CHAPTER I

INTRODUCTION

Haryana came into being on Tuesday, the 1st November 1966, as a result of the reorganization of the composite Punjab state. The state has an area of 44,222 Square Kilometers. It has been at the pinnacle of its glory and prosperity for the centuries and it enjoyed the distinction of being the cradle of an ancient civilization of our country. There are divergent views of writers and scholars regarding the origin of its name. Some of them are of the opinion that the 'Haryana' is the changes form of the word 'Aryana'. According to them Arya came and settled for the first time in this area, therefore, this area was called 'Aryana' during those days, gradually the name of this area changed from 'Aryana' to 'Haryana'. There are others also who think as the region is connected with lord Brahma, i.e. 'Haryana', the abode of God. It is considered to go 'seat of creation' where men first saw the light of the day and grew upto evolve the culture which later spread all around the world.

The state is situated in the Northern region of Indian Union and is bounded by Utterpradesh on the East, Punjab on the
West and portion of Himachal Pradesh on the North. It extends to the great expanses of Rajasthan in the South. The Ghaggar which is not perennial, touches only the Northern parts of the state. Physically, Haryana falls into the two broad natural divisions, namely, the sub-Himalayan and Indo-Gangetic plains which run in South-Eastern direction, almost parallel to each other. The climate of Haryana, most of the year is of Pronounced character, very hot in summer and markedly cold in winter. The maximum temperature is recorded in the months of May and June when it goes upto 46°C. The temperature falls to the lowest in January when two to three degrees of frost is recorded.

There are one marked seasons of rainfall in the state which lasting from the middle of June till September on which autumn crops and spring sowing depend. Winter rains also occurs from December to February and although often insignificant in quantity, yet they materially effect the prosperity of spring harvest. Rainfall is scanty particularly in Mohindergarh, Gurgaon and a part of Bhiwani districts.

The classification of soils in Haryana shows that the alluvial soils cover the major parts of Haryana plain which is followed by sandy soils, the black soils, the laterite soils and
the red soils. But in spite of all this the agriculture of Haryana remains a gamble in monsoons because the rainfall which is the most important variable of all the climatic parameters is aberrant throughout the state on account of the unpredictable and uncertain character of the monsoons. However, the climate in the state range from dry-sub-humid to arid (Jasbir Singh 1976).

Population Structure

Agriculture being the main occupation of the working force, majority of the population has been living in rural areas on the eve of the inception of Haryana state on November 1, 1966 the rural/urban break-up of population was such that more than 80 percent of the population lived in rural areas. The proportion of population living in rural areas has been 88.77, 82.22, 78.04 and 75.37 percent in the corresponding years of 1961, 1971, 1981 and 1991 respectively in the state. But, the proportion of rural population has been 82.12, 80.13, 76.27 and 74.34 in the census years of 1961, 1971, 1981 and 1991 respectively for the country as a whole (census of India, 1991). The occupational composition of rural areas in Haryana is changing over time. In 1971, 58.11 percent of the rural labour force were cultivators, 18.87 percent were Agricultural labourers and rest 23.02 percent labourers were engaged in other activities. The proportion of cultivators
is decreasing and proportion of Agricultural labourers is increasing over time. In 1991, the proportion of cultivators have come down to 50.63 percent and the proportion of agricultural labourers have increased to 24.16 percent. 25.21 percent labourers are those who are engaged in other activities (census of India-1991). It may be added here that labourers in the agriculture/rural sector of Haryana are very hard working, particularly the women folk who apart from their domestic duties do equivalent or more work in the farm. District wise rural/urban break up of population in census 1991 shows that Mohindergarh District has the highest proportion of rural population (86.8%) where as District Faridabad has the lowest proportion i.e only 59.4 percent. Density of population in the rural sector of Haryana as a whole is 287 according to census of 1991.

Area Sown

Further, the proportion of area sown is 81.88 percent of the total area as against the cultivable area of 87.41 percent in the state, which is the highest among all the states of the country. Maximum area is being used for cultivation in Kurukshetra district (89.38%). It is followed by district Karnal, Rohtak and Sirsa. District Gurgaon is at the bottom as its net area sown is only 72.40 percent of its total area.
Thus in view of the contribution of agriculture to the net product of the state, occupational distribution of population, the districtwise proportion of population living in Rural areas along with density of population and the proportion of the net area sown, it can be discerned that agriculture has been the major productive activity in the state or to use prof. W.W. Rostow's terminology, it is the leading sector of the economy. But all is not well with the rural population engaged in agriculture sector because there is a large number of small and marginal farmers, landless agricultural labourers, artisans and small business men who are the members of weaker sections. It is their plight which is the subject matter of study of this work because most of them have adopted hired labour as their occupation.

