Chapter I

INTRODUCTION

The rural labour market in Kerala is characterised by diverse features posing problems for a comprehensive analysis. The region's peculiarities combined with land reform measures and strong trade unionism are some of the factors that influence the rural labour market in the State. Added to these are demographic features, especially that of the agricultural labour population, and the nature of development that is obtaining in the state or what is generally called the Kerala model of development. These seem to have contributed significantly to the shaping of the labour market in the rural areas.

The variations in wage rates between the regions in the state, lack of labour supply in certain regions even for unskilled jobs in the face of acute rural unemployment, prevalence of high wage rates in several regions despite an over supply of labour are a few observations one can make at a quick glance over the rural labour scene in the state. It may also be observed that while mobility of workers (or migration for job) out of the agricultural sector is practically absent or restricted to closely neighbouring areas, there is a trend of out-migration of workers to distant places for unskilled and semi-skilled non-farm jobs. The migration to distant regions for jobs of comparably very low wages seems to be strange, particularly when there exist, although to a limited extent, possibilities of migration within the state and also for inter-occupational migration within the villages. This kind of spatial or inter-occupational migration within the state is almost absent in Kerala. This is to say that the labour market is considerably segmented in the state.
It is also interesting to note that in some of the regions of the State there occurs shortage of workers for certain agricultural operations, say, like harvesting of paddy or plucking of coconuts. Similarly, in the non-farm sector the supply of labour is very limited for certain unskilled jobs, like domestic servants, quarry workers, construction workers etc., despite a good demand for such work. There is a sizeable migration into the state from the neighbouring states for such unskilled jobs in the face of acute unemployment and poverty among the local population.

Hence in Kerala, we see a very complex system of rural labour market characterised chiefly by high wage rates and the paradox of labour scarcity amidst labour surplus. This situation cannot be analysed fully with the help of the conventional demand-supply framework. The trade unions have nevertheless a role in the shaping of the labour market. But obviously we will not be in a position to analyse the whole gamut of the labour market with these factors alone.

An Overview of Literature

Before entering into a discussion on the specific research issues in the context of the present study we shall now attempt to review a few studies on rural labour scene undertaken by various researchers. These studies can be broadly categorised into three groups. One set of studies is related to the supply side of rural labour. These studies mainly concentrated on the issues such as size of rural working force, its composition, labour participation rates in rural India declined over the decade and the decline was sharper in the case of women than men. This decline was also unequally distributed between regions with relatively less in the states of Kerala, West Bengal, Punjab and
demand side of rural labour which includes studies on labour absorption in agriculture, the effects of new agricultural technology and mechanisation on agricultural labour demand, the influence of institutional factors on labour demand and on the changing status of non-farm employment sector in the rural areas. The third set of studies is mainly on the agricultural wage determination process. Let us discuss briefly each of these three groups in the following pages.

Supply Side

The studies on size and composition of rural labour force based on the enormous body of census data on working force in rural areas are a major set of studies on rural labour scenario. The successive decennial censuses, although not easily comparable, give much information on the rural work force and its division by age, sex and occupational categories and the migration (mobility) aspects. The studies in this category have mainly focused on aspects such as the size of the rural work force and its variations overtime, distribution of the working population among various rural occupations, i.e., mainly between agricultural and non-agricultural occupations, labour participation rates by sex, changes in the proportion of self-employed and wage labour components in the rural working force and the role of migration in labour supply adjustments.

Comparing the census data of 1961 and 1971 Kalpana Bardhan (1977) suggests that the labour participation rates in rural India declined over the decade and the decline was sharper in the case of women than men. This decline was also unequally distributed between regions with relatively less in the states of Kerala, West Bengal, Punjab and
U.P. and more in the Western States and Eastern States of Orissa, Bihar and Assam.

