the market forces of demand for and supply of labour. The wage-rate tends to vary due to changes in these forces and also as a result of the factors stated herein above.

**Wages for Different Agricultural Operations**\(^1\)

Wage rate for different agricultural operations differs as each of the operations requires different amount of skill and labour and has different urgency. The wage rates of men AL in different agricultural operations are given in Table 5.01.

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2. S.V. Sethuraman, 'Seasonal Variation in Unemployment and Wage Rate', *EPJ*, 7(24), June 10, 1972, p. 1152.
TABLE 5.01 : Average Daily Earnings of Men Workers in Different Agricultural Operations.

<table>
<thead>
<tr>
<th>Operation</th>
<th>Cash</th>
<th>Kind</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ploughing</td>
<td>4.25</td>
<td>1.00</td>
<td>5.25</td>
</tr>
<tr>
<td>2. Sowing</td>
<td>4.50</td>
<td>1.50</td>
<td>6.00</td>
</tr>
<tr>
<td>3. Transplanting</td>
<td>3.50</td>
<td>0.50</td>
<td>4.00</td>
</tr>
<tr>
<td>4. Weeding</td>
<td>3.00</td>
<td>0.50</td>
<td>3.50</td>
</tr>
<tr>
<td>5. Harvesting and Threshing</td>
<td>2.00</td>
<td>5.00</td>
<td>7.00</td>
</tr>
<tr>
<td>6. Others</td>
<td>4.00</td>
<td>0.50</td>
<td>4.50</td>
</tr>
<tr>
<td>All</td>
<td>3.81</td>
<td>0.95</td>
<td>4.76</td>
</tr>
</tbody>
</table>

The above figures indicate that of all the operations harvesting is the highest wage paying operation followed by sowing and ploughing. These are the main agricultural activities in the district for which workers are hired. Weeding and transplanting are slack season activities and do not require hired labour and consequently wage rates in these operations are low.

Ploughing and sowing are other important and better paid operations as they require relatively high level of skill and at the same time are more strenuous. Since ploughing and sowing activities need to be completed during a specific period, the demand for labour goes up and consequently wages rule high in these seasons. Thus the seasonal peak gives labourers a brief bargaining power that they lose during the lean season. But inter-season
adjustment through labour tying arrangement is a major contributory factor in reducing the amplitude of seasonal wage fluctuations.\textsuperscript{1} Thus, there is obviously little seasonal variation in the wage rates of permanent labourers.

**Harvesting Wages**: The wage rate reaches its peak level during the harvesting season. The average daily earnings of an adult male labourer are worked out to Rs. 7.00 per day. The value of kind payment has been calculated at the retail prices of grains ruling in the concerned villages. This period is always welcomed by the labourers. First, the peak demand for labour is attained during harvesting because it must be completed within a short period of time to avoid risks of all sorts. It is the shortage of supply of labour in relation to the temporarily increased demand that raises wages for harvesting to a high level. Secondly, because the wages are paid in kind, it helps them in retaining their real wage rates.\textsuperscript{2}

Wage payment during harvesting season is made by the following methods either singly or in conjunction with the other:

1. The common practice is to give *dabia* (a small proportion of harvested crop) containing 3-4 kgs. grain for each shift, thus fetching about 6-8 kgs. grain per day.

\textsuperscript{1} K. Bardhan, op.cit., p. 1108.

\textsuperscript{2} Sumil K. Dhawan, 'Agricultural Employment, Wage Rate and Income', *The Economic Times*, New Delhi, June 13, 1978.
2. A contractual payment of 15 to 20 kgs. grain for harvesting a crop of one bigha.

3. One Karva or Puri (harvested crop tied in small bundles) for every 20 harvested bundles i.e. one twentieth proportion of the harvested crop.

4. Permanent workers are given 2 to 5 maunds grains, depending upon the size of cropped area, for harvesting and threshing in addition to their monthly wages.

