CHAPTER-VI

SUMMARY CONCLUSION AND POLICY IMPLICATIONS

The Problem:

Agriculture is the main stay of Indians and the majority of India's population is directly or indirectly related with agriculture or its allied activities. Increasing population pressure on land, low capital base, vagaries of nature, persistent disparities in land-ownership, low level of wages and poor bargaining power of the labourers contribute to the conspicuously low per capita income of the agricultural labour households. They are mostly below the poverty line and have really been deprived of the fruits of their own labour over decades and even do not get an adequate share of the fruits of planned economic development.

The governments have taken several measures to improve the standard of living of the agricultural labourers. Among the various welfare measures, important ones are the Minimum Wage Act of 1948 and the Equal Remuneration Act of 1976. While the Minimum Wage Act ensures the labourers that the wage paid to the agricultural labourers should not be lower than the minimum wage fixed by the State Government, the Equal
Remuneration Act ensures that female labourers should be paid on par with male labourers. Thus, the concepts of fair wage and equal wage guided the policy of the government for the welfare of the labourers. In this context an attempt was made to study the wage structure of agricultural labourers of Thanjavur district.

Objectives:

The study was undertaken with the specific objectives of (i) examining the trend of nominal wage, real wage and productivity of major crops and to examine the influence of productivity on real wages; (ii) to examine the wage differentials between agricultural operations and between male and female workers; (iii) to understand the effectiveness of wage policies; and (iv) to evaluate wage differentials for agricultural labourers between west and east Thanjavur and to identify the important factors influencing the wage rate with special attention to the trade union activities.

Data:

Thanjavur district of Tamilnadu was chosen for this study. This study was based on primary as well as secondary data. The secondary data relating to the annual average daily wages paid to agricultural labourers were collected
from the Season and Crop Report of Tamilnadu for a period of 20 years from 1974-75 to 1994-95.

By a multistage random sampling method, 240 farmers and 240 agricultural landless casual workers in west Thanjavur and 160 farmers and 160 landless casual labourers in east Thanjavur were selected and primary data were collected from them by personal interview method.

**Analysis:**

Collected data were analysed with respect to each of the specific objectives. Simple, tabular analysis was used to study the sample characteristics and to compare minimum wages with actual wages. Multiple regression analysis was used to study wage differentials between regions and between male and female workers.

**Findings:**

Salient findings of the study are summarised below:

Analysis of time series for two decades ending 1994-95 revealed that there was significant difference in wages paid to agricultural labourers between different operations and between male and female workers. While money wages had grown
at about 10 per cent per annum or more, the real wage rate grew at the rate of less than three per cent per annum.

The temporal wage differentials among different operations were small and the real wage rate for women had not kept pace with the growth of real wage for men.

Productivity of labour in major crops of the district, namely paddy, blackgram and greengram registered compound growth rates of 2.90 per cent, 3.29 per cent and 2.26 per cent per annum. Average real wage rates for men and women increased at the rates of 2.85 per cent and 2.07 per cent per annum. Thus productivity of labour was related to the money wage rate of the labourers. Only in paddy and not in other two crops as shown by the values of the correlation coefficients; but real wage was not correlated with productivity of labour even for paddy. Thus, productivity contributed to the increase in money wage at least in the major crop of the district, namely paddy but it had no effect on the real wage.

The farm families were in general large with about six persons in each. Farms in east Thanjavur were relatively larger than the farms in west Thanjavur.
Net area sown was on an average 4.53 ha. in west region and 5.52 ha. in east region and gross cropped area was 10.16 ha. in the west regions, 11.34 ha. in the east region, contributing to the cropping intensity of 227 per cent and 162 per cent respectively. Thus, the district showed intensive cropping and relatively farms in west region were more intensively cropped. The cropping pattern was dominated by paddy.

Relatively larger share of wet crops in the west region and of dry crop in east region would suggest that the demand for labour would be larger in the west region.