Based on the NSS data for the years 1972-73, 1977-78 and 1983 it is argued that (Vaidyanathan, 1986) labour force participation was more or less stable during the period and perhaps a marginal improvement was there in 1983 compared to 1977-78. Even while there was a decline in the male participation rate during the period 1972-78 the female participation rate was almost stable. Again, based on NSS data for the year 1987-88 it is shown that (Vaidyanathan, 1994) there was no deceleration of employment growth in rural areas, rather there was increase in employment compared to 1983 although the rate of growth in rural areas was less than that in urban areas. During the period between 1972 and 1987 the total rural work force rose by 31 percent. While the growth of those employed in agriculture was 20 per cent the non-agricultural employment nearly doubled. The proportion of family labour (or self-employment) and wage labour components in the rural labour force during the period 1972-73 and 1983 indicate that (Vaidyanathan, 1986 and 1994) there has been a consistent decline in the proportion of the self-employed category and a significant rise in the proportion of the wage-employed. However, the proportion of self-employment and wage-employment varies regionally. Wage employment as a proportion of total rural employment is less than 10 per cent in Rajasthan, while it is more than 40 per cent in Kerala, Tamil Nadu, West Bengal and Orissa. The wage employment is largely in the form of casual labour in most of the States.

The reasons for such an increase in wage labour have been analysed by many. (Among others, Kalpana Bardhan, 1977, 1989; P.K. Bardhan, 1978, 1984' Rudra, 1979). The reasons generally given are the decline of tenancy owing to land reforms in several
The per capita rural demand for non-agricultural products and the demand from outside for rural manufactures are also cited as factors that influence rural non-agricultural sector. The pattern of rural migration also is speculated as an important factor in this context. The inability of the agricultural sector to provide sufficient employment results in the casual agricultural workers shifting back and forth between agricultural and non-agricultural work. The findings (Basant and Kumar, 1989) that the casual agricultural workers report a much higher incidence of non-agricultural work in a secondary or subsidiary capacity and the participation in non-agricultural work varies inversely with the size of land owned by the households are significant. However, it is difficult to draw any firm conclusion about the dynamics of the rural non-agricultural sector on the basis of the all India estimates provided by the census and NSS. There are considerable regional variations which could be captured only by regional and micro studies.

Another aspect which is important in the context of labour supply in rural areas is migration. Although there are no comprehensive studies on this issue there have been attempts to analyse this aspect in various studies in the context of labour supply. Based on the NSS data for the 1970s Bardhan (1977) traces the nature and impact of the rural migration on the rural labour market. It is observed that seasonal migration of labour into and out of the village is an important mechanism of adjustment of labour supply to seasonal changes in labour demand for agricultural operations. Such rural-to-rural migration for agricultural work is the single major type of migration in the rural context of India. The proportion of agricultural labourers is generally high among the migrant women workers. The practice of tribal and scheduled caste population migrating in the busy season to take up agricultural work in the nearby villages or districts is not an
isolated one. Much of this rural-to-rural migration is in search of agricultural wage employment. While the rural-to-rural migration is by far the largest component rural-to-urban migration is also not insignificant. It is speculated that the latter kind of migration is largely undertaken by better-off people having less economic compulsions. However, with the census or NSS data the complex micro situations of the rural India cannot be meaningfully analysed. So there have been attempts by researchers to analyse this aspect on the support of primary data collected at village level (e.g., Parthasarathy and Rao, 1973).

In the context of rural labour market in Kerala, the seasonal rural-to-rural migration within the state (i.e. inter-village or inter-district) for agricultural labour is widely believed to be insignificant. The immigration of casual unskilled labourers for both agricultural and non-agricultural activities to Kerala from the border districts of the neighbouring states is, however, significant (Prakash, 1989). The tendency should be having its impact on the rural labour market in Kerala. The studies on such migration and its impact in the specific context of Kerala’s rural labour market is almost absent.

