CHAPTER - II

CONCEPTS AND REVIEW OF LITERATURE

Definition of the concepts and review of literature would help the researcher to understand the present study in its proper perspective. So in this chapter, the researcher has presented the working definitions of different concepts used in this study and reviews related with this research topic.

Agricultural Labourer:

Agricultural labourers are those who are employed for carrying out agricultural operations on a temporary or permanent basis. Sharma classified agricultural labour on two basis; one, the mode of work and payment and two, the sex. On the basis of the mode of work and payment, he classified agricultural labour into: 1) Family labour, 2) Permanent labour, 3) Casual labour or daily wage labour and 4) contract labour. On the basis of sex, he divided agricultural workers into male workers and female workers. Family labour was related to the labour extracted in the farm from the family and for which no direct payment was made. Under this category, only those family members who devoted their time for farming purposes were considered. Family workers would be of different nature: (i) those who work full time in the
farm and whose labour was available round the year. (ii) those who devote only a limited time in the farm and doing part time job off the farm and (iii) heads of families doing just organisational works in the farms with their main occupation being in non-agricultural sectors.¹

According to the National Commission on Labour, agricultural labour consisted of two categories. They were (i) landless agricultural labourers and (ii) very small cultivators whose main source of earnings was through wage employment. As such, landless labour yielded itself into two broad categories: (a) permanent labour attached to a cultivating household and (b) casual labour. Casual labour is again sub-divided into three groups namely (i) cultivators, (ii) share croppers and (iii) lease holders. Cultivators were those who possess very little land and devote most of their time working on the lands of others as labourers. Share croppers were those who share the produce of the land for their work and also work as labourers. Lease holders were those who not only work on leased-in land but also work as labourers.²


The Reforms Committee of the Indian National Congress classified agricultural labour as (i) field labour, (ii) ordinary labour and (iii) skilled labour. Field workers include ploughman, reapers, sowers, weeders and transplanters. While a majority of them were engaged in seasonal type of work, some of them were employed round the year. Ordinary labourers were employed in building embarkments, digging wells, and other jobs. Skilled labourers include carpenters, mason, blacksmiths and others who were employed by the cultivators at the same rates as agricultural labourers.\(^3\)

The Report of the Intensive Survey of Agricultural Labour made a distinction between 'attached' and 'casual workers'. Attached workers were those who were employed for a period of time under some sort of contract with the employers and in whose case the mode of payment was determined by customs and tradition. Generally, they were to work for their employers and were not free to seek employment elsewhere. The casual workers were free to leave the job for another, at their will and were paid at the market rate. In Tamilnadu, attached workers were engaged for the whole year or for a period during the busy season which would run from three to six months. Casual

\(^3\)Ibid., pp.114-15.
workers were engaged either on time or on piece rates. In this study, Casual Agricultural Labourers were those who were employed and paid either on a daily basis or for any specific agricultural operation and the labour had every right to change his job whenever he wanted to do so. This study confined to landless agricultural labourers only.

**Agricultural Wages:**

It was the reward paid to the agricultural labourers operations, either in kind or cash, or both, for different operations.

**Operations:**

It consisted of the different types of work undertaken in agriculture such as ploughing, levelling, sowing, plucking of seedlings, planting, weeding and harvesting.

**Wage Differentials:**

It was defined as the wage differences that arises between time, place, operations, labour groups and sex. It also included the wage differentials between actual wage paid and Minimum or Fair Wage fixed by the Government.

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**Wage Rate:**

It was the amount received by an agricultural labourer for a particular operation at a particular point of time. It included the payment received in kind or cash or both.

**Wage Structure:**

Wage rates paid to the casual labourers for carrying out different agricultural operations in a particular region, in a particular period.

**Same Work:**

It was defined as the work that required similar or the same skill, effort and responsibility when performed under similar working conditions.

**Green Revolution:**

It was the term used for describing the manifold increase in India’s farm production and productivity, consequent to the adoption of the ‘New Agricultural Strategy’ since the late-sixties.

**Wage Policy:**

Wage policy referred to “Legislation or Government action calculated to affect the level or structure of wages, or both, for the purpose of obtaining specific objectives of social and economic policies”. The main social
objectives were, the elimination of exceptionally low wages; the establishment of labour standards and the protection of wage earners from the effects of rising prices. The economic objective was to establish a level and structure of wages conducive to accelerate economic growth so that in over populated countries like India, the wage policy would not be left to market forces and the Government had to intervene to protect the workers against exploitation.\(^5\)

**Minimum, Fair and Living Wages:**

The “Fair Wage Committee” distinguished between three levels of wages - minimum, fair and living wages. A 'Minimum Wage' must provide for the bare subsistence of life with provision for education, medical benefits, and other amenities. A 'living wage' in addition to minimum wage would provide for some frugal comfort, children’s education, protection for health, requirements of essential social needs, and insurance against misfortunes. While the lower limit of a “Fair Wage” must be the Minimum Wage, the upper limit was set by the “Capacity of the industry to pay”.\(^6\)


With the view of protecting the interests of agricultural labourers in India, the "Minimum Wage Act" came into force on the 15th of March 1948. This Act provided for the fixation of Minimum Wages in certain employment specified in schedule to the Act. The employments in the schedule were those where sweated labour was most prevalent or where there was a big chance of exploitation of labour and the part II of the schedule deals with employment in agriculture, i.e., with agricultural labour.⁷

**Minimum Wages in Agriculture in Tamilnadu:**

The state Governments were “required to fix minimum wages for agricultural workers before the expiry of three years in case of an employment specified in part II of the schedule, or two years in any other case, from the commencement of this Act, or as the case may be, from the date of the notification. It should be revised at such intervals as it would think fit, and such intervals should not exceed five years”.

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Notification. I:

In exercise of the powers conferred by the clause(b) of sub section 1 of section 3 and sub section (2) of section 5 of the Minimum Wages Act, 1948 (Central Act XI of 1948) the Governor of Tamilnadu is empowered to revise the minimum rates of wages, in respect of the employees engaged in the employment in Agriculture and works Ancillary to Agriculture in the State of Tamilnadu.

