

## CHAPTER IV

# FACTORS AFFECTING REAL AND MONEY WAGES OF AGRICULTURAL LABOURERS

### 4.1 Introduction

From the demand side of labour, the important factor influencing wage – rates is the value of agricultural production per cultivator which in its turn depends on various factors like the gross sown area per cultivator, proportion of irrigated and doubled cropped area, productivity of land and the nature of crops and their prices. The right of the cultivator in his land and the size of holding and their distribution are other factors.

From the supply side, the proportion of agricultural labourers, the attached and casual labourers among them, and the proportion of men and women in the total labour are important among other factors.

The wage level may be expected to be lower if there is relative poverty of resources, inadequate utilisation or abundance of labour supply or low level of local prices and cost of living. The scope for non-agricultural employment and the prevalent level of wages for such employment also influence the level of agricultural wages

### 4.2 Real Wage

The rise in money wage rates for agricultural labour has to be realised as increase in real wages, i.e., money wages keep ahead of the trends in the prices of the commodities purchased by the agricultural labour. To arrive at real wages, the money wages are deflated by consumer price indices for agricultural labour (CPIL) (general) compiled by the labour bureau of the ministry of labour with the base year 1960-61. These indices are reconverted with the base year 1981-82 for the purpose of the study.

#### 4.2.1 Factors Influencing Variation in Real Wages

It is observed that the fluctuation in the real wages, whether it is attached or casual or total human labour, in general reflect the changes in the consumer price index members as the real wage are arrived at by deflating the money wages

with the above said indices. For example, the CPIAL, showed a negligible variation between 1984-85 and 1986-87 leading to significant increases in the real wages in almost all the years. Similarly, due to a steep increase in the CPIAL during the year 1987-88, 1988-89 and 1991-92, real wages have declined, thus leading to the conclusion that the increase in money wage was non-commensurated with the increase in the general price in these years.

#### **4.3 Method of Fixation of Money wage of Agricultural Labourers**

The unit of analysis of agricultural labour market in the village and within the village level labour markets agricultural wage are determined by collective bargaining between the group village employers and labourers. However, the prevailing rate will depend upon the relative bargaining power of employers and labourers. This prevailing wage can be interpreted as the agreed or 'bargained' wage i.e, the wage rate mutually agreed by village employers' and labourers. This agreement is totally informal treated as tacit collective bargaining. But it is true that this 'going wage' rate is not invariant overtime and seems to be responsive to parametric shifts in labour – demand supply (Datt, 1996).

We find, several theories regarding wage determination in the rural labour market. For, example, the subsistence or institutional wage theories, the efficiency wage models, the labour turn over models, the supply demand models and the interlinked market theories. The subsistence or institutional wage theory states that the real wages in the less developed countries are set at the 'subsistence level' which is identified as the 'natural' price of labour. The market price for labour (the wage actually paid) usually differs from the 'natural price' (the long run subsistence wages, depending on the supply and demand for labour). The theory assumes that wages are fixed not in the sense that they do not change, but in the Hicksian sense, they are independent of supply and demand. Modern economists like K.Bardhan (1973), P.K.Bardhan (1979a, 1984a, 1984b), Lal (1986) and Acharya (1989), showed that the observed variation in real wages overtime and space is systemically responsive to factors affecting labour demand and supply. The original contributors of efficiency wage theory were Libenstein (1957) and elaborated by Mirless (1975), Rodgers (1975), Stiglitz (1976, 1982), Dasgupta and Roy (1986, 1987) and Dasgupta (1993). This theory explains the downward rigidity of real wages and concomitant involuntary unemployment of

labour in the labour market. The employer tendency is to pay [more] than to the market-clearing wage, which induces involuntary unemployment in the labour market.

The labour turn over model also shows that under certain circumstances employers find it profitable to pay wages above the market clearing level. P.K.Bardhan (1979a) explains the application of labour turn over models in agricultural wage determination in respect of India. He also shows that higher wages reduces the recruitment cost of labour and lower wages increases the recruitment cost of labour. So employers are willing to pay wages more than the market clearing wage level in order to maximise profit.