Spread of high yielding varieties was 89.48 per cent of gross cropped area in the west region and 76.24 per cent in the east region, probably because of irrigation intensity of 209 per cent and 197 per cent in the two regions respectively.

**Employment:**

On an average 167 mandays were used per ha. of gross cropped area in the west region, against only 112 mandays in the east region. In the west region family labour, migrant labour and hired casual labour accounted for 12.84 per cent, 29.59 per cent and 57.57 per cent of total mandays of labour used. In the east region,
there was no migratory labour, because trade unions were strong enough to prevent them. Therefore, family labour and hired labour shared 24.09 per cent and 75.91 per cent of total labour used.

Analysis of cost of production of crops clearly indicated the substitution of machine power to human labour in east Thanjavur, it was a response of farmers to the labour union activities that raised wages. The share of machine power was 14.6 per cent of total cost of production of crops in east region, as compared to just 2.7 per cent in west Thanjavur. Thus labour unions were able to raise wage rates only at the cost of number of days of employment. Average wage rate was higher by six rupees in east Thanjavur as compared to west Thanjavur.

The output/input ratios were 1.91 and 1.83 in west and east Thanjavur respectively, showing the farming was more profitable in the west region than in the east region.

**Labour Households:**

The labour households had around 6 persons each with only a few exceptions and there were more workers than non-workers because their poverty compelled all able bodied persons to seek work. Only 21 per cent of all workers
were literates, with education mostly up to fifth standard. The low literacy was a constraint for their mobility and they concentrated in agriculture.

There were more than one worker in the labour household, yet they get only 211 manday of labour in a year in the west region and still less 145 days with east region. Since they have not satisfied the standard workdays of 300, all the agricultural labourers (both male and female) were underemployed. Unemployment was more severe in east region. Female workers go lesser employment than male workers. It was seen that agriculture alone could not provide full employment of labour in the district.

Non-agricultural works had a share of less than 8 per cent in west Thanjavur and around 11 per cent in east Thanjavur in the total income of labour households, showing their strong dependence on agriculture, where they were only underemployed.

**Standard of Living:**

Analysis of income and expenditure of the labour households showed them to live below poverty line and many suffered from chronic poverty. Therefore, their expenditure was mostly on food to the neglect of education and health. But they spent relatively large sums on social function and liquor. Poverty eradication
was found to be important and urgent – even while discouraging spending on liquor.

Their income was not sufficient even to meet their subsistence expenditure, they borrowed mostly from their employers, loosing in the process their bargaining power.

**Wage Policy:**

The comparative study of the government fixed wages with average wage actually received by the labourers in the same lead to the following specific inferences.

1) In all the operations the mean wage actually received by the labourers was higher than the rates fixed by the government.

2) This was true for all the operations done by men as well as women.

3) The difference was significantly large, showing that policy support was not effective. That is, wages fixed by the government were unrealistically low for all operations and thus they failed to reflect the conditions of the labour market and to provide the desired security to the labourers.

4) The wages received by the female workers were invariably smaller than those for male workers; even in operation done by both males and
females. This should not however, be considered a gender
discrimination because the nature of works done by men and women
differed in quality, in terms of physical strain involved.

Regression Analysis:

Spatial and gender wage differentials were analysed with the help of
multiple linear regression models. Results indicated that labour union was able to
raise wage rate for their members but only at the cost of employment. Loss of
number of days of employment could not be compensated by the rise in wage rates.
Therefore income of the labourers fell. Thus, wage rate was illusionary.

There was gender discrimination in wages paid to agricultural workers;
women were paid less even for the same work done by men and women. The
difference was significant.

Conclusion:

From the above summary of findings of the study, the following conclusions
could be drawn:

1. There was a highly significant positive trend in money wage rate for all
operations in Thanjavur District.
2. There was also a positive trend in real wage rates for all operations. Except for reaping and harvesting (men), the wage rates of other operations were not significant.

3. Wage differentials between operations were very common. The reasons for this type of wage differentials were the nature of operations, the strain involved in the work, the degree of skill required and the conditions under which work had to be done.