5. Giving the crop or yield of a certain area for harvesting and threshing the entire crops.

Thus the system of wage payment during the harvest season is very complex and divergent due to local customs and practices. In the harvesting season of rabi crops, the demand for labour goes up considerably and consequently wage rate too reaches at its peak. J.N. Mongia has also shown that wages tend to increase in March to June (harvest season) and to decline during the July-September period.¹ The other studies by Dhavelé² and Hirway³ further reveal that harvesting and ploughing are the highest paid operations and weeding is the lowest paid operation. The fluctuations in wage-rate in different seasons and operations have been well spelled out by the RLE (1963-65) Report in these words:


"In the agricultural seasons when harvesting or sowing has to be completed within a limited time, the demand for labour gets a boost and situations with acute shortage of labour are not uncommon. Consequently, wages rule quite high during these periods. During the slack season, on the other hand, there is hardly any work for a vast number of workers who remain either unemployed or underemployed and, therefore, the enforcement of even the statutory minimum wages becomes a problem."¹

**Average Daily Wages in Agricultural and Non-Agricultural Occupations**

Wages in agriculture are generally lower than those in non-agricultural occupations as is evident from the data given in Table 5.02.

**TABLE 5.02 : Average Daily Wages of Men Workers in Agriculture and Non-Agricultural Occupations—Blockwise**

<table>
<thead>
<tr>
<th>Block</th>
<th>Agricultural Operations</th>
<th>Non-Agricultural Occupations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Rampura</td>
<td>4.69</td>
<td>5.21</td>
</tr>
<tr>
<td>2. Madhogarh</td>
<td>4.67</td>
<td>5.28</td>
</tr>
<tr>
<td>3. Kuthond</td>
<td>4.35</td>
<td>4.83</td>
</tr>
<tr>
<td>4. Jalaun</td>
<td>4.95</td>
<td>5.75</td>
</tr>
<tr>
<td>5. Nadigaon</td>
<td>4.90</td>
<td>5.42</td>
</tr>
<tr>
<td>6. Konch</td>
<td>4.84</td>
<td>5.15</td>
</tr>
<tr>
<td>7. Dakor</td>
<td>4.83</td>
<td>5.31</td>
</tr>
<tr>
<td>8. Mahewa</td>
<td>4.84</td>
<td>5.25</td>
</tr>
<tr>
<td>9. Kadaura</td>
<td>4.74</td>
<td>5.15</td>
</tr>
</tbody>
</table>

**Average of All** | 4.76 | 5.26

The above Table shows that the average daily earnings in non-agricultural occupations are higher than those in agriculture in all the blocks. The average daily wages were the highest in Jalaun block and the lowest in Kuthond block for both the above categories. In certain operations, however, wage rate in agriculture may be higher than that in non-agricultural occupations. For example, Sethuraman has pointed out that the wage rate for non-agricultural occupations is generally lower than that for harvesting and transplanting operations or the peak wage rate of the year.  

Generally, wage rate for woman and child labour is lower than that for an adult male worker because of their low efficiency and productivity or because of the prejudices against them.  

Similar results have been shown by the Reports of ALE/LEs. Although, there has been a significant increase in the daily earnings of labourers engaged both in agricultural and non-agricultural occupations during the period 1964-65 to 1974-75, there is no substantial difference between the two categories in case of men workers as is evident from Table 5.03.

1. S.V. Sethuraman, 'Seasonal Variations in Unemployment and Wage Rate', op.cit., p. 1153.

### TABLE 5.03: Average Daily Earnings of Men AL in Agricultural and Non-Agricultural Occupations.

<table>
<thead>
<tr>
<th></th>
<th>Agricultural Operations</th>
<th>Non-Agricultural Occupations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>U.P.</td>
<td>All India</td>
</tr>
<tr>
<td>1950-51</td>
<td>1.13</td>
<td>1.09</td>
</tr>
<tr>
<td>1956-57</td>
<td>0.92</td>
<td>0.96</td>
</tr>
<tr>
<td>1964-65</td>
<td>1.10</td>
<td>1.43</td>
</tr>
<tr>
<td>1974-75</td>
<td>-</td>
<td>3.24</td>
</tr>
</tbody>
</table>

*Source: (i) RLE (1963-65) - Final Report, op.cit., p. 33.
(ii) RLE (1974-75) - Summary Report, op.cit., p.17.*

The above data clearly demonstrate that the non-agricultural occupations were more profitable to the labourers as compared with agricultural operations during the above period in case of All India as well as Uttar Pradesh. Thus it can be concluded that wage rate in agricultural activities shows a tendency to lag behind the wage rate prevailing in non-agricultural occupations.