Statement of the problem

In India, the labour force has been growing very fast and this, more than anything else, has added to the magnitude of the problem. Along with this, it is significant to note that the structure of labour force from 1901 to 1981, has shown extremely marginal changes. Just to illustrate, the share of primary sector, which was 71.87 in 1901, was almost the same in 1951 and has shown a marginal decline in 1981 (69.1%).
This trend in the structure of labour force in India is inconsistent with the experience of the developed countries. The development process of these countries led to a decline in the share of labour force in the primary sector with simultaneous increase of labour-force in other sector.

Some of the economists have justified these trends of labour force in India and other developing countries by highlighting the basic differences between the experiences of the developed and developing countries. It is argued that as compared to the developed countries, the pace of development of industrial sector in developing countries is slow, their rate of saving and investment is slow and the absolute size of labour force and the increases there in, have been higher. In view of these unique features, the increasing labour force need to be absorbed in the primary sector i.e. the agriculture (at least in the short run). This may be possible through measures which among others, leads to increases in agricultural productivity.

The general belief among the economists in the 50s and 60s was that the increase of investment was supposed to increase output and consequently employment and income. Following Lewis the dominant argument was that capital accumulation in the
industrial sector of labour surplus low developed countries was supposed to improve the living condition of the poor people through generation of employment and income in the industrial and urban sector. The rise in employment and income would continue as long as there is surplus labour in the rural sector. Contrary to the expectation the western developmental models of Lewis (1954), Ranis and Fei (1961) type has failed to provide adequate employment opportunities to growing labour force. No such significant shift from agriculture to industry has taken place. As has been stated to Ahuja (1991) "employment in the organized manufacturing sector which was about 3 millions in 1951 rose to 6.25 millions in 1989—only an increase of 3.25 million in 38 years of planned industrial growth. On the other hand, the labour force increase by over 150 millions during the same period" (Ahuja, 1991. Table-2, P. 306). This declining trend in employment particularly in the organized industrial sector of the economy may be due to (1) use of more and more capital intensive technique of production (2) rise in the growth rate of population and labour force (3) use of labour saving devices.

In view of the low labour absorption capacity in organized industrial sector—private or public, it is of considerable interest to look for the labour absorbing capacity of agriculture
sector. Currently as high as "Percent of the people depend on agriculture and it contributes 55 percent of the national income. However, employment in agriculture is growing slower than output (Vaidyanathan, 1986) particularly in 80s the rate of growth of agricultural employment has been very low - 0.65 percent per annum during 1983 to 1987-1988 despite a higher around 3 percent annual growth in agricultural output (Ahuja 1991).

With the rise in GNP, it was expected that the proportion of work force in the agriculture sector would be reduced. An important trend to note in the rural work force has been growing. For instance, the percentage of the rural workers in the total rural work force has gone up from 15 percent in 1961 to 30% in 1980-81. Further, half the agricultural wage labourers come from landless rural house holds and the rest 50 percent labour households come from small owners. The proportion of agricultural wage labour by the small farmers has been rising. It is necessary to know the factors contributing for such a state of affaire. The factors may be either because their holdings grew too little through splitting and being unable to get the needed supplementary material inputs, landless or procure the lease out to large formers on crop sharing basis. Moreover it may be because they lost the use of the land in forced usufructuary
mortgage. The persistent poverty of the growing mass of rural labourers and small peasantry in the midst of the increasing prosperity of landed farmers is due to increasing landlessness and the supply of labour increasing more than the demand.

The Context of Hired Labour in the present study

At the outset, one should note that in this study, we use the term hired labour instead of wage labour. We known that a good deal of labour is employed under non-market relations where the major form of transaction is highly personal and the wage rate is governed not be demand and supply in a strict sense, but by customary rates in cash and/or commodity terms. In view of this, hired labour in this study refers to the one being used for others regardless of the nature of transaction, be it traditional or modern. Also "hired labour household" used in this study refers to a household earning more than 50 percent of income from hired labour and/or spending more than 50 percent of mandays on hired labour in agriculture sector.