Tamilnadu Government also fixed the minimum wages for agricultural labourers. The Minimum Wages Rules of Tamilnadu were notified and they were called the "Minimum Wages (Tamilnadu) Rules, 1953. Subsequently orders were passed regarding minimum wages in 1959, 1976, 1978, 1979, 1980, 1983, 1987, 1989, 1990 and 1993. In 1979 for the first time, the Government had fixed monthly wages for attached labourers/resident labourers at Rs. 210 per month. In 1980 Labour and Employment Department

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## TABLE-I

### MINIMUM RATES OF WAGES PER DAY AS PER SCHEDULE - 1

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Employee engaged in ploughing with bullocks and plough supplied by him</td>
<td>32</td>
<td>38</td>
<td>38</td>
</tr>
<tr>
<td>2.</td>
<td>Employee engaged in ploughing with bullock and ploughs not supplied by him</td>
<td>16</td>
<td>19</td>
<td>22</td>
</tr>
<tr>
<td>3.</td>
<td>Employees engaged in harvest in respect of paddy crop (reaping, thrushing, winnowing, measuring and bagging)</td>
<td>16</td>
<td>19</td>
<td>22</td>
</tr>
<tr>
<td>4.</td>
<td>Employees engaged in harvest in respect of crop other than paddy</td>
<td>16</td>
<td>19</td>
<td>22</td>
</tr>
<tr>
<td>5.</td>
<td>Employees engaged in a) Harvesting, b) Plucking and replanting, c) Weeding</td>
<td>16</td>
<td>19</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15</td>
<td>18</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td></td>
<td>14</td>
<td>17</td>
<td>20</td>
</tr>
<tr>
<td>6.</td>
<td>Employees engaged in other agricultural operations (including trimming bunds, fields, climbing trees, bee-keeping, poultry farming and dairy)</td>
<td>16</td>
<td>19</td>
<td>22</td>
</tr>
</tbody>
</table>

**Source:**

**Note:**
- @ Cash or cash value of the workers of share is $\frac{1}{8}$th of the gross yield of produce or which ever is higher.
- M.W. - Minimum Wage

**Explanation:**
1. Every minimum rate of wage specified in the schedule-1 was all-inclusive rate allowing for the basic rate, cost of living allowance and the cash value of concession, if any, but it did not include the cost of food, if any, supplied to the employees and hence the cost of food should not be deducted from the minimum rates of wages paid to the employees.

2. Where the same work or work of a similar nature was performed, no distinction in the payment of wages should be made as between men and women workers.
brought silviculture (Employment in forestry) also into the Minimum Wage Acts purview.¹⁰

NOTIFICATION. II:

Whereas it had been the custom in certain parts of the State of Tamilnadu to pay wages wholly or partly in kind, for certain classes of employment in agriculture, and whereas the Governor of Tamilnadu had considered the advice of the Committee appointed under clause (a) of sub-section (1) of section 5 of the Minimum Wages Act 1948 (Central Act XI of 1948) was of the opinion that it was necessary to authorise the payment of minimum wages either wholly or partly in kind for employment in agriculture. Now, therefore, in exercise of the powers conferred by sub-section (2) of section 11 of the said Act, the Governor of Tamilnadu hereby authorised the payment of Minimum Wages either wholly or partly in kind for the classes of employment in agriculture for which minimum rates of wages had been fixed in the Labour and Employment Department. (Notification 2nd April 1969). G.O. Ms. No. 633 published on 3rd April 1989 provided that:-

¹⁰G.O.Ms. No. 2094 Labour and Employment Department, 16th Sep., 1980.
(1) Where minimum wages were paid either wholly or partly in kind, such wages should not be less than the minimum wages fixed by the Government.

(2) The cash value of the minimum wages payable in kind should be estimated in accordance with the provisions of rule 20 of the Minimum Wages (Tamilnadu) Rules, 1953.

The Notification came into force on and from the 3rd April, 1989.\textsuperscript{11}

NOTIFICATION. III:

In exercise of the powers conferred by clause(a) of sub-section(1) of section 13 of the Minimum Wages Act, 1948 (Central Act XI of 1948), the Governor of Tamilnadu, after having considered the advice of the Committee appointed under clause(a) of sub-section (1) of section 3 of the said Act, in regard to the fixing of the number of hours of work for employment in agriculture as specified in Part II of the Schedule to the said Act, hereby fixed the number of hours of work which should constitute a normal working day, exclusive of the time taken for meals, rest and other purposes, as specified in column(2) of

TABLE-II
NUMBERS OF HOURS OF WORK PER DAY

THE SCHEDULE

<table>
<thead>
<tr>
<th>Class of employees</th>
<th>Number of hours of work per day</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
</tr>
</tbody>
</table>

1. All employees engaged in employment in agriculture except those engaged in ploughing. 7
2. Employees engaged in ploughing. 5

the Schedule to each class of employees specified in the corresponding entries in column (1) thereof employed in the said employment in the State of Tamilnadu.

The Notification hereby made and it should come into force on and from 3rd April 1989.

NOTIFICATION. IV:

In exercise of the powers conferred by sub-section(2-A) of section 26 of the Minimum Wages Act, 1948 (Central Act, XI of 1948), the Governor of Tamilnadu, hereby directed the provisions of sections 3 and 5 of the said Act
should not apply to such of those employed in agriculture as specified in part II of the Schedule to the said Act, who were in receipt of wages higher than the minimum rates of wages fixed under the said Act, subject to the condition that the said employees continue to receive such higher rates of wages. \(^\text{12}\)

**Fair Wage Act:**

Tamilnadu Agricultural Labourers Fair Wages Act 1969 had been in force since 1969 in the following eight Taluks of Thanjavur District.


The Tamilnadu Agricultural Labourers Fair Wage Act, 1969 owed its origin to the report of the Ganapathiya Pillai Commission which went into the question of unrest among the agricultural labourers of East Thanjavur, regarding the low wage rates paid by the farmers. In order to solve the problem “Fair Wage” Act was passed only for the agricultural labourers of East Thanjavur. The summary of the certain Fair Wage Acts viz., 1979, 1980, 1985, 1993 are given in Tables-III and IV.