**Wages and Price Level:**

It is an admitted fact that during the period of last two decades, characterised by price spiral, the money wage rate of AL showed an upward trend. A priori one would expect a significant and positive association between wages and prices since prices generally determine a farmer's capacity to pay. It is, therefore, no surprise that the overall conclusion of all the studies that
examine the relationship between money wages and prices has always been that there is a high association between the two. Hence, it is low level of foodgrain prices not high that acts against the interests of small farmers and landless labourers.¹

But an increase in money wage rate by itself does not imply improvement in the living conditions of AL unless studied in relation to the increase in price level. The appropriate method to ascertain the real wages of the workers is to deflate their money wages in proportion to the consumer price index (CPI) for AL being maintained by the Labour Bureau. Since increase in real earnings bring out a positive change in the living standards of the agricultural wage earners an analysis of trends in real wage rates are considered relevant for poverty redressal.²

The money wage rates of casual men workers are available since 1966-67 for the district of Jalaun. To ascertain the real wages these rates have been deflated according to the CPI for AL in U.P. because such indices are not compiled and available at the district level.

The money wages and real wages of AL are given in Table 5.04.

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TABLE 5.04: Average Daily Money Wages and Real Wages of Casual Men AL.

<table>
<thead>
<tr>
<th>Year</th>
<th>Labour Bureau CPI Numbers for AL in U.P. (General Index) Base 1960-61 = 100</th>
<th>Money Wages (In Rs.)</th>
<th>Real Wages (In Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>*</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td>1966-67</td>
<td>211</td>
<td>2.33</td>
<td>1.10</td>
</tr>
<tr>
<td>1967-68</td>
<td>236</td>
<td>2.76</td>
<td>1.17</td>
</tr>
<tr>
<td>1968-69</td>
<td>179</td>
<td>3.16</td>
<td>1.77</td>
</tr>
<tr>
<td>1969-70</td>
<td>197</td>
<td>3.24</td>
<td>1.64</td>
</tr>
<tr>
<td>1970-71</td>
<td>183</td>
<td>3.42</td>
<td>1.57</td>
</tr>
<tr>
<td>1971-72</td>
<td>192</td>
<td>3.46</td>
<td>1.80</td>
</tr>
<tr>
<td>1972-73</td>
<td>234</td>
<td>3.60</td>
<td>1.54</td>
</tr>
<tr>
<td>1973-74</td>
<td>303</td>
<td>3.97</td>
<td>1.31</td>
</tr>
<tr>
<td>1974-75</td>
<td>378</td>
<td>4.69</td>
<td>1.24</td>
</tr>
<tr>
<td>1975-76</td>
<td>288</td>
<td>5.13</td>
<td>1.78</td>
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<tr>
<td>1976-77</td>
<td>278</td>
<td>5.28</td>
<td>1.90</td>
</tr>
<tr>
<td>1977-78</td>
<td>336</td>
<td>5.37</td>
<td>1.60</td>
</tr>
<tr>
<td>1978-79</td>
<td>327</td>
<td>5.49</td>
<td>1.68</td>
</tr>
<tr>
<td>1979-80</td>
<td>375</td>
<td>5.84</td>
<td>1.56</td>
</tr>
</tbody>
</table>


** Compiled from the Office of the Directorate of Economics and Statistics, District Jalaun (U.P.)

1. Agricultural year (July to June).

2. Though the series has 1960-61 as base year, the wage data at district level are available since September 1966, hence the annual average wage rate for 1966-67 is based on 10 months wage data from Sept., 1966 to June, 1967.
MONEY WAGES AND REAL WAGES OF ALL
(REAL WAGES ARE BASED ON 1960-61 = 100)

Index

- Money Wages
- Real Wages

Wages (In Rs.)