Some studies on rural labour markets by K.Bardhan (1970, 1973, 1977), Pandey (1973), P. K. Bardhan (1984a, 1984b) and Sidhu (1988) accepted the importance of supply-demand models in determination of wage rates as compared to a the fixed-wage theories. This model shows wages to be responsive to the varying conditions of demand for and supply of labour. The interlinked market theory shows that rural labour market theory shows that rural labour markets in India are interlinked with those in land and credit markets. An importance instance of the former is the institution of share cropping, which despite the general decline of tenancy in India since 1950s, is still significant in parts of the country (Bhalla, 1983, Rudra, 1982b). However, more pertinent in the present context is the labour-credit linkage, which often takes the form of employers giving wage advances to labourers that are repaid with or without interest through wage deductions later (Bardhan and Rudra, 1980; Datt, 1996). But empirical significance of labour-credit interlinkage for casual agricultural labour markets in India appears to be limited, though there are some regional variations. The phenomenon obviously is important for attached labourers, current consumption credit often being the very basis of attachment (P.K.Bardhan and Rudra, 1978). However, the share of attached labourers in total labour force is very small. Bardhan and Rudra's (1978) survey of villages in West Bengal in 1975-76 shows strong labour credit linkage but second survey in 1979 in the same set of village implies a much lower incidence of labour credit linkage in West Bengal. Out of these models the demand – supply model is most appropriate model in determination of wages in rural labour markets.

Theoretically demand and supply of labour determine the wage rates. However, regional agricultural wages are determined by many other factors such as level of economic development, previous year's wage rate, productivity of land, cropping intensity, level of irrigation and use of modern inputs like chemical fertilizers pesticides high yielding varieties of seeds and machinery and implements. Seasonality may be another factor, which affects the wages of labourers. The employer is willing to pay higher wages in some commitment on the part of labourers regarding the timing and speed at which time bound operation like harvesting will be performed. The terms and conditions of labour hiring are often quite different in the peak season from the rest of the year (K. Bardhan, 1977).

Due to the commercialization of agriculture the feudal patron-client-relationship between oligopsonistic employers and their employees have been replaced by commercialized employer-labour relationship. For harvesting and other peak season operation, the employers now employ casual labourers or a daily or piece rate contract. The labour gangs of migrant or local, bargain with the employers and manage to get a minimum subsistence wage to carry out specified operations within a specified period.

#### **4.4 Wage Earnings of Casual Group Agricultural Labourers and Casual Day Labourers**

In our study area, out of 180 agricultural labour households, only one agricultural labour worked as annual farm servant at the employers' house. Some agricultural labour households worked as semi-attached labour in this district. Thus our analysis is mainly confined to wage determination of casual agricultural labourers. Casual day labourers work on time rate basis and casual group labourers work on piece rate or product rate basis. The working hour of casual day labourers is 7.30 a.m. to 3.0 p.m. for all the six villages. It changes in winter season. In the winter season the hour of work is from 8.30 a.m. to 3.30 p.m. It is also different in case of plantation labour. The paddy plantation or sowing is mainly done by women labour. They start working in the field at 8 a.m. as they also have to do household work before coming for field work. In the case of group labourers, there is no fixed working hours. During peak season, the demand for labour is high which induces both casual as well as group labourers

to demand higher wages from their employers. The bargaining process is totally informal and known as tacit collective bargaining. Skilled labourers are able to draw higher wages from their employers, because the demand for skilled labourers is more as compared to unskilled labourers. During the slack season, the demand for labour is low and wages decline marginally. Generally after two to three years, peak period wage rate is settled as market-wage rate for all labourers. The labour-credit linkage did not exist in our study area.

**Table 4.1: Operation wise Wage Payments to Casual Group Labourers Across Surveyed Villages of Uttar Dinajpur District**

Operations	Required man days Per bigha (8 hrs.)	Unit	Villages under highly developed block		Villages under moderately developed Block		Villages under Least Developed Block	
			Kamal pur	Jagadish pur	Alianagar	Dolua	Lalbazar	Solpara
Transplantations	4-5	Rs/Bigha	215	220	220	210	200	225
1. Aman paddy (Traditional)								
2. Boro Paddy (HYV)	5-6	Rs/Bigha	245	250	246	245	248	255
Weeding	3-4	Rs/Bigha	145	150	140	142	150	160
1. Aman paddy (Traditional)								
2. Boro paddy (HYV)	4-5	Rs/Bigha	195	210	195	190	200	220
3. Jute	5-6	Rs/Bigha	245	235	236	220	248	250
Harvesting Threshing Storing Aman Paddy (Traditional)	8-9	Share of product	1/5 <sup>th</sup>	1/5 <sup>th</sup>	1/5 <sup>th</sup>	1/6 <sup>th</sup>	1/6 <sup>th</sup>	1/5 <sup>th</sup>
Boro Paddy	10-11	Share of product	1/4 <sup>th</sup>	1/4 <sup>th</sup>	1/5 <sup>th</sup>	1/5 <sup>th</sup>	1/5 <sup>th</sup>	1/4 <sup>th</sup>
Harvesting of Jute	3-4	Rs/Bigha	160	160	155	150	150	170

Source : Field Survey.

The wage rates for different agricultural operations earned by group agricultural labourers have been given in Table 4.1. The employment of group labourers for agriculture operation has been spreading rapidly and is utilized for major agricultural operations like transplanting, weeding, harvesting and threshing involving more amount of labour. The payment is given on piece rate basis and the amount is shared equally among members.