Demand Side

Another set of studies related to rural labour markets is with regard to the demand side of rural labour. Since agriculture is the largest rural employment source most of these studies are on the agricultural labour scene of the rural areas. The studies which cover the non-agricultural rural occupations are relatively an emerging field and numerically very few. (Basant and Kumar, 1989; and Vaidyanathan 1986 are two examples).
The studies which concentrated on the changing nature of the demand side have attempted to analyse the demand implications of agricultural growth, the nature of labour absorption in Indian agriculture and the effects of new agricultural technology and mechanisation on agricultural labour demand. Some of these studies have focused on issues like wage rates and agrarian institutions like tenancy.

Agricultural growth in India, particularly in the post-Green Revolution period, has been significant. With regard to the question whether this growth resulted in more labour absorption in agriculture the answer given by almost all observers is that it has not been substantial. (E.g. K. Bardhan, 1989; Thamarajakshi, 1989). The labour absorption per unit of land and yield rates in India even after two decades of new technology led growth is still much lower than that in many other Asian countries. These studies indicate that the labour absorptive capacity of agriculture was rising from the mid-sixties to the mid-seventies, but that it declined rapidly thereafter. Analysing the NSS data for the 1970s Vaidyanathan (1986) suggests that for rural India as a whole labour use in 1977-78 was only some four per cent higher than in 1972-73, while crop production was at least 20 per cent higher during the period.

There are numerous studies on the effects of different types of technology, such as irrigation, HYV and mechanisation, on labour intensity in agriculture (Bardhan, 1978; Hanumantha Rao, 1975; Rudra, 1971; Vaidyanathan, 1978, 1986 etc.). There is general agreement that the irrigation-seed-fertilizer technology is land augmenting and therefore conducive to absorption of more labour. But there is difference of opinion on whether mechanisation of agricultural activities is labour absorbing or labour saving.
Although not conclusively proved, a large number of studies points out that mechanisation is labour saving. In the context of Punjab, Hanumantha Rao (1975) pointed out that the technological displacement of labour consequent on the use of tractor is roughly compensated by the positive employment effects of the change in cropping pattern and intensity associated with tractor use. Vaidyanathan's analysis (1986) show that labour intensity has been less in areas of tractor use at a macro level. However, this relation was not significant in his inter-district comparisons. These studies also point out that higher rainfall and better irrigation have always been associated with labour intensity. The labour demand implications of technological changes in the context of various size-classes of farms have also been analysed in some of these studies. Here again the findings have been different and no consensus of opinion has been reached. It should be emphasised in this context that even those opinions on which there is a fair degree of agreement are not uniformly valid in all the regions of the country. The labour demand implications of technology and growth have manifested in different ways in different regions of the country.

The institutional factors like tenancy and share cropping have their impact on labour absorption in agriculture. There have been efforts to analyse this aspect. (Eg., Bardhan, 1978, 1984; Bardhan and Rudra, 1978). These studies point out that tenancy and share cropping have not been conducive to more labour absorption. But this does not mean, at least in the context of their studies, that labour absorption would necessarily increase in the context of growing owner cultivation. It is argued that a shift to owner cultivation as a result of tenant evictions resulted in a change in the composition of labour force (i.e., hired labour-family labour ratio) and that has been
restrictive to labour absorption. The reason cited for this is that a section of the erstwhile tenants cannot join the wage labour market and they will not be absorbed in agriculture. An additional factor that will restrict the labour absorption rate is that increased use of wage labour also involves increased supervision costs which were unnecessary in the earlier family based tenant farms.

The impact of agricultural wage rates on the demand for agricultural labour is an area which received very little attention in all India studies, but it has received more attention in the context of Kerala. The reason for this may be that while real wages of agricultural workers have gone up considerably in Kerala with its attendant impact on labour use in most other parts of India the real wages have either gone down or increased only at a very slow pace leaving not much impact on labour use. The studies on Kerala situation (Natarajan, 1982; Mencher, 1980; Namboodiri, 1986) indicate that farmers resort to less intensive cultivation and lesser use of labour as a strategy to face the increasing cost of labour. As a result of this, there is a considerable decline in the availability of employment resulting in a decline in the total income of agricultural labourers even while there are wage rises.