TABLE - III  

FAIR WAGE RATES PER DAY

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Class of Employees</th>
<th>1979*</th>
<th>1980**</th>
<th>1985***</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
</tr>
<tr>
<td>1.</td>
<td>For persons engaged</td>
<td>seven liters of</td>
<td>seven liters and</td>
<td>seven liters of</td>
</tr>
<tr>
<td></td>
<td>in ploughing, sowing,</td>
<td>paddy and Rs. 2.80/</td>
<td>paddy and Rs. 2.80 per day</td>
<td>paddy and Rs. 2.80 per day</td>
</tr>
<tr>
<td></td>
<td>plucking of seedlings,</td>
<td>per day or</td>
<td>or</td>
<td>or</td>
</tr>
<tr>
<td></td>
<td>farming, trimming and</td>
<td>Rs. 7.20/per day</td>
<td>Rs. 9.00/per day</td>
<td>Rs. 11/per day</td>
</tr>
<tr>
<td></td>
<td>maintenance of lands</td>
<td>for sowing and</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>for sowing and</td>
<td>transplanation,</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>transport by manual</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>labour of inputs or</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>produce</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>For persons engaged</td>
<td>Six liters of paddy</td>
<td>Six liters of paddy</td>
<td>Six liters of paddy</td>
</tr>
<tr>
<td></td>
<td>in transplantation,</td>
<td>and Rs. 1.80/per day</td>
<td>and Rs. 1.80/per day</td>
<td>and Rs. 1.80/per day</td>
</tr>
<tr>
<td></td>
<td>weeding or other</td>
<td>or</td>
<td>Or</td>
<td>or</td>
</tr>
<tr>
<td></td>
<td>agricultural</td>
<td>Rs. 5.69/per day</td>
<td>Rs. 7.00/per day</td>
<td>Rs. 8.00/per day</td>
</tr>
<tr>
<td></td>
<td>operations not</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>specified</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Non-Adults All</td>
<td>Four liters of paddy</td>
<td>Four liters of paddy</td>
<td>Four liters of paddy</td>
</tr>
<tr>
<td></td>
<td>agricultural</td>
<td>and Rs. 1.60/per day</td>
<td>and Rs. 1.50/per day</td>
<td>and Rs. 1.50/per day</td>
</tr>
<tr>
<td></td>
<td>operations</td>
<td>or</td>
<td>Or</td>
<td>or</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rs. 4.00/per day</td>
<td>Rs. 5.00/per day</td>
<td>Rs. 6.00/per day</td>
</tr>
</tbody>
</table>

Source:

* G.O.Ms. No. 420, Revenue Department dt. 24.02.79.
** G.O.Ms. No. 2399, Revenue Department dt. 16.10.80.
*** G.O.Ms. No. 881, Revenue Department dt. 13.06.85.

Note:

1) Ploughing would not include provision of bullocks and plough by the labourer.
2) Hours of work for all operations other than ploughing would be seven hours per day and for ploughing five hours per day.
3) Persons required to work at night shall be paid fifty per cent additional wages.
TABLE - IV

FAIR WAGE RATES PER DAY

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Class of employees</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>For persons engaged in ploughing, sowing, farming, trimming, transplantation or other agricultural operations and maintenance of lands and channels, preparation of land for sowing and transplantation, transport by manual labour of inputs or produce</td>
<td>7 liters of paddy + Rs. 9.20 per day or Rs. 22/per day</td>
</tr>
<tr>
<td>2.</td>
<td>For persons engaged in plucking of seedlings and replanting</td>
<td>7 liters of paddy + Rs. 8.20 per day or Rs. 21/per day</td>
</tr>
<tr>
<td>3.</td>
<td>For persons engaged in weeding</td>
<td>7 liters of paddy + Rs. 7.20 per day or Rs. 20/per day</td>
</tr>
<tr>
<td>4.</td>
<td>Non-Adults All agricultural operations</td>
<td>7 liters of paddy + Rs. 3.70 per day or Rs. 11/per day</td>
</tr>
</tbody>
</table>

Source: G.O (2D) No. 15 Labour and Employment Department dated 6.4.93.

Note:
1) Ploughing would not include provision of bullocks and ploughs by the labourer.
2) Hours of work for all operations other than ploughing would be seven hours per day; for ploughing five hours per day.
3) Person required to work at night shall be paid fifty per cent additional wages.

The only difference between the Minimum Wage Act of 1993 and the Fair Wage Act of 1993 was that the labourers of East Thanjavur who were enjoying the Fair Wage Act, either they could get a part of their wage in kind and cash or they could get the entire wage in cash. The labourers in the West Thanjavur however could get wages only in cash except for harvest operations. The cash wage fixed by both the Acts were one and the same for similar
Operations. However if the labourers were paid in kind, the real wage would be a little higher in comparison with labourers receiving cash wage. In that respect, East Thanjavur labourers would get higher wages than West Thanjavur labourers. With respect to the number of hours of work per day, it was one and the same for both the areas.

In Thanjavur District, since the Minimum Wage Act, Fair Wage Act and Equal Remuneration Acts of Tamilnadu were in force, it provided an opportunity to study the scope, limitations, problems and consequences of above Acts with particular attention to wage differentials between the East and the West Thanjavur and its effect over employment opportunities.

EMPIRICAL ANALYSIS OF AGRICULTURAL WAGES:

Various empirical studies had been undertaken regarding agricultural wages and they were classified as follows:

1. Studies pertaining to trade union movements and its effects on wage payments among agricultural labourers.

2. Studies focusing on the trend of money wage and real wage of agricultural labourers.

3. Studies dealing with wage differentials between male and female agricultural labourers.
4. Studies conducted to examine the factors influencing agricultural wages.

5. Studies related with minimum wages paid to agricultural labourers in various States of India.

6. Studies related with non-farm sector and agricultural wages in various states of India.

Trade Union Movements and Wage Payments:

Land owners, cultivators and labourers were the principal sections of the society involved in agriculture. Among these three groups, most often, the friction was between cultivators and agricultural labourers which centered around the issue of wages. It had been widely believed that conflicts were generated mainly because of inequality in the material conditions of existence.\[^{13}\]

The areas of unrest were not uniformly distributed throughout the country and the degree of concentration was very high in the rice producing regions of East and South India. The areas of unrest was particularly noticed in large

areas of West Bengal, Kerala and in some parts of Andra Pradesh and Tamilnadu.\textsuperscript{14}

The simmering discontent between landlords and agricultural labourers in the countryside had come in handy for the political parties to politicize the situation. Leftist political parties (CPI, CPM) had entered the villages in a big way and were busily engaged in the unionization of agricultural workers against land lords. This had led to inevitable clash and bloodshed in many places.

In Punjab, in the summer of 1970, several prominent landowners were murdered. In Tamilnadu, striking labourers were burned alive and murders, violent clashes, looting, gherao and forcible occupation of land become the order of the day.\textsuperscript{15}

In Maharashtra the “Salyashodhak” led agitation and the Kisan Sabha Movement were very significant which struggled against exploitation of

\textsuperscript{14}Ibid., p.189.

landlords in 1944. Burdened by the rise in prices (up by 400%) and extremely low wages, they went on strike for higher wages.\(^{16}\)

The Bhoomi sena was another agricultural labourers organisation of tribals in Thana District of Maharashtra. They concerned essentially with the implementation of minimum wage laws, alienation of tribals from ancestral land and abolition of bonded labour.\(^{17}\)

In Kerala, Kuttanad and Palghat were the two rice bowls of the State, where trade unions among agricultural labourers were powerful, militants and had been in existence for a long time. Organised labour movement among the agricultural labourers was relatively a recent phenomenon in Palghat, compared to the case of Kuttanad. Powerful labour organisations began emerging only around 1968, while in Kuttanad, similar situations had developed in the early forties.\(^{18}\)


\(^{17}\)Ibid., pp.106-107.