The transplantations of traditional variety of paddy (*aman*) requires 4-5 mandays per *bigha* and wage rate varies from Rs. 200 per bigha at Lalbazar – a village under least developed block to Rs. 225 per *bigha* at Solpara – village under least developed block. At the same time transplantation of *boro* paddy requires more mandays per *bigha*, as compared to traditional variety of paddy and

accordingly wages rates per *bigha* for *boro* paddy is higher as compared to traditional variety of paddy (Table 4.1). For weeding of *aman* paddy, the wage rate varies from Rs. 140 per *bigha* at Alianagar – a village under moderately developed block to Rs. 160 per *bigha* at Solpara – a village under least developed block. Similarly for weeding of jute, the wage rate varies from Rs. 220 per *bigha* at Dolua – a village under moderately developed block to Rs. 250 per *bigha* at Solpara – a village under least developed block. For harvesting of paddy, the traditional crop share system is still prevalent in the villages under survey. In the surveyed villages, the crop share for harvesting of paddy varies from 1/4<sup>th</sup> to 1/6<sup>th</sup> of the product. The harvesting share of paddy within the village also shows considerable variation; for example, in village Kamalpur, Solpara, for paddy, the range varied from 1/4<sup>th</sup> for *boro* paddy to 1/5<sup>th</sup> for *aman* paddy. For harvesting of jute, piece rate system is used and wage rate varied from Rs. 150 per *bigha* at Dolua – a village under moderately developed block to Rs. 170 per *bigha* at Solpara - a village under least developed block. Under piece rate system, the supervision cost is lower as compared to individual casual workers. But the quality of work done by group labourers does not always ensure better quality as they maintained the speed of the work to make more profit or wage from the work done. It is found that the group labour mainly come from outside the village or nearby village for the work like transplanted and for weeding and harvesting of jute etc. But the harvesting of paddy both *aman* and *boro* are mainly done by the group labour who come from outside the district, that is they are migratory group labour.

In a group they have 10-20 labourers. A man acts as a manager to them, in the village term they called as *dafadar*. The contract of work is made by him with the employer and he takes some commission from the labourers. The manager or *dafadar* usually come from the districts of Maldah, Murshidabad, Jalpaiguri etc. The manager provide the group labour some money in-advance to bear the households expenditure during their stay to perform work as group labour. The manager make contract with the employer before one month from the harvesting period both for *aman* paddy and for *rabi* paddy. The manager or *dafadar* make contract for harvesting of paddy with 7-8 households or it may vary depending on amount of the cultivated land the number of households possess.

#### **4.4.1 Wage Earning of Casual Day Agricultural Labourers in Cash and Kind in Different Agricultural Operations**

Our investigation revealed that the annual farm servant is almost non-existent in the district due to various factors, like availability of non-farm work, labour migration to other states, use of modern technology in agriculture, commercialization of agriculture, employment in increasing agro-processing industries etc. So the farmer now depends mainly on casual day labour.

The wage payment for casual day labour is given in cash or kind, and some fringe benefit like, meals or snacks, and rate of wage payments depend on whether a labour is paid in time rate basis or piece rate basis. Daily wage payment in purely cash constitutes 49.16 percent in the district. The wage payment in cash seems to increase with development of agriculture as Table 4.2 indicates. While urbanization, development of cash crops etc should have speeded up monetization of wages, the extension of irrigation might have delayed it, since labourers of wet lands were paid in kind to a large extent than those of dry lands. Another reason for switch to cash payment was that at the time of scarcity, the small holding cultivators had no grain stocks at the time of transplantation. Naturally, casual labourers were more frequently paid in cash. The competitive nature of the functioning of market in the six sample villages comes out from the average wage earned by a worker per day. The average wage did not differ by a significant margin. They ranged between Rs. 40.40 at Dolua to Rs. 48.50 at Solpara. The variation in the wage rates across the villages could largely be explained in terms of factors like capacity of particular labour to work, seasonal variations in demand for labour, the prevalence of labour-credit inter linkages, the number of absentee landholders etc. The casual labourers in all six sample villages on an average received wage payment after 3-4 days. For most of the days, the casual labourers worked on piece rate basis. The wage income earned by working on piece rate basis contributed around 62 percent of the total household income. The average hours of work by a labour not exceed eight hours normally. During peak season average hours of work varied from 8 to 9 hours. The last –wage revision in the sample village took place in 3 years ago and wage rate was revised mainly by the initiative taken by the existing village casual day labourers.