1966-67 67-68 68-69 69-70 70-71 71-72 72-73 73-74 74-75 75-76 76-77 77-78 78-79 79-80

Years

FIG. 6
The above table shows that both money wages and real wages increased during the period 1966-67 to 1979-80 but the increase in money wages has been more than that of real earnings. While money wages increased by about 151 per cent over the period, the real wages registered an increase of 42 per cent only. In an important study, K.C. Alexander has also shown that the real wages of AL in Kuttanad Region (Kerala) during the period of six years (between 1964-65 to 1969-70) increased by 65.2 per cent while money wage increased by 140 per cent during the same period.\(^1\) A substantial proportion of increase in money wages was neutralised by tremendous increase in the prices of goods and services consumed by AL. A perusal of the data given in the previous table indicates that in the early years of green revolution (1968-69 to 1971-72), both money wages and real earnings increased very rapidly but the rate of increase was faster in the latter than in the former. This trend was, however, reversed in the subsequent years. Despite constant and steady increase in money wages during the entire period, real wages sharply declined in 1973-74 and 1974-75, largely because of recorded increase in the price level during this period.

Thus, in the post green revolution era, the rapid growth of farm output tended to push up real wages while the rapid growth of labour force tended to pull down the real wages and the outcome was often decided by inflation which periodically eroded the real wages. The result compounded by the weak bargaining position of AL due to

their dependence on employer moneylenders for credit and their lack of organisation, has been to little increase in wage earnings to ensure a minimum level of living against rise in food prices and to organise for them a fair share of the rising yield.  

From the above analysis, it can be concluded that in the long run high prices are in the interests of AL and low prices against them; though in the very short run, a rise in farm prices may seem to be against the interests of ALIs because an increase in real earnings takes some time to adjust with the increase in prices. Indeed with the rising level of prices, both money wages and real wages increase, although the latter increases at a slow rate. This conclusion is quite in conformity with Reynolds' finding that "there will be a strong tendency for productivity gains to be shared with labour through a rising real wage level."  

Wages of Agricultural Labourers Vis-a-Vis Industrial Workers:

There is not even a single big industry or factory in Jalaun district and therefore any comparison between agricultural and industrial wages within the district cannot be made. The district has a few small industrial establishments such as a mini Khandsari mill, oil mills, dal mills, rice processing units and hand-made paper industries, etc. each employing hardly even one

1. K. Bardhan, op.cit., p. 1115.

hundred workers. Hence, the wages of AL can be compared with the wages paid to the workers employed in these establishments.

Wage rates in the above stated small industrial units are generally higher than those in agriculture. The average daily wages in the small scale enterprises is about Rs. 6.00 for an adult male worker as against Rs. 4.76 in agriculture. Thus, the former is about 26 per cent more than the latter. The RLR (1963-65) Report has also revealed similar results. According to the Report the average daily earnings of men workers in agricultural occupation in U.P. were Rs. 1.11 while in factories and plantation wages were Rs. 5.67 and Rs. 2.30 respectively. Thus the average daily earnings in agriculture were about 20 per cent or 1/5th of the wages in factories and about 48 per cent of those in plantation. Even at all India level the average daily earnings of worker in agriculture were Rs. 1.41 as against Rs. 6.52 in factories, the former being about 22 per cent of the latter.¹ Deepak Lal has also shown that earnings of unskilled and semi-skilled industrial workers in the organised sector were about 85 per cent higher than those of AL, taking into account rural urban differentials.²

Thus, wages in agriculture are generally at low ebb, when compared with the wages in other sectors. To these poor people who are sandwiched between distressingly low wages and sky high living cost, it is next to impossible, as pointed out by Shri

Jagjiwan Ram, to eke out a living which hardly permits them even a hand to mouth existence.\(^1\) Further, sometimes the class of landless workers driven by starvation into the cities, lowers the wages of town workers. Speaking at the second conference of AL, Dr. P. Sitaramayya said that "an agricultural worker works now with a starving stomach and now with half appeased appetite, who knows no rest in storm or sunshine, who often times has no dwelling site which he can call his own... He is a perpetual hewer of wood and drawer of water for those who fatten on his labour and rise to wealth and plenty on his skeleton."\(^2\)