On 6th May, 1973 under the leadership of the Top Naxalite leader Ramewar, Agricultural labourers struggled against landlords for increased wages since the price rise went beyond their means. This led to death of 3 labourers and left many injured when police fired nineteen rounds on them. After several attacks on police and landlords, on 4th June 1975, the State Government set up a Social Injustice Eradication Committee in order to offer equitable wages. However wage had not increased.\(^\text{19}\)

In Thanjavur District, East Thanjavur had been the theatre of series of wage agitations led by the Communist Party of India since 1939. The labourers demanded higher wages to cope with the increase in the cost of living and conducted processions in different parts of the district. Due to the unrest, a conference of agricultural labourers was held in Thanjavur around the time of World War-II and the wage was increased by 20 per cent. Subsequently again labourers demanded higher wages, which led to the Mannargudi Agreement in 1944. This agreement enhanced the daily wage of men and women agricultural labourers.

Since many landlords violated the agreement of 1944, labourers in many parts of East Thanjavur renewed their agitations. In 1946, Government appointed the District Sessions Judge to inquire into the labour-cultivator

\(^{19}\)Aravind N.Das, V.Nilakant., \textit{op cit.}, pp. 222-229.
disputes. After examining the various aspects of the dispute, the judge was in favour of higher wage rate for labourers. It naturally contributed to the further growth of labour union which continued its struggle. Police firing, mass arrests of labourers and their leaders were common during 1947. In 1948 Mayuram agreement was signed and the labourers received a further increase in wages.

During 1950s there were widespread agitation by labourers demanding permanency in employment and regulations on working conditions. In order to regulate the relationship between the labourers and the cultivators, Government of Madras passed the ‘Thanjavur Cultivating Tenants and Pannyal’s Protecting Act’ in 1952.

For a decade after the Act came into force, there was relative peace in Thanjavur except in certain areas wherever cultivators refused to pay the agreed wage.

Once again in 1965-66 there was unrest in Thanjavur district when the labourers demanded higher wage rates. This resulted in the signing of the Mannargudi Agreement in 1967 and Thanjavur Agreement in 1968 by the representatives of the labourers and the cultivators.
According to Manargudi Agreement 1967, cultivators should pay 10 per cent of their harvest grain as a wage to the harvester. By the Thiruvarur Agreement 1968, the wage of male labourer was fixed at six litres of paddy plus Rs.1 and five litres of paddy and 25 paise for women.

However in many parts of Thanjavur, cultivators were unwilling to pay the agreed wage rates. In some places cultivators manipulated the measure used for wage payments. So the labourers with the help of Communist Party of India (CPI and CPM) continued their agitations which reached a boiling point in 1968. In December 1968 at Kilvenmani in the Nagapattinam taluk, 42 persons belonging to agricultural labourers were burnt to death by the goondas set up by local landlords, in response to a claim for higher wages.

Immediately, in response to the tragedy, Government appointed a Commission to inquire into the agrarian labour problems of East Thanjavur under S. Ganapatia Pillai, a District Judge. The Commission recommended wage rates for each and every agricultural operation such as ploughing, transplanting, weeding, harvesting etc.

As per the recommendations of the Ganapatia Pillai Commission, Tamilnadu Agricultural Labourers' Fair Wage Act had been passed in 1969 in the six taluks of East Thanjavur.
The daily wages recommended by Ganapatia Pillai were revised from time to time by series of agitations in the 1970's. The labourers were able to achieve further increase in the wage rates in 1972 with the help of Communist Party of India (CPI and CPM).20

There was a major strike in 1978 by the agricultural labourers under the leadership of CPM.21 This problem is still continuing till date in the taluks of East Thanjavur.

The Third Annual Conference of the Tamilnadu Agricultural Labourers Movement (TALM) held at Madurai on 28.10.96 called upon the Government to implement Land Ceiling Act efficiently and distribute surplus land. TALM called for payment of pension for the farm workers attaining 58 years of age and a sum of Rs. 20,000 as compensation to those dying at work.

The conference had mentioned that in Tamilnadu, men and women workers did not enjoy wage parity. The conference had urged the State Government to pass an Employment Guarantee Act for rural workers on


the line of the one in Maharashtra State. Arunachalam, the Hon'ble Minister of Agriculture who delivered his speech on that conference condemned the land owners who had shot down 21 agricultural labourers in Bihar since labourers demanded minimum wages as fixed by the Bihar Government. In order to give justice, "The minister asked the union leaders to suggest right persons to conduct enquiry regarding the murder of 21 labourers in Bihar."  

Trend of Money Wages And Real Wages:

Shirras studied the trend of wages in Bombay Presidency for a period 1900 to 1922 and found that while the real wages had raised both in urban and rural areas but it had slightly fallen in case of agricultural labourers.  

Sridhar attempted to examine agricultural wages in relation to rural cost of living in Uttar Pradesh from 1939 to 1947. He found out that there was a significant rise in the money wages but the cost of living index climbed up more rapidly than money wages.

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22 The Hindu, Madurai, oct 30, 1996, (wed).
The 1974-75 Rural Labour Enquiry revealed that the increase in money earning of men belonged to agricultural labour households since 1964-65 and had been more than neutralised by the increase in prices. At the All India level, real earnings had decreased by 12 per cent.25

Report of the National Commission on Agriculture observed that the level of real wages of agricultural labourers had not shown any significant improvement during 1960-61 to 1969-70 for many States except in the case of Punjab and Kerala. On the other hand, real wages declined in Karnataka, Madhya Pradesh, Assam, Orrisa and Gujarat.26

Bardhan observed that in many parts of India, wage rates of agricultural labourers did not keep pace with the increases in agricultural productivity and cost of living.27


According to the Directorate of Economics and Statistics, the money wage rates had registered a significant increase in every state during 1956-57 to 1964-65. But in real terms however, wage rates had declined in 7 out of the 11 States.  