**Table 4.2: Labour Market-Functioning of Casual Day Labourers in  
Surveyed Villages of Uttar Dinajpur District**

Particulars	Unit	Villages under highly developed block		Villages under Moderately developed block		Villages under Least developed block	
		Jagadishpur	Kamalpur	Alianagar	Dolua	Lalbazar	Solpara
Money wage rate	Rs/day	45.58	42.60	42.65	40.40	46.60	48.50
Cash, kind & meal	%	15	12	7	7	7	15
Cash kind	%	42	30	22	22	40	44
Only cash	%	50	48	44	50	48	55
Only kind	%	15	10	10	10	12	15
Rate of payment	Time rate	36	35	40	42	40	30
	Piece rate	64	65	60	58	60	70
Frequency of wage payment	Days	3	4	3	3	4	3
Last wage revision	Years	3	3	3	3	3	3
Initiative wage revision	Employees (%)	30	28	25	28	25	30
	Labourers (%)	70	72	75	72	75	70

Source : Field Survey.

#### 4.5 Fringe Benefit

By the term fringe benefit we mean the amount which is given to the agricultural labourers over and above the usual wages. Agricultural labourers enjoy different types of fringe benefit like, meal, tobacco, fried rice, fuel materials, vegetables etc. In the villages under study, various agricultural operations have different types of fringe benefits. For instance, the plantation work are mainly done by the female labourers, they get one kg or somewhere 1.25 kg of rice as fringe benefit. Especially in the villages under study the tribal women are taken as a skilled labour for paddy plantation and they usually take 1 kg or 1.25 kg of rice as a fringe benefit. Some time it included with their wages if they take meal at noon and sometime excluded from their wages if they do not take meal at noon. The male and female agricultural labourers both are bidi smoker. Some of them are provided with fried rice as tiffin at noon, if the work is piece rate. Thus, the employers, at the time of contract with the labourers make confirmation with labourers as to which fringe benefit they have to give to the agricultural labourers. If the work is weeding the vegetables crop, the labourers may take some vegetables as fringe benefit from the employers. Some time, if the work is to pluck the fruits or vegetables, the workers may get some fruits or

vegetables which are of lower quality. Thus the fringe benefit mainly depends on which type of work are performed by the agricultural labourers or the type of work contract made by the employers with the agricultural labourers and it is true for the fuel materials also. For example, if the work is like washing the jute, the labourers may take the jute sticks as fringe benefit during this type of work.

Type of fringe benefit and the numbers of agricultural labourers getting such benefits are shown in the Table 4.3.

**Table 4.3: Type of Fringe Benefits and the No. of Agricultural Labourers getting Fringe Benefit in the Villages Under Study**

Type of Fringe Benefits	Highly developed villages		Moderately developed villages		Least developed villages		Total
	Jagadishpur	Kamalpur	Alianagar	Dolua	Lalbazar	Solpara	
<i>Bidi</i>	11(16.17)	13 (19.11)	12(16.66)	12(26.08)	16(32.00)	8(10.95)	72(19.20)
Light tiffin	07(10.29)	13(19.11)	15(22.05)	12(26.66)	08(36.00)	08(10.95)	73(19.47)
Fuel materials	10(14.70)	12(17.64)	17(25.06)	11(23.91)	07(14.00)	12(16.43)	69(18.14)
Rice	15(22.00)	04(5.88)	08(11.76)	05(10.86)	04(8.00)	15(20.54)	51(13.60)
Clothings	04(5.88)	06(8.82)	03(4.41)	00	00	06(8.21)	19(5.06)
Vegetables	08(11.76)	00	10(14.70)	00	07(14.00)	10(13.20)	35(9.33)
Meals	13(9.11)	06(8.82)	07(10.29)	08(17.39)	08(16.00)	14(19.17)	56(14.94)
<b>Total</b>	<b>68(100)</b>	<b>54(100)</b>	<b>72(100)</b>	<b>46(100)</b>	<b>50(100)</b>	<b>73(100)</b>	<b>375(100)</b>

Source: Field Survey.

From the Table 4.3 we see that there are several types of fringe benefits which the agricultural labourers get. From the Table 4.3 the highest number of consumption of *bidi* is 16 in Lalbazar under the moderately developed village and least 8 in Solpara and 12 in Jagadishpur under least and highly developed village respectively. In case of light-tiffin the number is highest in Alianagar and lowest in Jagadishpur under moderately and highly developed villages respectively. The numbers of labourers getting fuel materials as a fringe benefit is highest, 25.06 percent at the village, Alianagar, under moderately developed village and lowest 14.00 percent at the village Lalbazaar under least developed village. The number of labourers getting rice as a fringe benefit is highest 22.00 percent at the village Jagadishpur, the village under highly developed block and

least at the village Kamalpur, the village under highly developed block. The labourers sometimes get clothing's as a fringe benefit, but this number is less compared to others. Out of six villages only at four villages, the agricultural labourers are getting for clothing as fringe benefit but in other two villages their number is nil. In case of vegetables as a fringe benefit, the numbers of agricultural labourers is highest (14.70), in the village Alianagar -- the village under moderately developed block.