To conclude, it can be safely pointed out, despite all differences in finding, that the labour absorption rate in agriculture in general, although in varying degrees, is determined by factors such as a) irrigation, fertilizer and other inputs, b) mechanisation, c) crop-composition, d) farm size and e) agrarian institutions.
The third strand of literature is related to the process of rural wage determination. The conventional neo-classical theory of wage as determined at the equilibrium achieved by the free play of market forces of demand and supply failed to explain the existence of substantial unemployment and under-employment along with stable or rising wages. It also fails to take into account the bargaining power of the landed employers and their ability to influence the labour market by keeping the labour tied through credit or land lease oligopoly. This situation prompted economists to find ways to offer an explanation to rural wage determination in the context of market imperfections. Several hypotheses have been formulated, essentially in the usual supply and demand premises, and subjected to varying degrees of empirical research.

The hypotheses on which empirical studies in India have been conducted are: a) the hypothesis of a constant level of real wage rate institutionally fixed for minimum subsistence in a labour surplus rural economy with perfectly elastic labour supply at that rate, b) the institutionally fixed nutritionally-based efficiency wages assuming that the wages take into account the nutrition-productivity relationship, c) the hypothesis of labour market imperfections due to dualism in the agrarian economy with the existence of a lower inputted value of family labour and a higher valued hired labour and d) the seasonality of labour requirements in agriculture and the role of seasonal peaks in determining wage rates that would not impede the required availability of labour in the busy seasons. (A detailed analysis of these hypotheses and their validity is given in K. Bardhan, 1977 and 1989).
The theory of minimum subsistence or nutrition-based wage determination is inconsistent with the general evidence of money wages in agriculture being sluggishly responsive to increase in food grain prices, high incidence of poverty and with the fact that the average as well as seasonal minimum wages vary widely across regions and by age and sex within a region. The studies of market imperfections within the usual demand-supply framework also have not been able to capture the complex dynamics of rural labour market and the determination of wages in the set-up. For a better understanding of the wage determination process in the rural sector one has to look at the whole gamut of rural labour process and relative strengths and weaknesses of both workers and employers that include the bargaining power of the rural labour and the ability of the land owners to evolve various inter-locking and tying-up mechanisms to offset the former (Bharadwaj, 1989).

In the specific context of Kerala, T.N. Krishnan (1991) made a major attempt to explain the high wage rates prevailing in the state along with a very high rate of rural unemployment. According to him, the different rural labour markets are "interrelated". There is certain relationship among the wage rates in the different markets. The wage relatives for these markets are relatively stable and hence a change in one wage rate leads to a series of changes in other wage rates till the initial equilibrium is restored. He argues that the increased demand for labour in the construction sector leads to wage increase in that sector. Wages in other sectors follow suit and the pre-existing parity between wage ratios get re-established. This behaviour is ensured by two conditions. One is that the labour market is segmented geographically and there is no inter-village mobility of labour. Secondly, trade union movement does not permit workers to offer
themselves at lower wages, even when unemployed. Krishnan offers a number of economic and sociological arguments to support his hypothesis. Although his analysis sheds considerable light on the issue there are certain areas which need more clarity.

It is not clear in his argument that why should the wage relative remain stable in the context of high unemployment in the rural sector and varying wage rates in different markets. In his framework, the wage rates for the skilled workers in the construction sector are autonomously determined and the wage changes in other factors are the result of the former. This seems to be a questionable assumption. Similarly, his argument that market wage rates are accepted by employers on the ground of efficiency of work lacks conviction. Another question could be that, given the high unemployment rate, how trade unions can keep wages high on a continuous basis? These issues need further investigation at micro level.