Household as a unit of observation is crucial in Haryana, not only because a household is a unit of production and consumption, but because most hired labour households are multi-occupational. Since hired labour is supplied also by
farming households, the data showing the exact magnitude of hired labour and hired labour households are not yet uniformly available.

Objective of the study

The present study attempts to analyse various issues pertaining to hired labour in the context of the functioning of rural labour markets. Based on primary and secondary data, the study concentrate on a diagnosis of salient features of rural labour market in Haryana economy. In the process of investigation the basic nature of hired labour market in this economy, the following issues are examined in some details:

1. To analyse the levels of income and the trends in agricultural wage rates in the state of Haryana and to examine the inter-district variations in the wage rates.

2. To analyse the structure and contractual arrangement of rural labour market in Haryana.

(i) What types of contracts of labour are there in Haryana?

(ii) How the different aspects of contractual labour have been changing over time and the factors behinds it?
(iii) Which system of contract is rising, which system following and resumed for this change?

3. Impact of technological changes on hired labour.

(i) Mechanization in the form of tractors, thrashers etc. and labour displacement on farms.

(ii) To study the complementarity between irrigation, HYV and material inputs (Fertiliser and pesticides etc.) and labour use.

4. To study the factor which originate and influence the demand for and supply of labour and their impact on wage rate. A possible inverse relationship between farm size and per acre labour use.

5. The objective would also be to trace the potentiality of labour absorption capacity in agriculture sector.

6. To make certain suggestions for the better formulation and implementation of development policy in future so that the problems of poverty and unemployment can be tackled with in a better way in rural Haryana.
Need and Justification of the present study

The reason, why we have decided to study hired labour problems in Haryana can be spelled out as follows.

Firstly, it is important but often forgotten, that village community in Haryana contain a sizable number of farming as well as non-farming households who earn a major part of income by working for others. Hired labour is generally derived from both landless households as well as small / marginal households who tend to supplement their income through wage earnings. The proportion of hired labour households is seen to range between 20 to 60 percent of the total households in village community.

Hired labour households have been continuously neglected by policy makers as well as by the academic community and this indifference has been due to the following:

(i) Increment of agricultural production has been the prime concern of the agro-based food deficit societies.

(ii) Development of urban based modern manufacturing sector was expected to absorb surplus labour force in rural area.
(iii) Hired labour households in village communities have been assumed to be under the protection of traditional community relations second, shift of policy emphasis from institutional reforms in the 1950s and early 60s to technological advancement in the latter part of the 1960s and 70s resulted in the rapid increase in crop production in Haryana. In the process, however, two important expectations of policy makers and academicians were betrayed. One is reflected in the desperately low growth of labour absorptive capacity of the modern industrial (in particular manufacturing) sector in the face of high rate of population growth. The other is the fact that the benefits of new technological advancement in the crop sector have been shared mostly by land owners in the irrigated areas.

Third, institutional reforms introduced in 1960s and early 70s were not designed to give solutions to problems of hired labour households in rural areas. Moreover, their socio-economic status seems to have become unstable after the introduction of new technologies in agriculture, rapid liquidation of traditional community relations and conversely
rapid penetration of market relations in agrarian economy and slow growth of demand for hired labour under the present choice of institutional and technological arrangements.

Fourth, the study on hired labour households would provide us an opportunity to re-examine the validity of various assumptions behind development economics in relations to the nature and function of the rural labour market.

Methodology

An appropriate and relevant research methodology plays an important role in the research. Without an appropriate methodology, the researcher is not able to test the hypothesis and the right conclusions can not be drawn. Methodology relates to the tools, techniques, sources of data and the method of research approach used in the study.

The present study is based on secondary and primary data. Secondary data has been obtained from various sources (i) agricultural wages in India, published annually since 1951-52 by the ministry of Food and Agriculture; (ii) the National Sample Survey data from Rural Labour Enquiries in 1950-51, 1956-57, 1963-64, and 1970-71; and (iii) the data from various studies in farm management (SFM) carried out at different dates in selected
districts by the Department of Economics and Statistics of the Ministry of Food and Agriculture. In all these sources, the wage rates data is meant to be for the total cash equivalent of all the payments made to the labour. The data used on the money wage rates of the field labour have been collected from the records of the Krishi Bhawan, New Delhi; which are published in Agricultural wages of India, We have also used the data on consumers price index number for the agricultural labour (ACPT) provided by Labour Bureau Sample in their annual publication on Indian Labour Statistics. Further we have used Data from Statistical abstract of Haryana.