The numbers of agricultural labourers getting meal as a fringe benefit is highest (19.17 percent), at the village Solpara, the village under least developed block and lowest 8.82 percent at the village Kamalpur, the village under highly developed block.

#### **4.6 Minimum Wages in Agriculture**

In our study area out of 180 households, only few agricultural labourers know about agricultural minimum wages fixed by the government. Most of the labourers as well as their employers are unaware about the minimum wages not only for agricultural work, but for other works also. The agricultural workers do not get minimum wages (fixed @ Rs.62.10 per day in 2000) throughout the year, as they are not united for demanding minimum wages from the employers. But during the peak season when the labour scarcity arises the agricultural labourers sometime get the wages higher than the minimum wages fixed by the government. As the agricultural work is time bound and also depends on weather, as a result when the weather is favourable to the cultivator then everyone of them wants to complete the work within a few days. Due to this phenomenon labour shortage arises and the employer offer higher wage than the normal ruling market wages to complete the work within the specified time. In this situation agricultural labourers get higher wages than the minimum wages. But it remains for a few days only and when the work is over the wage rate again fall below the minimum wage and the labourers are compelled to do work with this lower wages. Due to mechanisation in agriculture the time spent for a specified work has reduced than before. It is interesting to note that though the agricultural work become mechanized, with the use of tiller, thresher, harvester, tractors but the owner of these machines are very few. As a result the numbers of these machines are inadequate than what is required. So in the peak season as the work have to be

finished within a few days, with the existent of machines also labour crisis is there.

**Table 4.4: The Seasonal Average Wages of Agricultural Labourers and the Difference with the Minimum Wages ( in Rs)**

Villages	Name of Villages	Govt. Min. Wage	Market wage (Off-Season)	Difference between Market Wage & Govt Wage (Off- Season)	Market Wage (Peak-Season)	Difference between Market Wage & Govt Min. Wage (Peak-Season)	No. of person Aware of Min. Wage
Under Highly developed Block	Jadishpur	62.10	45-50	12.10	70.00	07.90	2
	Kamalpur	62.10	40-45	17.10	64.00	01.90	0
Under mod. Dev. Block	Alianagar	62.10	40-45	17.10	65.00	02.90	2
	Dolua	62.10	40-45	17.00	65.00	02.90	0
Under least developed Block	Lalbazar	62.10	40-45	17.10	64.00	01.90	0
	Solpara	62.10	45-.50	12.10	70.00	07.90	3
<b>Total</b>							7

Source: Field Survey.

The Table 4.4 shows the difference between the government minimum wage, the off-season and the peak period wages. The difference between the govt. minimum wage and the market wage during off-season is lowest Rs. 12.10 at the village Jagadishpur and Solpara under highly and moderately developed village. The difference between the government minimum wage and the market prevalent wage during peak-season is highest ( Rs.7.90) at the villages Jagadishpur and Solpara, the village under highly and least developed blocks.

We find only seven persons in 180 households of six villages who are aware about the minimum wages of agricultural labourers fixed by the government. Among the six villages only three villages have seven numbers of person who know about the minimum wage of agricultural labourers and among others three villages, the numbers of person aware of the government minimum wages is nil.

#### 4.6.1 What is Minimum Wage ?

There is a great deal of debate of what constitutes the minimum wage, and it has been often compared to other concepts such as living wage or fair wage.

Unfortunately in recent years there has been a tendency to devalue the minimum wage and bring it closer to the poverty line or proper wage. The latest attempt in this direction is the formulation of the 'floor level minimum wage', which further minimizes the minimum wage. However, every expert body till today has defined the minimum wage at the poverty level. Even the National Commission on Rural Labour, which in its own study reduced the minimum level needed for subsistence, laid down the following principles:

- 1) The minimum wage is not the pauper level or poverty level wage.
- 2) The minimum wage must ensure the preservation of the level of efficiency of the working and
- 3) It must provide for some basic amenities like health and education of children.

What these principles together indicate is that the minimum wage level is that level below which wages should not fall. If they fall below that level, the efficiency of the worker will also fall.

In fact, the most comprehensive calculation of the minimum wage was made by the 15<sup>th</sup> Indian Labour Conference and later modified by the Supreme Court in the Raptakos, Brett and Co case. These norms are:

- Three consumption units for one wage earner
- Minimum food requirement of 2,700 calories per average Indian adult.
- Clothing requirement of 72 yards per annum per family,
- Rent corresponding to the minimum area provided for under the government's industrial housing scheme.
- Fuel, lighting and other miscellaneous items of expenditure to constitute 20 percent of the total minimum wage. (The above norms are based on the recommendations of 15<sup>th</sup> sessions of Indian Labour Conference.)
- Twenty-five percent of the above added for children's education, medical requirements, recreation, including provisions for festivals

and ceremonies and provisions for old age. (Norms added by the Supreme Court in Raptakas, Bretand Co. case).