Another study in the context of Kerala (M.K. Sukumaran Nair, 1995) tries to explain the higher wages in terms of transaction cost analysis and fragmented labour markets. He argues that the existence of a high transaction cost for obtaining labour services is indicative of a labour shortage in the rural labour market. The labour shortage associated with market imperfection and segmentation of labour market creates a situation in favour of higher wages. He also acknowledges the role of the workers’ unions in fixing and keeping the wages high.
Research Issues

There have been several studies on the trends in money and real wages of agricultural labourers in Kerala (E.g., Krishnaji, 1971; Jose, 1974 and 1988; Krishnan, 1991; Pushpangadan, 1991). All of those suggest that the real wage rates for agricultural labour has fared better in Kerala over the last three decades than in most other states. These have been better when compared even with the states having high growth rates in agriculture like Punjab, Haryana or Tamil Nadu. The larger rise in real agricultural wage rates is particularly significant in the context of higher incidence of unemployment and under-employment among agricultural labourers along with a declining trend in labour employment in the sector.

Another feature of agriculture in Kerala is that the labour employment rate per hectare is almost consistently declining and the level of under-employment and unemployment is increasing (Panikar, 1978; Mencher, 1980; Kannan and Pushangadan, 1988). In Kerala, unlike in other parts of India, we cannot see any interlocking of market by land owners and debt bondage of labour. In the absence of any such mechanism to control the labour the landowners resort to techniques like less intensive cultivation to limit the labour use and keep the absolute wage bill down (Namboodiri, 1986). As a result it is possible that a lesser total income cancels out whatever gains the labourers have achieved in terms of higher wage rates. However, these techniques have not been successful in bringing down the wage rates or stopping the upward trend.
Kerala has been witnessing a near stagnation in agriculture since the middle of the 1970s (Kannan and Pushpangadhan, 1988). The stagnation is seen not only in aggregate area and production but also in productivity. Higher wages are observed in Kerala almost uniformly even in areas where agricultural productivity is relatively low. This seems to contradict the general trend of low wages in low productivity regions.

Thus the phenomenon of rising real wages of agricultural labour in Kerala is remarkable in the context of acute and increasing unemployment and under-employment, stagnating agriculture, declining farm employment and the slow growth of alternative non-farm rural employment sector. It is generally agreed that this is happening in the background of strong trade unionism in the state. It is true that trade unions of agricultural labourers in Kerala play a very important role for getting a better bargain for workers. But how trade unions sustain in a situation of abject poverty and very high incidence of unemployment is a question that deserves serious attention.

There is a general notion that agricultural labour unions can be successful only in areas where alternative job opportunities exist (Dasgupta, 1978). However, the Kerala situation looks like an exception to this general finding. There are also regions and occupations in the State with relatively high wage rates even as trade unions are absent or weak.

Attempts have been made to study the variations in agricultural wage rates across the districts within the State. An inter-district comparison of wages indicate that it is the northern parts of the state that witnessed higher increases in real wage rates than the south or central Kerala (Baby, 1986). The district-wise differences in wages and their
reasons need further analysis. The relatively lower wages of Palghat and Wynad may be explained in terms of the availability of cheap labour from the neighbouring states of Tamil nadu and Karnataka or the presence of tribal population willing to work for lower wages. But why the presence of unemployed population in other districts does not have an influence on the labour market is not clear. This could be analysed only by undertaking studies at the micro level.

Another interesting area is the labour supply aspect. The supply of labour is very limited even for some unskilled non-farm jobs like domestic servants, hotel workers, quarry workers etc., despite a good demand for such labour. In some of the southern districts of the State, such as Quilon and Pathanamthitta, it is reported that there occurs shortage of workers in certain agricultural operations like harvesting of paddy at the going wage rates. If higher wages are offered, the workers make themselves available, indicating that they prefer to stay without work in the absence of additional benefits. It has to be noted in this context that the productivity of paddy land in those areas is relatively low. The hypothesis of trade union strength in bargaining alone will not explain this situation sufficiently.