When compared with the other countries of the world, the wages in agriculture in India present still a sad picture. There is no wonder that agricultural wages in India are at the lowest level even in comparison to most of the Asian countries.\(^3\)

**Causes of Low Wages in Agriculture:**

The following are the main factors responsible for low wages of AL:

(1) The primary cause of low wages is the existence of surplus labour in agriculture. In the agricultural communities of many LDCs, pressure of population on the land has had both

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social and economic impact. Large estate and plantation systems have a relatively inelastic demand for labour, and the more people seeking work, the greater the depression of wage levels.\(^1\)

(2) Extreme poverty, indebtedness and labour tying arrangement.

(3) Preponderance of family workers and small farmers working as AL bring the rate of wages down.

(4) Inadequate employment opportunities in non-farm sector and industrial sector greatly reduce the bargaining capacity of the workers and their wages. Quantitative projections of the growth of employment in the non-agricultural sector do not show any significant potential for the absorption of the growing agricultural labour force.\(^2\)

(5) Cultural and institutional factors also depress agricultural wages. Most of the labourers belong to lower castes,\(^3\) which gives them a low social status and consequently low bargaining power in this tradition bound economy.

(6) Seasonal character of agriculture and its low productivity.

(7) Immobility of labour is another factor causing low wages.

(8) The concentration of land in the hands of upper castes leads to social and economic exploitation of the weaker ones.

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(9) Low productivity of labour is considered to be an important cause of low wages. In part, low wages are a direct result of low productivity in agriculture, although many other factors may also be held responsible for them.¹ That productivity of labour in agriculture is very low in India, can be verified by Appendix 1.

(10) Lack of trade unions of agricultural workers reduces their bargaining capacity and force them to accept low wages.

Trade Unions of AL:

Throughout the world the agricultural worker is comparatively poor, unorganised and therefore weak in his bargaining capacity. This is particularly true of India where agricultural trade unionism is restricted to a very limited area and small section of the workers. In Jalalpur district, AL have no trade unions of their own and hence their bargaining capacity is weak. Consequently, their wages too are low. According to the RLE (1974-75) Report at all India level, about one per cent labourers belonging to ALs were members of some union for protection of their interests.²

The extension of trade unionism to the country side is necessary in order to apply much needed pressure for economic and social reforms and their effective implementation, to democratise the process of economic development and to ensure the willing participation and involvement of the people so crucial for its

success. The organisation of the workers is essential not only to
prevent exploitation but also to enable them to have an equitable
distribution of the fruits of the growth and thus to safeguard and
further their interests.

The Government of India have ratified the ILO convention
No. 141 which requires that all categories of rural workers shall
have the right to join organisations of their own choosing. The
rural workers' organisation shall be independent and voluntary.¹
Accordingly, the Draft plan (1978-83) envisages that conditions will
be created and facilities provided for the promotion of voluntary
organisation of the rural workers. The cooperation of association
should be sought in the implementation of land reform programmes
and public works programmes, etc.²

The other aspects of the activities of workers' union
include enforcement of minimum wages and their periodical revision,
security of employment, better working conditions and social
security benefits, etc. But according to Giles and Cowie, 'Outst-
anding among the causes of the movement of workers from agricul-
ture is the level of wages.'³ Even sometimes the conflict takes
ugly turn as observed by M.N. Srinivas, 'Indian villages have ceased
to be communities and have become instead battle-grounds for the
rich and the poor to fight each other.'⁴

¹ ILO 'Structure and Functions of Rural Workers' Organisations'.
² Draft Five Year Plan (1978-83), op.cit., p. 15.
³ Quoted by Michael Black, 'Agricultural Labour in an Expanding
Economy.' Journal of Agricultural Economics, Jan.1968, p. 70.
⁴ M.N. Srinivas, 'Dual Culture of Independent India', in B.C. Das
and G.P. Mishra (eds.), Gandhi in Today's India, Ashish Pub.House,
A few studies undertaken recently by FAO, ILO and others to examine the working of workers' organisations indicate that in Tamil Nadu and Kerala they have become strong enough and disputes regarding the rates of wages and terms and conditions of work are decided on the principle of collective bargaining and tripartite consultations. The obvious result is that agricultural wages in these two states are higher than the wages prevailing in other parts of the country.