#### **4.6.2 Arguing for a Minimum Wage**

It has now become necessary to argue for the importance of a minimum wage, and some of the arguments are made below.

1. Poverty removal Minimum Wage is meant mainly for the unorganised, weakest, most vulnerable and hence poorest sections of workers. Workers in the formal sector as well as those with strong unions can and do get higher wage by collective bargaining. It is the weak workers – agricultural labour, home-based workers, contract workers, child labour, forest workers, etc. who get a pitiful wage in spite of hard labour. Implementation of Minimum Wage Act is a method for removal of poverty of these weakest sections, many of them are women and children.

2. Efficiency and productivity – Every workers, male or female, requires certain inputs of food, shelter, clothing, medical expenses, child-care and education to maintain a minimum level of efficiency and productivity in his or her work. If a construction worker, for example, remains hungry or ill, his or her efficiency will fall. This will lead to a vicious poverty cycle for the worker and a low productivity for the industry. Furthermore, as India globalizes, workers need to raise their efficiency by getting education and need to be more alert to changing technology. A worker can remain productive and efficient only if he/she is paid minimum wage.

3. Looking after the next generation -Every society must see that its members are able to survive and that the children grow up to be useful citizens. However, if a worker is not paid enough to maintain the family, children get mal-nourished and remain physically and mentally below par as adults. Mal-nourishment of the women workers results in low birth weight of children. So, the payment of minimum wages is necessary for a healthy next generation.

4. Elimination of child labour – The main reason why children have to work in India is that the parents are unable to earn enough for family, hence children are sent to work instead of school. In, ‘*agarbatti*’ rolling, for example, the piece rates paid are so low that a mother and her two children have to roll *agarbattis* for 10 hours to earn minimum wage. So payment of minimum wages to all workers will ensure that children are not hired instead of adults.

#### **4.6.3 Why Minimum Wage is Not Paid ?**

Unfortunately, the Minimum Wages Act is not taken seriously by the government, by the employers and by the society at large. The following are some of the reasons why, in spite of existence of the Act, large number of workers live below the poverty line.

- 1) Non-implementation of existing minimum wages, - In major parts of the country there is large scale lack of implementation of minimum wages. Agricultural labour in most parts of the country, except for peak season of about a month, get half to two-thirds of the minimum wage. Home-based workers get less than half the main wages. In spite of a fixed minimum wage, the workers are too weak and vulnerable to demand their rights and the governments do not gear up the machinery to help them.
- 2) Large-scale unemployment, - Low wage area exist mainly because of low employment opportunities. Especially in rain-fed rural areas employment is available for only a few months a year. Local workers then are available out of desperation, for sub-minimum wages for more than nine months in a year.
- 3) Low fixation of piece rate and non-revision, - Although minimum wages is usually fixed as a monthly or daily rate, in actual practice , the payment is on the piece rate, this is true in agriculture, in road works, in home-based work and even for many contract labour. However, in some parts of the states or country the piece rate is usually fixed so low that an average worker working throughout the day will not earn the minimum wage for the day. Also minimum wage in many states is not linked with consumer price index, and is

not revised for 5 to 10 years. The result is that the real wage continually erodes (Renana Jhabala, 1998).

#### **4.6.4 Evolution of Minimum Wage Legislation**

The origin of the Minimum Wage Act, 1948, can be traced back to the early 1920s when K.C.R. Choudhuri placed a resolution in the Bengal Legislative Council in 1921. The resolution was then rejected on the ground of lack of adequate information on the existing wage rates in different industries in the unorganised sector and the shortage of staff to oversee its implementation. In 1928, the International Labour Conference focused on the imperative of introducing a minimum wage regulating machinery. Further, the Royal Commission on Labour emphasized the importance of a statutory legislation making the payment of minimum wage mandatory in industries where sweated labours work. By mid 1930s, when the Congress party assumed office, the issue of minimum wages legislation was again pushed forward and eventually, Labour Enquiry Committees were constituted in the provinces of Bombay, Bihar, Central and United Provinces. In 1944, the fourth meeting of the Standing Labour Committee recommended that a separate minimum wages legislation should be enacted in India.