As pointed out earlier, the migration for farm labour or unskilled non-farm labour within the state is almost insignificant or restricted to closely neighbouring villages. The role of such migration of the local population in labour market adjustments seems to be limited. Similarly, inter-occupational migration (or job shifting) is also not substantially taking place. It is observed that the local demand for several unskilled jobs as mentioned above and skilled workers for construction activities like masons is
to some extent met by the immigration of workers from Tamil Nadu (Prakash, 1989). The shortage of workers in the field of carpentry, coconut plucking etc. are well known. In spite of the fact that wage rates for these activities are generally high, the unemployed people are not coming forward to take up these jobs. It may be explained that the job aspirations of the literate people of the state are high and they are likely to decline to take up manual jobs. But, given the level of employment and poverty of the state, the compulsions on the working population to resort to any type of available employment must be expected to be quite high. Hence a satisfactory explanation cannot be given with the help of a subjective factor of higher job aspiration alone. The objective reasons have to be probed in the specific context of rural living.

In short, the state is witnessing a curious labour market situation in which acute unemployment co-exists with high wage rates on the one hand and labour shortage on the other hand. The phenomenon of rising real wages of agricultural and other rural labour in Kerala is remarkable in the context of acute and increasing unemployment, stagnating agriculture, declining farm employment and the slow growth of alternative non-farm rural employment sector. It is also important to note that even in the background of unemployment no significant migration, either inter-village or inter-occupational, in search of work is taking place in the rural area. Hence in Kerala, we see a very complex system of rural labour market characterised chiefly by the paradox of labour scarcity in an admittedly labour surplus rural economy. The available studies on labour in Kerala do not offer a comprehensive analysis of the rural labour market situation, rather they have been attempts to explain some aspects of the
problem. The present study is an attempt to offer a more comprehensive explanation to the rural labour market behaviour in Kerala.

Objectives of the Study

The objective of this study in broad terms is to offer an explanation to the complex behaviour of the rural labour market in Kerala. The specific objectives of the study are the following:

1) To trace the historical, sociological and demographic factors that influence the rural labour market;

2) To analyse the factors that influence the demand for labour;

3) To analyse the factors that determine the supply of labour;

4) To analyse labour mobility, both spatial and inter-occupational, in the labour market and to identify the reasons and constraints to mobility (or migration);

5) To identify the reasons for shortages in the supply of labour for certain occupations in spite of the fact that there is surplus labour in the economy and;

6) To analyse the labour market adjustment process.
Hypotheses

Keeping the above objectives in mind it is hypothesised that there is a situation of relative labour shortage in rural Kerala as a result of a number of factors like high literacy and high job aspiration, segmentation of labour market and lack of inter-village mobility of labour. The possession of home stead land by rural labour households as a result of land reforms is acting as a deterrent factor for migration. It is also possible that the right on the homestead land enhanced their ability to withstand the adverse economic conditions and thereby keeping the reservation price of labour high. The social security and welfare measures of the state like public distribution, unemployment dole, various pensions and free educational and medical facilities provide a cushion to the labour household against the low levels of income and employment. Such measures keep the real incomes high and add to the enhanced reservation price of labour.

Methodology

The rural labour market characteristics are evolved and determined by the interaction of a multiplicity of factors that have got relation with the existing socio-economic situation in which the rural households live. The socio-economic situation of a rural region is conditioned not only by the internal dynamics of the region but also by its interaction with the world outside the region. This is more so in the context of increasing commercialisation and growing communication networks etc. In the context of growing commercialisation, the rural economy is not isolated from the urban influences and from the rest of the national economy. Even within the rural economy
the labour market cannot be analysed in isolation. The demand for and supply of labour of a household can then be analysed only in the context of the totality of activities that the household undertakes to earn a living. Similarly, the state intervention and policies like the Land Reforms, Green Revolution Strategy etc., have got their influence in the shaping of the rural economic scene. For example, the land reforms have brought about a significant increase in the number of small and marginal cultivators which in turn has its influence on the demand and supply of labour. The rural employment and poverty questions also cannot be addressed in isolation of the state policies and the development perspective. It is with this perspective that we propose to proceed with the study.