There have been several difficulties in the development of trade unions among AL such as small number in comparison to employers, dependence on employers, widespread unemployment, existence of low wages below subsistence level, scattered labourers, illiteracy and lack of fellow feeling, etc. These factors should be removed and necessary facilities should be extended for organising workers into trade unions so that they may forcefully claim for getting higher wages and better work conditions.

Minimum Wages in Agriculture

The passing of Minimum Wages Act (MWA), 1948 is a landmark in the history of labour legislation in the country. It recognised that wages could not be left to be determined entirely by market forces, as this would lead to the exploitation of labourers and payment of unduly low wages. Since wages in agriculture are

abysmally low, the Act mainly aims at ensuring minimum rates of wages to workers engaged in 'sweated industries' i.e. in those industries in which labour is unorganised and chances of exploitation are great.¹ Such industries have been shown in Part II of the schedule appended to the Act and include agriculture and its allied industries. Thus, the Act aims to provide guaranteed minimum wages to AL.

While fixing the minimum wages, the authorities concerned should bear in mind that it should be enough to keep the worker's family above the poverty line. Obviously, minimum wages should be fixed in keeping with the demand and supply of labour, prevailing wage rate, productivity of labour, needs of the worker and his family, cost of living indices and wages in other sectors for similar work, the general level of wages prevailing in the country or in the particular locality and should be revised from time to time.² Minimum wages should be provided with clear recognition, however, that wage levels are a double edged sword. Minimum wages and benefits must not be so high that fewer labourers are employed and there are new incentives to mechanise, nor so low that the landless will again be unable to provide sustenance to their families.


In view of varied agro-economic conditions, a national minimum wage in the sense of a uniform minimum monetary remuneration for the country as a whole is neither feasible nor desirable. Therefore, the responsibility of fixing minimum wages have been entrusted to the state governments. By now minimum wages in agriculture have been fixed in almost all the states as shown in Appendix 4. In U.P., the minimum wages of AL have not been revised since 23rd October, 1975.

Though the minimum wages Act is there, yet even after 32 years of its existence, the majority of the workers do not have knowledge of such an Act enacted for them. In Jalalpur district, not even a single case was reported in which the labourer had an idea of the Act or of the minimum wages fixed therein. Similarly, the RLE (1974-75) Report shows that a little over 2 per cent of labourers belonging to the ALHs were aware of the provisions of the said act and the current minimum wages fixed under it. ¹ The Report of NCL also supports this view. ²

Due to lack of awareness of the MWA 1948, the wages are least governed by this Act. Usually, everywhere the actual wages rule higher than the minimum during the peak season and tend to fall in the slack seasons. The implementation of the provisions of the MWA in agriculture is beset with many difficulties such as inadequate enforcement machinery, poverty and illiteracy of AL and

structural constraints such as scattered nature of agricultural farms, casual nature of employment, the unorganised character of AL, etc.

Thus, in a sector in which labour is abundant at all times and in which considerable unemployment exists even at prevailing wage levels, the implementation of the MWA is an uphill task. While legal regulations may be useful, it is believed that statutory protection by itself will not be of much use in a vastly disjoined sector like agriculture unless the bulk of the sector accepts the constraints, or the labour gets a bargaining position. Hence a guarantee of minimum wage is ineffective unless there are alternative jobs available to the workers at the minimum wages. It has been rightly demonstrated that 'the non-absorption of many millions of small farm population in non-agricultural employment in the next one or two generations, will leave a seething mass of humanity, ever growing in numbers, to seek its fortune in agriculture. This will continue to depress agricultural wage rates.' What is needed, therefore, is both a rise in wages and volume of employment.