Misra and Gupta analysed the money wages, real wages and productivity of the crops during 1960-61 to 1968-69 in Gujarat. They observed that real wages declined in most of the districts even though the productivity of crops increased. Bardhan compared Punjab with Kerala in terms of the change in money and real wage rates from 1956-57 to 1964-65 by using NSS data on agricultural wages and Labour Bureau’s Consumer Price Index for Agricultural labourers. He found out that there was a considerable rise in the real wage rate in Kerala over the period and a decline in Punjab inspite of its production growth being higher.

\[28\] Report of the National Commission on Agriculture, part XV, op.cit., pp. 242,244

\[29\] V.N.Misra and S.B.L.Gupta “Productivity, wages and its Determination in Gujarat. An Inter District Analysis”, Indian Journal of Agricultural Economics, XXIX(I), July - Sep 1974, pp. 22 - 34.

\[30\] Kalpana Bardhan, “Rural Employment, wages and labour Market in India”, Economic and political weekly, July 2, 1977, p.1071.
Rath and Joshi argued that the sharp increase in the price of staple cereals was not necessarily accompanied by compensating or even sizable increase in wage rates. In the short period, wages appeared to take time to adjust and that to, only if the changed price level tends to persist over a long period.\textsuperscript{31}

Grewell and Bal examined the trends in real rates in Punjab for three operations namely ploughing, harvesting and weeding for the period 1956 to 1972. He observed that there was no significant rise in real wages for ploughing and harvesting. The increase was, however, significant for weeding operation. Thus, on the whole, the real wage rates showed no increase during the period 1956 to 1972.\textsuperscript{32}

Atharale fitted linear and quadratic regressions for the data of money wages from 1960-61 to 1972-73 in four villages of Madhya Pradesh. He observed that money wage doubled but real wage declined.\textsuperscript{33}


\textsuperscript{33}G. Parthasarathy, “Rapporeteur’s Report on wages and incomes of the Weaker Sections in Rural India”, \textit{Indian Journal of Agricultural Economics}, XXIX (3), July - Sept, 1974, p. 81.
Santra’s districtwise examination for Tamilnadu showed a positive rate of growth in real wages for 1956-71. In eight out of the ten districts, the rate of growth in real wages was less than 3 per cent. One of the two districts that witnessed negative growth rate during the Green Revolution period was Thanjavur.\textsuperscript{34}

Sarthi Acharya analysed real wages of agricultural labourers in 58 regions of India, over a period of 15 years from 1970-71 to 1984-85. He concluded that the high wage states like Punjab, Haryana, had not witnessed any significant growth in real wage rates. States like Rajasthan, Himachal Pradesh, Uttar Pradesh which had a moderately high wage in early seventies experienced medium growth in real wage rates and generally low wage states like Madhya Pradesh, Andra Pradesh experienced high growth rate. Most of Maharashtra, parts of Orissa, Northern Karnataka, Bihar and coastal Tamil Nadu had been low wage areas in early seventies and they witnessed only moderate growth during this period\textsuperscript{35}.

\textsuperscript{34}Ibid., p.83.

Krishnan studied the money wages and real wages of agricultural labourers of 15 states of India for selected years 1960, 1970, 1980, 1984 and 1987. He observed that the real wage has increased over a period of time in all fifteen states. In 1960, Assam, Gujarat, Karnataka, Punjab, Uttar Pradesh and West Bengal had higher money wages and higher real wages than Kerala. This position has changed significantly and by 1987 only Punjab, Haryana and West Bengal had higher wage rates than Kerala.

Sen, based on data from Agricultural Labour Enquiries for 1964-65 and 1974-75 and National Sample Survey (NSS) data for 1977-78 and 1987-88, found that there was real rise in the real wages in different states of India.

Parthasarathy studied real wages of agricultural labourers for nine states for the years 1985-86 to 1993-94 at 1985-86 prices. He had concluded that in all centres, money wages showed an increase. Regarding real wages, many centres did not show significant rise in the growth rate of real wages. Out of 26 centres


observations, a significant rising trend is noted only in 16 observations. He further observed that changes in movement of real wages from year to year had not been smooth. Secondly, the rate of growth of real wages is perceptible only in irrigated areas. The rate of growth of real wages in most states fell behind corresponding rate of growth, either the agricultural production or per capita income.

Jose analysed agricultural wages in various states from the agricultural year 1970-71 to 1984-85 by using the data collected from agricultural wages in India (AWI) annually published by the Directorate of Economics and Statistics. According to him the index of real wages for agricultural labourers started increasing only after 1983-84. Some of the states that witnessed increased real wage rate were Madhya Pradesh, Orissa, Punjab, Rajasthan, Uttar Pradesh, Andhra, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh and Karnataka.

The annual money-wage earnings of agricultural labour rose steadily and sharply between 1956-57 and 1977-78 for both males and females in all states. The annual real wage earnings per agricultural labourer, both male and female increased at a much slower pace than money earnings. In fact real wage fell


\[ \text{39 A.V. Jose, "Agricultural Wages in India", Economic and Political Weekly, June 25, 1988, pp. A54-A55.} \]
between 1964-65 and 1974-75 and rose again in 1977-78 at the all India level and in most states. The sharp increase in prices and fall in days of agricultural employment per worker between 1964-65 and 1974-75 led to a deterioration in the annual real wage earnings in 1974-75. However, the rise in agricultural output, fall in prices in 1977-78 and increased availability of employment appear to have boosted the real wage earnings of agricultural labourers in that year.

**Wage Differentials Between Male And Female Agricultural Labourers:**

Sex discrimination in wages was not just an Indian fact of life but common in most parts of the world, whether developed or undeveloped. Discrimination was practised largely in two ways. One was to pay less to women for the same type of work and other was to restrict them to low paid unskilled jobs.

Women labourers were the largest and the most vulnerable section of India’s labour force. They were from the poorest rural households and very often, from scheduled, backward, or tribal castes. They suffered vital disadvantages relative to men in their search for employment opportunities, lower real wages, increased uncertainties and irregularities of employment.

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In the agriculture sector, women performed two-third of the work but still their work was not recognised. Several studies brought out the fact very strongly that women's contribution to agricultural sector was enormous and they involved in most of the agricultural operations beside household labour. In spite of the amount of work they did women were not recognised as partners or co-workers and faced discrimination on all fronts. Subramanian observed that the differentials between wages of men and those of women workers were more than what they were among industrial workers. At the all India level, the average women's wage were 62.4 per cent on men's wages in 1950-51 and 61.5 per cent in 1956-57. Women's wages even in operations such as weeding and transplanting, for which they were particularly suited, was much lower than the men's wages. Exploitative factors, over-abundance of supply of female labour and essentially the intermittent character of women's employment were responsible for the prevailing low level of women's wages.


