CHAPTER VIII

CONCLUSION AND POLICY PRESCRIPTIONS
This chapter attempts to bring together the broad conclusions and policy prescriptions emerging from the foregoing analysis. In economic literature, the phenomenon of underemployment has not been carefully construed. Underemployment is often confused with disguised employment. We, however, have confined ourselves to the concept of underemployment to refer all those workers whose marginal productivity is less than the prevailing market wage rate and/or who are working below some standard norms. This study does not deal with the productive employment of persons as such but with that of productive employment of their whole labour time. For a proper analysis of underutilization, it is the total disguised and seasonal underemployment which is quite significant.

An attempt has been made to empirically measure the degree and extent of underemployment in rural Punjab. We have reviewed the past attempts made to measure underemployment in agriculture and have finally arrived at a suitable technique for measuring the degree and the extent of underemployment. Our empirical study of 320 holdings in Punjab (1982), on the basis of the full employment man-days criterion, leads to the general conclusion that there exists moderate under-employment. Rate of return criterion indicates that on an average, a family
worker loses in a year approximately Rs. 452.60 on account of underemployment in the Punjab State. The present empirical study indicates that the extent of underemployment in the rural areas of Punjab is not less than 23 per cent and does not probably exist beyond 50 per cent. The study reveals that in four districts under study, underemployment among in-migrated agricultural labourers is higher than the permanent farm workers.

The study also relates to the nature and causes of underemployment. As against the situation in advanced countries, it is the category of self-employed in agriculture which are found in a vast majority in under-developed countries. Rising population, resource deficiency along with social and institutional rigidities, rather than demand deficiency, are responsible for the existence of underemployment. The principal causes of underemployment in the districts under study have been discussed. The small farms seem to employ more man-units per acre than the large farms. The evidence available at present indicates that the average income of a self-employed farmer is often less than the wage earned by the labourer. This may be due to lack of spirit or mobility of labour between these occupations, since self-employed labour may consider agricultural employment as a way of life. A permanent withdrawal from the agricultural sector of a segment of agricultural labour force necessitates special measures to meet the excess requirements of labour during peak periods. This may involve a reorganisation of agricultural operations or longer working hours for the remainder of the labour force.
One reason for underemployment was simple laziness and the other was excessive attachment to land. Small size of holdings and the old methods of cultivation were other causes of underemployment. The two together - the small holdings and the old methods - were hardly likely to provide adequate employment. A singular lack of spirit of adventure and immobility - geographical and occupational - were other important reasons.

An attempt has also been made to find out the relationship between wages, productivity and underemployment in the different districts of Punjab viz., Ludhiana, Patiala, Sangrur and Bhatinda. It has been found empirically that (i) the farm size and labour input per acre are inversely related to each other; (ii) the farm size and output per labour are directly and positively related to each other; (iii) small farms have more under/unutilized labour as compared to large farms. Thus, the small farms have a greater degree of underemployment in comparison to large farms, (iv) Marginal value product of labour has been found positive in small, medium, and large farms. There is an upward trend in average and marginal value productivities of labour with respect to farm size. This trend shows that at the existing level of labour use, there is further scope for absorbing more labour as the farm size increases. The large farms have also shown a scope for absorbing the labour of small farms as the difference between the wages and MVP was minimum on the large farms.
The functional relationship between impact of different variables and labour employment has been found positive on both mechanised and non-mechanised farms. It has been found that production expenditure on yield increasing technology and intensity of irrigation use increase human labour employment on farms. The introduction of mechanization is also not detrimental to the cause of employment. It reduces under-employment. It is, therefore, important to promote such components of technology as irrigation, HYV seeds, manures, fertilizers and pesticides which increase human labour employment along with mechanisation in selective manner. Thus the possibility of extension of employment opportunities both the farm and labour use efficiency in Punjab Agriculture brings out insight into the philosophy of labour use in rural Punjab.

* The concept of selective mechanization is used here in the context of mechanizing only such farm operations which create peak in demand for labour, the last and timely performance of which would result in higher cropping intensity and increased productivity of land, without being much detrimental to the employment of human labour.
Another important aspect, often neglected, relates to underemployment and dualism. In our present study, we have defined dualism in two ways in agriculture: (i) within advanced districts and backward districts, (ii) the existence of dualism within the peasantry i.e., small farms vs. large farms. The advanced district has a high productivity per acre as compared to the backward district and also labour input per acre is high in the advanced district as compared to the backward district, and so we can say there exists regional duality in agriculture. The small farms use their own labour force while large farms depend mostly on "hired labour". The size of the farm and productivity per acre are inversely related to each other, hence there exists 'dualism' between the small and large farms. The labour input per acre is large on small farms than on large farms so the overall labour share is larger on large farms than on small farms showing thereby the dual character of agriculture within the peasantry. The extent of surplus labour has been measured through cooperative farming, simultaneously we have tried to remove to some extent the underemployment level.

Underemployment and surplus labour are often used synonymously. In fact, only some part of this can be considered as the removable surplus. Removable surplus does in no case exist absolutely or independently but is created on the basis of certain assumptions. In our analysis, removable surplus
as percentage of total rural working force, is estimated to be 10 per cent and as percentage of total underemployed, the true unemployment (removable surplus) comes to be 42 per cent. The possibilities and prospects of labour absorption have also been considered. It has been shown that the problem of labour absorption can be tackled in the rural sector itself in various ways, e.g. by reclaiming waste land, irrigation and use of HYVs. We have also to ascertain the quantitative magnitude of increase specially in the labour use when an unirrigated hectare is converted into irrigated one. We have also examined what difference the induction of new technology has made to the labour input and output per acre.