4. Rise in real wage did not keep pace with the growth in productivity of crops. Therefore the first hypothesis of the study stands verified.

5. Wage income was the most important and largest source of income of the agricultural labourers; yet it was not adequate.

6. They lived in poverty; even chronic poverty. Even then subsistence living required them to borrow. Lack of credit worthiness denied institutional loans to them and they borrowed from the employers, loosing in the process their bargaining power.

7. Wages fixed under Minimum Wages Act, Equal Remuneration Act were smaller — significantly smaller than the actual wage received by them. Thus, the legislation was ineffective. This verifies the second hypothesis to be true.
8. Trade unions raised wages at the cost of employment days. Thus their success was illusionary and had not removed poverty. This verifies the third hypothesis of the study.

9. There was significant difference in temporal variation in wage rates for men and women.

10. However, there was evidence to show gender discrimination in agricultural labour wages. Thus, fourth hypothesis was found to be true.

11. Technological development in agriculture increased farm income; it had also a positive impact on farm wages.

**Policy Implications:**

Summary of results and conclusions drawn from them and discussed above have some important implications for policy and future research. Since this study covers only the sample representatives of Thanjavur district, the generalisation of results must be done with care. The policy implications of this study are given below.

The gap between agricultural money wage rates and real wage rates has been widening with growing consumer price index. The more feasible approach is
to provide adequate consumer goods to the agricultural labourers at a subsidised price through public distribution system. Agricultural labourers should be targeted in public distribution system.

Women labourers are employed generally in transplanting, weeding and harvesting. Women's wages even in operations such as weeding and transplanting, for which they are particularly suited, are much lower than men's wage. The rational of Equal Remuneration Act is to provide wage to women labourers on par with male labourers. Results show that this was not achieved. This is definitely social injustice and has to be removed without delay. Many alternative ways are available to fight this injustice.

Laws can be passed to punish the erring employers and officials are to be appointed to see that equal wage is given to male and female labourers. Second alternative is to provide equality and creating awareness since village women are not only illiterate but also ignorant of their rights and privileges. Government and voluntary agencies can spread the message of the need for the gender equality and creating legal awareness about the Equal Remuneration Act. Public media such as television, radio, magazines and books can be used to remove this social injustice. The third alternative is to shift the excess supply of women labourers by starting women labour intensive agro-based industries in rural areas and this will narrow
down the wage differentials between genders. The fourth alternative is to execute effectively the existing women development programmes such as Support to Training and Employment Programme (STEP), Rastriya Mahila Kosh (RMK) (meeting of the credit need of the women), and Indira Mahila Yojana (IMY) (achievement of employment of women and bringing them in to the mainstream).

The result of the functional analysis has shown that in east Thanjavur, the trade union activities played a vital role in increasing the wage rates of agricultural operations. However, they have restricted the migrant labourers from other areas. High wage rates, not only reduces the number of days employed per hectare but also the wage income per annum in comparison with west Thanjavur labourers where trade union activities are low. But even in west Thanjavur, labourers were not fully employed and lived below poverty line, even though, the condition was worse than this in east Thanjavur. Therefore, prevailing market imperfection must be reduced gradually to make it move towards the ideal state of perfect competition. This is possible by educating and assisting farmers for rapid technological innovation and this can reduce the unemployment of labour, because technology was seen to increase farm income and the benefit went to labourers also.
Wage rates can also be increased by shifting the excess supply of labour from agriculture to other areas where they could get employment. In other words it is possible only through causing scarcity in the supply of labourers in agriculture.

Hence, government can encourage labour households to take up enterprises such as livestock and allied activities by providing training and financial assistance to build productive assets of their own. This was the goal of special employment and anti-poverty programmes like Integrated Rural Development Programme (IRDP), Training of Rural Youth for Self Employment (TRYSEM), Jawahar Rozar Yojana (JRY). They can be further strengthened to increase employment and to eradicate poverty of the rural agricultural labourers of Thanjavur district.