A study on wage discrimination against women by Subba Rao and Reddy in Andhra Pradesh revealed that the wage differentials between male and female workers were high during rabi season than Kharif season in wetland areas, whereas the wage differentials were high during Kharif season than rabi season in dry land areas. The degree of wage differentials was high in case of those operations where performance required more physique and less skill.\textsuperscript{44}

A micro level study was conducted by Patnaik and Sailabala Debi to assess women’s economic contribution to the farm sector. The study revealed that the women were engaged in transplanting, weeding, thrushing, reaping etc. The non-farm activities performed by the women were basket making, robe-making, bee-keeping etc. There was clear cut discrimination in the wage payment among males and females for the same work done.\textsuperscript{45}

Report of the Second Labour Enquiry found that there were widespread wage and income discrimination in the realm of employed women. Despite their


non-stop work from early morning to dark in agricultural operations like transplanting, women labourers were generally paid less than 60 per cent of the male wages. Inequality of women was generally due to over abundant supply of labour, greater concentration of poverty, backwardness and low level of literacy and technical know-how.\textsuperscript{46}

Sharma and Prasad observed that the low level of literacy coupled with other physical, psychological and cultural handicaps resulted in employment of women labourers in poverty. For women labourers minimum wages and statutory working hours were alien words. The women in agriculture were discriminated in wage payment throughout the country, even in operations such as transplanting and weeding which were women intensive operations.\textsuperscript{47} The wages paid to women labourers was determined not by economic criteria but a result of the cultural attitudes, practices and power structure in a society.\textsuperscript{48}


\textsuperscript{47}Sharma, Narayana Prasad (Dr); “Wage Differentials for Women Agricultural Labourers,” \textit{Yojana} July 1-15, 33(12) 1989, p.8.

Devi observed that until the dawn of Industrial Revolution, the status of women in the western countries was not different from that currently now prevailing in India. In India, after the Vedic period, the position of women had deteriorated considerably.\(^{49}\)

A study by Dantwala showed that the female participation rate recorded a rising trend since 1961. The female participation rate raised to 32 per cent in 1970s from 26 per cent in the sixtees.\(^{50}\)

According to Gadgil, in India, women belonging to the lowest economic and social strata only work outside the family orbit in rural areas.\(^{51}\) Unni observed that in 1983, nearly 31 per cent of casual workers in agriculture were women of rural areas and they were from the poorest section of the rural hierarchy.\(^{52}\)


Gulati analysed the differences in wages between male and female agricultural labourers in fifteen States of India for a period of 20 years from 1950-51 to 1970-71. She observed that on an average female wage was roughly two-thirds of male wage. In no State, the female wage had not fallen below 45 per cent and in no State it was higher than 90 per cent of the male wage. She also found out that the abundant supply of female labour did not depress the female farm wage and wage discrimination against women might well take place by restricting them to low paid operations.^^

Jose studied the gender disparity in wages from 1970-1985 with the help of data published by the Directorate of Economics and Statistics relating to Agricultural Wages in India. (AWI). According to Jose, the highest share of women in agricultural labour was in Bihar (63%) and in Tamilnadu which was above 50 per cent. He also observed that gender disparities in agricultural wages prevailed in various States with Maharashtra, Rajastan and Tamilnadu maintaining a high order of gender disparity in wages throughout 1970-85. He also observed that in operations such as sowing, transplanting and weeding, relatively lower wages were paid and were permanently performed by women workers.^'*

^^Leela Gulati, op. cit., pp.3-5.

Rao, Jyotsna, and Narayanan also observed that women workers were discriminated in respect of wage payment when compared to male workers.

Sharma studied 27 villages of Mathura District of UP and observed that the degree of wage differentials on sex basis differed from area to area and that it was much intensive in the areas where wage rates for male workers were relatively high and wage differences were small in areas near to urban areas. According to him the family responsibility, limited mobility and poor bargaining power were some of the supply side factors responsible for the lower wages paid to women.

Wage discrimination was due to the fact that there was a common accepted notion that men were more efficient than women and the income of a women was only a supplementary earning while men were considered as principal earners.

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Minimum wage paid in the States of India:

In view of the crucial importance of the unorganised agricultural labour in the nation's commitment to remove poverty and establish an equitable social and economic order, a sub-committee attached to the Ministry of Labour was constituted. The Sub-Committee was constituted vide Ministry of Parliamentary Affairs Notification No F-8-14(7)/86-CB, dated 17th December. Shri Grudas Dasgupta, Member of Rajya Sabha was the Convener of the above sub-committee.

The Sub-Committee visited Andhra Pradesh, Bihar, Madhya Pradesh, Kerala, Orissa, Tamilnadu, West Bengal and Goa. In the course of field visits, the Sub-Committee visited villages and studied the working conditions, implementation of Minimum Wage Acts and living conditions of the unorganised agricultural labours.

The finding of the committee were

1. In a number of places, the agricultural workers complained that the contractors engaged by the Government to carry out different types of work, paid

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less than the minimum wage. Even the Government Departments of several States were alleged to be resorting to underpayment in the same way.

1. Bihar agricultural trade union leaders claimed that their average wage during agricultural operation was lower than Rs.5. In some places in Bihar, (1986) the wage was only around Rs.4 per day.

2. The West Bengal Chief Minister Shri. Jyoti Basu told the Subcommittee that they did not claim to have solved the problem of underpayment or unemployment of the agricultural workers of the State.

3. The largest number of complaints concerning violation of minimum wages notification was in Bihar. In a number of cases, the State Government had made inordinate delay in revising the minimum wage in time. The notification of the State Government on revision on minimum wages and the employment in agriculture under the Minimum Wage Act 1948 was dated 27th October 1986. But Government published in the Gazette on 9th February 1987 and it reached the district headquarters on 1st July 1987. For nearly 8 months, the agricultural workers were deprived of revised minimum wages. In most cases agricultural workers were found to be ignorant of minimum wage notification.

4. In certain villages of Bihar, the agricultural workers were on prolonged strike demanding implementation of minimum wage and ultimately
the strike was withdrawn at the intervention of the Labour Department. The land owning section agreed to pay the minimum wage but afterwards the land owners refused to carry out the agreement and carried on agricultural works with labourers from outside the area. The workers who were on strike were deprived of employment.

The Sub-Committee of the parliament received complaints that the State enforcement machinery instead of being sympathetic towards the agricultural workers for the realisation of the minimum wage was unfriendly. The local administration and the police, appeared to be loaded in favour of the land owning sections. Cases of atrocities, even murder of agricultural workers by the land owners were brought to the notice of the Sub-Committee.