**Policy Prescriptions**

It may be said that, today, the prevention of underemployment and unemployment is generally held unreservedly to be the responsibility of the State. The emphasis on the responsibility for this malady has, in fact, shifted from the individual to the state. The underemployment must, therefore, be related to government policy as to how, when and where the labour reserve can be absorbed productively.

The policy implications of our diagnosis can be easily arrived at. In Punjab, underemployment mainly arise out of the underutilization of resources, reorganization of agriculture and land reforms of the type that create more
productive use of the under-utilized resources should be encouraged.

A small farm-oriented growth strategy is required to improve the productivity and the return on small holdings and to increase job opportunities for those agricultural labourers, who are currently underemployed via a low cost and high labour-intensive technology. The current problem is not of the inadequacy of foodgrains availability but of lack of demand and therefore, the purchasing power of the weaker sections needs to be enhanced.

Underemployed people can be more productively employed if labour absorbing (labour-intensive) rather than labour displacing (capital-intensive) techniques are selected and it will solve the problem to some extent. The following are some of the projects where the rural excess population can be effectively utilized: irrigation works, reclamation, use of HYVs, levelling and bunding of land, conversion of dry land into wet land and small scale and household industries and industrial estates etc. All these lend themselves to labour-intensive methods and simultaneously increase agricultural productivity.

In addition to these, community spare time work on capital formation can be of considerable value. The surplus farm workers should undertake works like roads, schools, wells,
soil conservation, fisheries, common pastures etc. This is important not only from the point of view of capital formation, but also as a means of providing momentum to the stagnant community. The village panchayats, community development projects and other such organisations can play an important role in the mobilisation of surplus rural man power in these directions. Besides, speedy implementation of land reforms and co-operative farming are also necessary for increasing the overall surplus per acre. Improvement in agriculture can be accelerated through research and training. Further, schemes for increasing agricultural production are closely linked with improvement of animal husbandry, dairying and development of fisheries, piggery and poultry.

In case the modern technology does not permit the absorption of all surplus labour in these projects, there are ancillary processes like materials handling, packaging, construction activity and so on, which are not mechanised. Further, various small scale units could specialise in the production of different component parts. In this respect, the experience of the decentralised productive activity as prevailing in Japan could be a good lesson.

For the absorption of surplus agricultural labour, it would be necessary to have some administrative organisation to take care of productive activities. The organisation should supply the needed technical assistance, raw-materials, credit
facilities, lower rates of interest, marketing facilities and so on.

The other measure could be the introduction of 'progressive tax' on all sectors, including agriculture in order to mobilise resources for capital formation.

Reduction of underemployment needs firm determination on the part of the government. There is an urgent need for drastic changes in the agrarian structure, institutions and organisations of the poor. While the government should concentrate on issues such as the number of blocks to be taken up for intensive and integrated development, there should also be seriousness in enforcing the ceiling on land ownership and minimum wages for agricultural labourers.

Substantive issues that would accelerate the pace of employment should be the major concern in agricultural and rural development. In the long term, however, the real solution lies in generating employment through projects based on self help and group initiative. It is these projects which have a special relevance to countries like India with their own distinctive pattern of social organisation and massive man and woman power resources. Changes will not come from the efforts of a few thousand government officials regardless of any amount of hard work or sincerity. It can only come from motivating the 70 per cent of the population who depend on land to work harder. Progress will have to be induced not imposed.
However, all these guidelines, specially in the long-run, would prove futile if the present trend in the growth of population remains unchecked. Our suggestions rely more on the utilization of surplus labour time within the agricultural sector itself because the non-agricultural sectors are already overburdened with massive unemployment. P.C. Mahalanobis\(^1\) has rightly observed the problem of under utilization of resources by saying "Fuller utilization of the underemployed must be the chief aim of planning for national development. The problem is complicated by the fact that most of the underemployed persons live in rural areas and are engaged in agricultural work which is seasonal in nature".

During the last three decades, several schemes have been initiated to provide additional and seasonal employment. Some of these schemes are supposed to ensure continuity of employment and income. Some other schemes are target group oriented, for small and marginal farmers, landless agricultural labourers, artisans and other persons belonging to weaker sections of society. To use optimally existing skills, and to provide job opportunities at different levels of skill is one of the major objectives of these schemes.\(^2\) Provision of the


new openings for the skilled, semi-skilled and unskilled is sought through these schemes. However, the major weakness of these schemes is that most of them are of an ad-hoc nature. They neither ensure continuity of employment nor income. They do not provide security of employment for those who come forward to work on them. Further, even though these schemes are meant to benefit the weaker sections, they may in actual practice serve the better off. Dantwala cites two irrigation schemes where the actual beneficiaries happened to be big farmers. According to him a more equitable distribution of benefits would have considerably enhanced the employment potential of these schemes.

Our study thus confirms Khusro's view who demonstrates that since it will not be possible in near future to absorb surplus labour from rural sector in the urban areas, our policy should be directed towards greater utilization of rural surplus labour within the rural sector and not outside it.