#### **4.6.5 Agricultural Labour and Minimum Wages**

After the Minimum Wages Act, 1948 was passed pressure was brought upon the government to extend the Act to cover agricultural labour. The Act was subsequently extended but there are still some states which have not brought large sections of agricultural labour within the ambit of the Act. Even where the Act is implemented, the machinery for the fixation and enforcement of minimum wages is not uniform. In some States, it is the Revenue Department which implements the Act and in some others this is done by the Labour Department. But generally speaking:

- i) The Act has been a dead letter in every state;
- ii) minimum wages in agriculture are not being revised over long periods;
- iii) almost everywhere, the actual wages rule higher than the minimum wages during the peak season and find to fall in slack seasons;
- iv) the machinery for enforcement is hopelessly inadequate to cope up with the task of effective

implementation of the institution of proceedings under the Act is almost negligible and successful prosecution even more disappointing, and (v) after difficulties in the implementation of the Act arises mainly from poverty and illiteracy of agricultural labour, absence of knowledge of the existence of legislation, scattered nature of agricultural forms, casual nature of employment, unorganised character of agricultural labour etc.

There is strong opinion in favour of suspending the operations of the Minimum Wages Act in rural areas. The basic argument is that at the peak of the agricultural season, labour can dictate its own terms naturally actual wages will tend to be much higher than the minimum wages, under this conditions the enforcement of minimum wages has no meaning. On the other hand, during the slack season, the supply of agricultural labour is much in excess of demand and, therefore, the enforcement of the minimum wages may be difficult. The National Commission on Rural Labour gave due weight to this view, yet it strongly recommended the continuance of the Act on the ground that in the long run, with greater awareness of their rights on the part of agricultural labourers, the fixing of minimum wages would be useful. As regards enforcement, the Commission suggested that the Panchayats might be asked to enforce minimum wages, even though this has obvious defects. The Commission also suggested wide publicity to the fixing of minimum wages and the notification of wages at a public place.

The Labour Minister's Conference held in August 1981 on the question of minimum wages under the Minimum Wages Act decided that i) minimum wage should not fall below the poverty line, ii) mechanism should be devised to link minimum wages with the consumer price index numbers as has been done by some States, to the extent possible, and iii) to introduce a comprehensive legislation to amend the Minimum Wages Act to remove the defect and to make it more effective. In pursuance of these recommendations a new concept of General Minimum Wages was devised which would provide for the necessities like food, fuel and shelter in respect of workers in general who may not be covered under the Minimum Wages Act. It may be noted that the abolition of rural poverty largely depends upon the guarantee of minimum wages.

According to a 'notification issued by the government of India in December 1998, the Central Government has directed all states governments and

Union Territories not to fix minimum wages for workers in the unorganised sector below Rs. 40 per day, the basic subsistence wage. The Labour Ministry further advised the states in February 2004 to revise minimum wages for all scheduled employment not below Rs. 66. As per information available on 31<sup>st</sup> December 2004, various states governments have fixed upper and lower wage rates as given in Table 4.5. It may be observed that in quite a large number of states viz, Maharashtra, Tamil Nadu, Uttar Pradesh, Gujarat, Karnataka, Chattisgarh, Bihar, Orissa and Jammu & Kashmir, lower limit of minimum daily wages is below Rs. 66. Only 3 states, viz, Haryana, Punjab and Kerala, the minimum wages is above Rs. 66 recommended by the Central Government.

The range of wage rate is very wide in some states; West Bengal, Rs. 62—204, Kerala; Rs. 67-169, Maharashtra; Rs. 45-169, Tamil Nadu; Rs. 52-125. However, Haryana, Punjab, Orissa and Jammu & Kashmir have kept the same upper and lower rate. The minimum limit was highest in Haryana (Rs. 87), followed by Punjab Rs. 82.6.

**Table 4.5: Minimum Wage Rates Fixed in Various States as on 31<sup>st</sup> December, 2004**

States	Lower Rate	Upper Rate	Ratio 2 to 1
1. West Bengal	62.42	203.86	3.3
2. Kerala	67.14	169.04	2.9
3. Maharashtra	45.00	169.04	29
4. Tamil Nadu	52.15	125.20	2.4
5. Uttar Pradesh	58.00	105.07	1.8
6. Gujarat	50.00	99.20	1.9
7. Karnataka	56.30	97.07	1.7
8. Haryana	87.29	88.29	1.0
9. Punjab	82.65	82.65	1.0
10. Madhya Pradesh	54.56	82.58	1.5
11. Chattisgarh	52.87	79.13	1.5
12. Bihar	45.18	64.62	1.4
13. Assam	50.00	63.00	1.3
14. Orissa	52.50	52.50	1.0
15. Jammu & Kashmir	45.00	45.00	1.0

Note – States have been arranged on the basis of a declining trend of maximum rate.

Source: Ministry of Labour, Annual Report (2004-05).