Large number of agricultural labourers were objectively forced to work with a particular employer to pay back the loan that they incurred to meet minimum human requirements during the lean periods of the year. The form of “attachment” was inability to pay back the loan. An agricultural labour was not free to leave the money lender and work with an employer of his own free choice, till the money taken as loan was paid back. In the form of “attachment” an agricultural labourer was not only bound to work for a particular employer but also be forced to accept a wage which was below the minimum wage fixed by the State Governments.
According to trade union leaders, the agricultural workers in Kerala were employed in agricultural work for 90 to 100 days a year. This was the national pattern. In the non-irrigated belt, employment was available for 60 to 70 days. Wage raised during the agricultural operations but seldom reached the minimum wage fixed by the government. There were even instances of women workers in Kerala being taken to prostitution because of inadequate employment.

In some places, in the course of the Sub-Committee’s field visits, notably Raipur district in Madhya Pradesh, and in some districts of Bihar, it was stated that the farmers did not have the capacity to pay the prescribed minimum wages. The Sub-Committee had been informed that the Commission for Agricultural Costs and Prices, while recommending agricultural prices took into account the average wages paid which were often below the prescribed minimum wages. This created a problem and was one of the factors which gave rise to the plea about the Capacity to Pay. The Sub-Committee disfavoured any attempt to link payment of minimum wages with the Capacity to Pay.

The Central Government had initiated a centrally sponsored scheme for posting of inspectors for enforcement minimum wages in agriculture in Rajasthan, Madhya Pradesh, Orissa and Manipur. The scheme was worthwhile and the Sub-Committee recommended that it should be extended to other States also.
Mariaraj studied the wage payment for 20 villages of Tiruchirapalli district of Tamilnadu in 1984 and observed that the wage actually paid was less than minimum wages prescribed in all 20 villages and the Minimum Wages Act was not strictly enforced in his study area. The Marginal value product of labour was higher than the minimum wage in all the villages and for both family and hired labour. This implied that farmers could pay the prescribed minimum wage without any difficulty and if the wages actual paid were in fact less than minimum wage, capacity to pay was not the constraint. It showed that it was only exploitation of labour by the farmers taking advantage of weak bargaining power of labourers. The intention of the Minimum Wage Act was to ensure that the farmers should pay the prescribed minimum wage even when there was difficulty due to low product price.⁶⁰

Ghosh studied the marginal productivity of human labour for different size-classes of holdings of paddy in Bengal for the year 1962-63. His study

revealed that for small and to medium farms, the marginal value of productivity of labour was lower than the prevailing wage rate.\textsuperscript{61}

Abraham and Bokil studied the productivity of labour with the help of Cobb-Dougles production function in certain districts of Punjab, Gujarat, Maharasstra and Mysore for the year 1962-63. Except small farms, the wage paid to labourers were lower than the marginal productivity of labour in Punjab and Gujarat zones, particularly in large size farms where the marginal value of labour was more than double the wage rate.\textsuperscript{62}

**Factors Affecting Wage Rates for Agricultural Labourers:**

Agricultural Labour markets in India are widely dispersed, imperfect and geographically separated. Besides, supply and demand forces which cause fluctuations in employment and wages, institutional rigidities and lack of organised bargaining among agricultural labourers, distorted the agricultural labour market scene. Besides wage rates, the demand for labour depended on


the size of holding, extent of irrigation, cropping intensity, paying capacity of cultivators, farm productivity, total average area under crops, ecological condition of the farm, degree of farm mechanisation and working expenditure and investment. In farm, the demand for labour was also derived demand because it was based on demand for final goods, namely the agricultural products. Several studies had proved this fact.\textsuperscript{63}

Bardhan had made an empirical study with the help of multi-regression analysis on demand and supply factors to find out their relative impact on agricultural wages. This survey covered 14 states of India for the year 1956-57.

The important variables used to explain the differentials in agricultural wages were:

1. Wage rate for casual adult male agricultural labour.
2. Percent of net sown area irrigated.
3. Percentage of intensity of cropping.
5. Agricultural labour households as percentage of all rural households,
6. Average debt per agricultural labourer household.
7. Annual wage per worker in manufacturing industry and,
8. Average daily wage rate for casual male agricultural labourer in non agricultural operations.

He found out that the irrigation and proportionate size of agricultural labourers was of major importance in explaining inter-state wage variations. The other factors that might have given rise to inter-state wage differences were rural trade unionism and mechanisation.\(^{64}\)

Rao has studied the factors that influence the agricultural wages in 63 taluks of Andhra Pradesh through regression analysis with the help of the following variables:

1. Gross value of agricultural output per acre,
2. Gross value of agricultural output per labour
3. Net area sown per agricultural worker.
4. Gross cropped area per agricultural worker,
5. Proportion of area irrigated,
6. Proportion of workers in the total population,
7. Proportion of agricultural labourers in the total number of agricultural workers,
8. Proportion of workers in household industries and,
9. Proportion of scheduled castes and scheduled tribes in the total population.

He found out that the wage rate was influenced positively by gross value of agricultural output per worker and negatively by proportion of workers in the total population.\textsuperscript{65}

Chandra studied the factors influencing agricultural wages and concluded that (i) organisation of labour, (ii) vicinity of an industrial center, (iii) proportion of scheduled caste people, (iv) system of land tenure and (v) fertility of the soil determined the agricultural wages in the United Provinces.\textsuperscript{66}

Kothari studied the causes for the inter-regional wage differentials among 110 districts and concluded that the proportion of agricultural labour in total force engaged in agriculture played a vital role in deciding wage rates. The next important factor was productivity per person engaged in agriculture.\textsuperscript{67}


\textsuperscript{66}Suresh Chandra, "Agricultural wages: Rates of wages and Methods of Payment in Western Districts of United Provinces", \textit{The Indian Journal of Agricultural Economics}, 111(1), Jan.-March 1948, p.47.

Misra and Vaish conducted a study on agricultural wages and found out that wage was mainly dependent upon the fertility of the soil, situation of the place, risks in agriculture and price level.68

Parmer analysed the spatial wage differentials in agricultural sector of Gujarat with the help of multi-regression equation. Analysis had been made with the help of a multiple regression equation as follows.

\[ Y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + b_5x_5 + b_6x_6 + t. \]

It includes percentage number of operational land holdings of above 3 hectares, yield per hectare of food grain, groundnut, cotton, intensity of cropping irrigation intensity, percentage of agricultural labourers in total number of agricultural workers in rural areas and a trend variable t.