The purpose of the present study has been to analyse the hired labour market within the rural labour market of Haryana under different sets of conditions. For such an empirical study three areas were selected on the basis of the following criteria:

Area 1: An area of low agricultural growth
Area 2: An area of relatively high agricultural growth
Area 3: An area near to an industrial centre.

A study of the first two areas indicated above would provide one with expectedly important information on how the hired labour market is affected by the level of agricultural
growth. The third area to be studied, which would be in close proximity to an industrial centre, would throw light on the ways in which the hired labour market is affected by a relatively greater prospect of obtaining employment outside these areas. It was assumed that the industrial centre would enhance the prospects of employment for the labour force living in the adjacent rural areas.

The tehsil Loharu of Bhiwani district and Karnal district were selected to be the districts from which the sample areas were to be chosen to represent the low agricultural growth area and the relatively high agricultural growth area respectively. The selection of these districts was done in conformity with the criterion set earlier. In both of these areas one village from each area was chosen on random sample basis of population about 300 households including farmers, labourers and others.

As an area enjoying nearness to an industrial centre a third village was chosen from the outskirts of the industrial town Bahadurgarh of Rohtak district which are situated near to Delhi. It could be reasonably assumed that people from this village would have relatively greater prospects of obtaining employment in the city. (In Bahadurgarh town, in industries or
A comprehensive study of the hired labour market would necessitate the gathering of information not only from those who would be willing to sell their labour in the labour market, but also from those who would be interested in buying such labour. In other words, information on both employees and employers would be necessary. Therefore, it was decided that in each village, each and every household who are engaged in agricultural activities (directly or indirectly) should be surveyed through questionnaires meant for employers and labourers separately (copy enclosed). The total number of households surveyed in the three areas were 239 in the 1st area 291 in the 2nd area and 232 in the 3rd area with a total population of 1666, 1502 and 1353 in the three respective study areas. In order to make useful observations and to arrange and calculate the data in a systematic order code sheets have been used. The statistical methods generally used in the study are: variance, classification and reclassification of data, proportional and averages.

Chapter outline

We now briefly state the specific contents of our study.
The study begins with an introduction to the state of Haryana. After introducing Haryana state, the statement of the problem has been given. Further, in this chapter, objective, need, methodology and limitations of the study have been pointed out. It is also considered essential to give a brief design of the study.

In chapter 2, we have reviewed the existing literature and defined the main theories of wage determination in rural labour market. In these theories, we have confined ourselves to brief remarks on the most relevant and important ones. Further, the issues to be investigated has been given.

Agricultural labour is one of the category of the population in which unemployment is acute. Since no data are available on trends in the quantum of employment available to agricultural labourers, the only other important variable determining the income of agricultural labour households is the wage rate. Therefore, chapter 3 is devoted on an analysis of levels and trends in agricultural wage rates in the state of Haryana. An explanation of inter district variations within the state is also attempted.
In chapter 4, the socio-economic conditions of the study area has been described. In this chapter, the location of the study area, living standard of the people, their live stock possession, their income pattern and castewise distribution of the different study villages has been given.

Chapter 5, analyses the mechanism of contractual arrangements between the employers and agricultural labourers in Haryana by taking into account the type of crops grown, prevailing technology and other characteristics of economic and social environments including external interventions such as in migration of labour. The emphasis is on examining the way contractual arrangements cope with or adjust to the process of change.

Chapter 6, deals with different labour absorbing factors like cropping pattern, technological change, size of the farm which are affecting labour absorption.

The concluding chapter 7 summarises the main points of this study and suggests certain elements of reality in the context of the labour market of Haryana. In the last section of
this chapter, some policy implications have given so that the problems of poverty and unemployment in the agricultural labour can be tackled with in a better way.

Limitations

During the conduct of field survey some respondents refused to give information out of the fear that the response might not cause harassment / harm afterwards. Some of the respondent households had a tendency to conceal their information, particularly, regarding their borrowing and in course from the private sources.

All the respondents have told the estimated cost and income because they have no written statement of their expenditure and income. Therefore, it created a problem for determining the exact income per Acre and Exact cost per Acre. Further, they have no record of labourers employed per crop or per year. They gave the general idea about the labourer employed by them. In the same way, the labourers (casual) have no record of their employment in a year or in a month.