Available Data

The major available data sources on the rural work force are the decennial censuses, National Sample Surveys and Farm Management Surveys. There are a number of studies based on the massive data provided by these sources on various aspects of rural labour situation. There is another set of studies based on village surveys conducted by individual researchers.

The decennial population census provide data on the activity status of the population and pattern of employment in rural India. Every census gives some information on the proportion of employed and unemployed rural population. These data give details like composition of rural work force by activity, working force participation rate and some information on the migration aspect. Detailed sectoral break-up of the working
population is generally available up to the district level. However, these data do not sufficiently indicate the details like intensity of employment and incidence of unemployment and under-employment. The usefulness of data from the above said sources is very limited for the studies at micro level.

The present study will make use of all the relevant studies on agricultural and other rural occupations in the state. There has not been any comprehensive study so far in the characteristics of rural labour market in Kerala. The governmental data available on rural labour in the state are in no way give us a comprehensive picture of the rural labour market. To capture the complex dynamics of the rural labour market it is proposed to take up an indepth case study of a village.

The Study Village and Sampling

The study is mainly based on the primary data collected from the village as the focus of our study is the dynamics of rural labour market at the micro level. Therefore, we have adopted the case study method, as that would enable us to go into the finer details of the labour market functioning. For this we purposively selected one panchayat, Vazhapally, in Kottayam District. This panchayat is comprised of Chethipuzha village and part of Vazhappally west village. We have chosen the panchayat instead of the village for convenience, as the panchayat being a self-governing unit it has an administrative set-up and in every ward there is a ward member who represents the people of that ward in the panchayat. So we could take the help of those ward members and the panchayat office for the purposes of identification of sample
households, collection of various information on the area and also to hold discussions with the people.

A total of 200 households (100 labour and 100 cultivating households) were randomly selected for data collection. The sample selection was done from a list of labour households and cultivating households prepared separately with the help of the local agricultural office and panchayat members. For getting a complete list of households the voters list from the panchayat was used. The sample households were selected in such a way that all the locations in the panchayat are sufficiently represented. The necessary data were collected through a structured questionnaire by visiting the field on two rounds, one during the peak labour season of paddy and the other during the lean season. The peak season data collection was conducted during October-November 1992 and the lean season survey was during January-February 1993. These two periods represent the peak and lean season of the first crop of paddy. These periods, being after the monsoons, fairly represent the demand for labour scene of rubber and coconut as well.

The village (for convenience we refer village instead of panchayat) is a multi-crop region with predominantly paddy and coconut and to a lesser extent rubber, vegetables and banana. We thought it fit to take such a village with various crops as that would help in capturing the labour demand dimensions in a better way than studying a village with a single crop or two crops. There are nearly 6000 households in the village with a population of a little above 32000. About 55 percent of the households have paddy cultivation and almost every household has coconut cultivation. Nearly 10 percent of
the households have rubber cultivation. As per the census, among the working population (main workers) in the village 10 percent are cultivators and nearly 37 percent are agricultural labourers. Nearly 50 percent of the total female workers are agricultural labourers.

Organisation of the Study

In addition to the present chapter, there are four chapters in this study. Chapter II is an analysis of the factors influencing the demand for labour. The pattern and features of labour supply and the factors affecting the supply are discussed in Chapter III. The labour market adjustment process is the theme of Chapter IV. The last chapter gives the conclusions emerging from the study.

1) Farm Size and Pattern of Land Distribution

It is generally believed that larger the size of land holdings, larger will be the demand for hired labour. The inequalities in the distribution of land is supposed to have a positive impact on the demand for labour. Thus large holdings and inequalities in their distribution are expected to generate greater demand for hired workers. This is