He found that the regional variation in economic development was invariably reflected in Agricultural wage rate. The variable percentage of agricultural labourers in total number of agricultural workers in rural areas on the supply side and the variable proportion of irrigated area to cropped area on

the demand side were the factors which were found to be responsible for regional wage variations in agricultural sector of Gujarat.\(^\text{69}\)

Mishra made an empirical study on the relationship of technological change with output growth, wages and employment for the State Uttar Pradesh for the year 1961, 1971 and 1981 with the help of secondary data. He also studied the effect of different factors on the wage rates of agricultural labourers with the help of a multi-regression model. The dependent variables used were 1) cropping intensity, 2) proportion of cropped area irrigated, 3) fertiliser use per hectare, 4) proportion of area under commercial crops, 5) value of modern agricultural implements per hectare and 6) proportion of male agricultural labourers to total male workers in the rural areas. The regression coefficient with respect to wage, the cropping intensity and the use of modern agricultural implements presented a significant level of association with the wage rate. But for the year 1971, the variables such as fertiliser consumption per hectare, proportion of area under commercial crops and proportion of male agricultural labourers to total male workers in rural areas had a significant level of negative association with wage rates. The regression coefficient of the six variables

relating to wage rate in 1981 showed that none of the above variables had statistically significant association with wage rate.\textsuperscript{70}

**Non-Agricultural Employment and Agricultural Wage Rates:**

The real wage rates in agriculture tended to rise slowly and steadily after 1970s. The prime mover of this rise in agriculture wage rates had been found to be the diversification of the workforce into the non-agricultural sector rather than the growing labour productivity\textsuperscript{71}.

According to Bhadwri, in India a slow transfer of labour away from agriculture and towards the non-agricultural sector was noted. However, the slow gain in labour productivity in agriculture was a reflection of the inability of the agricultural sector to absorb any further labour gainfully and the slow transfer of labour from agriculture reflects the inability of the non-agricultural sector to create employment rapidly enough. The declining employment elasticities in the primary and the secondary sectors also point to a similar situation\textsuperscript{72}.


Bhattacharya observed that in all-India level, there was a declining trend in the male work force in the primary sector, mainly agriculture, and increase in the workforce in the secondary sector\(^{73}\).

Papola observed that given the dualistic nature of the labour market in India, most of the new employment in the restructured economy may occur in the unorganised sectors, which were characterised by poor conditions of work, low earnings and lack of any social security\(^{74}\).

According to Sen, the structural adjustment programme, undertaken in India may adversely on the poor because of the policy induced rise in the relative prices of food and contractionary stabilisation policies to reduce inflation would lead to contracting non-agricultural employment and falling wages in the unorganised sector\(^{75}\).


Basant\textsuperscript{76}, Unni\textsuperscript{77}, Chanda\textsuperscript{78} observed that there was steady increase in the share of rural male and female work force engaged in non-agricultural employment during the period 1972-73 to 1987-88.

According to Chandha the employment growth for rural male and female workers had been in construction, transport, communication, mining- quarrying and real estates. For rural female workers, high employment growth was found in manufacturing sector\textsuperscript{79}.

Unni observed that both the absolute number and proportion of women in the non-agricultural sector to the total was much lower than that of men. Quite recently there was a setback in the employment opportunities of female worker in the non-agricultural sector when compared to 1980 figures\textsuperscript{80}.

\textsuperscript{76}Basant, Rakesh, "Diversification of Economic Activities in Rural Gujarat: Key Results of a Primary Survey", \textit{The Indian Journal of Labour Economics}, Vol. 36, No. 3, 1993, pp.361-86.


\textsuperscript{79}Ibid., pp.296-327.

Bhalla identified the factors outside agriculture that influence non-farm sector were urbanisation, growth of rural infrastructure, public expenditure on rural development and poverty alleviation programmes\(^1\).

Vaidyanathan using data for 16 major states found a significant and positive relationship between the incidence of non-agricultural employment and crop output per head of agricultural population and a negative relationship with inequality in operational holdings\(^2\).

Hazel used district level data to estimate agricultural growth multipliers econometrically. He supported the hypothesis that the growth of the rural non-farm sector was driven primarily by agricultural growth. They also found evidence that both production and consumption linkages had grown substantially, buoyed up by the rising input-intensity in agriculture and the growing incomes which stimulate consumer diversification of spending into non-food items\(^3\).


Unni\textsuperscript{84}, Eapen\textsuperscript{85} observed that urbanisation had an important influence on the growth of rural non-farm sector.

Papola highlighted the role of small towns in the rural hinterland in the employment in rural workers and in promoting non-farm employment in rural areas. These town generate employment in rural areas through backward and forward linkages. He observed that productivity and earning levels were higher in rural non-farm enterprises in regions where urban settlements were more widely spread in the rural hinterland, than where there was a concentration of few towns\textsuperscript{86}.


\textsuperscript{86}T.S. Popula, \textit{op.cit.}, 1992, pp.238-45.
Eapen, Basant, Samal observed that there was positive relationship between literacy rate and the rural non-farm sector.

Vaidyanathan observed a strong positive relation between unemployment rate and the proportion of non-agricultural workers across states and attributed this to an imbalance between demand and supply of labour. His conclusion that rural non agricultural activities may have become the new residual-sector was however moderated by the findings that the ratio of non-agricultural to agricultural wage rates was not universally related to the unemployment rate.

Chandrasekar argued that the demand for goods and labour were the dominant factors in generating U-shaped time profiles with cross section data. Push factors in agriculture alone were not enough to cause an increase in non-farm employment. Some critical minimum income level was required to support

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88Basant, Rakesh, *op.cit.*, 1993, pp.361-86.


increased activity in the non-farm sector. In its absence the outcome was agricultural involution rather than distress diversification.  

Unni observed that the real wage rates in agriculture and non-agriculture were live indicators of the buoyancy of the economic system. An increasing real wage rate in agriculture would imply an excess of demand over supply of labour in the sector. This would mean that there was no compulsion for agricultural labour to spill over to the non-agricultural sector creating a 'distress' employment situation in the latter.

Unni argued that the option to undertake self-employment in non-agricultural activities would reduce the pressure on the rural labour market. The argument of declining wages due to distress induced increase in supply of wage labour to the labour market would not apply to this segment of the self employed workforce.


The above literature showed that the majority of studies had concentrated on analysing causes for the growth of non-farm sector at an aggregate regional level. The regional level analysis could be useful in identifying the broad factors that influence growth. However, in order to foster non-agricultural activity at the micro level, it would be useful to know how and why various segments of the non-farm sector develop.