It may be noted that fixation of minimum wages is no guarantee for their payment. This depends on the rate of state and on the extent of unionization among agricultural workers.

#### **4.6.6 Minimum Wages of Agricultural Labourers in the Villages under Study**

The minimum wages fixed by the government is not enjoyed by the agricultural labourers. Out of 180 households only 4-7 members know about the minimum wages. From figure 4.6, we see that only in the peak season, market wages of agricultural labourers are above the minimum wages. But it remains for only a few days. The agricultural labourers have to work throughout the year with the wages which are far below the minimum wages.

**Table 4.6: Minimum Wages (in Rs.) of Agricultural Labourers in the Villages under Study**

Season	Villages under Highly Developed Block		Villages under Moderately Developed Block		Villages under Least Developed Block	
	Jagadishpur	Kamalpur	Alianagar	Lalbazar	Dolua	Solpara
Peak Season	75 - 70	60 - 64	60 - 65	60 - 64	60 - 65	65 - 70
Slack Season	40 - 50	40 - 45	40 - 50	40 - 45	40 - 45	40 - 50

Source: Field Survey.

#### **4.7 Social Security for the Agricultural Labourers**

The Central and the State Government have taken initiative in introducing some social security measures on a very modest-scale for the unorganised sector particularly for agricultural workers.

##### **4.7.1 Old Age Pension**

All states have old age pension scheme. Agricultural workers are also covered under the scheme. Though the old age pension usually varies between Rs. 80 to Rs. 100 per month to destitute old persons of an above 60-65 years of age and without any measures of support. Destitution is a condition for getting pension. Destitute have been generally defined as these without any spouses of income and who have no relatives (generally sons/sons children, husband / wives) to support them.

##### **4.7.2 Pension for Agricultural Workers**

However, in Kerala and Andhra Pradesh there are separate schemes for payment of pension to agricultural workers who have attained the age of 60 years without any condition of destitution. Kerala was the first state to introduce pension for agricultural workers. The scheme is in operation in the State since 1980. The Kerala scheme provides for payment of pension to those agricultural workers who complete 60 years of age on the date of application at the rate of Rs. 45 per month which was later raise to Rs. 70. The Andhra Pradesh scheme provides for payments of pension to landless agricultural workers of and above the age of 60 years at the rate of Rs. 30 per month.

### **4.7.3 Insurance Schemes**

1. Group Insurance Schemes for Landless Agricultural Labour by Insurance Division, Ministry of Finance. This scheme operated by the LIC of India in conjunction with state governments was launched on August 15, 1987, providing insurance cover to all landless agricultural labourers in the age group of 18-60 years. In the event of death of the landless agricultural labourers, his/her nominee will be eligible for the assured sum of Rs. 1,000. Which will pay by the LIC. During the initial period of 3 years the entire premium cost will be borne by the government of India.

#### **II. Group Insurance Scheme for IRDP Beneficiaries by Department of Rural Development**

The scheme has been introduced in all the states with effect from April 1, 1988. The scheme is being implemented through the DRDA and will cover all IRDP beneficiaries of age group 18-60 years. Upon the death of insured beneficiaries, the sum of Rs. 3,000 will become payable by LIC to the nominee of the deceased. In the event of death by accident, an additional sum of Rs. 3000 ( Total Rs. 6,000) shall become payable by LIC.

#### **III. Group Insurance Scheme for Landless Agricultural Labourers of the State of Gujarat**

The scheme introduced with effect from April 1, 1987 in the state of Gujarat in collaboration with LIC, covers all landless Labourers of the State of age group 18-60 years. LIC shall pay Rs. 1,000 in case of natural death and Rs. 2,000 in case of accidental death to the heirs of the insured person. In case of total permanent disablement of the insured before attaining 60 years, he will get Rs. 500 by the LIC and the balance amount shall be paid in case of his death to heirs, before attaining 60 years. The administration of the scheme is entrusted with the Rural Labour Commission.

#### **IV. Asha Kiran Scheme of the Government of Karnataka**

The Government of Karnataka have introduced the Asha Kiran Scheme (Revised) to provide relief against death or loss of limits due to accident to the agricultural labourers and the labourers in the unorganised sector, such as fishermen, *bidi* workers, toddy tappers, landless and washer man, cobblers,

masons, drivers of animal drawn vehicles, rickshaw pullers, etc with effect from 5.9.1983 in collaboration with the New India Assurance Company. The scheme covers agricultural labourers and others in the unorganised sector between the ages of 16 and 65 and provides for section of relief in respect of the claims out of the accidents taken place on or after 1.1.1985 as indicated; 1) Death due to accident Rs. 5,000; 2) Loss of two limbs/two eyes or one limb and one eye due to accident Rs. 4,000; 3) Loss of one limb or one eye due to accident Rs. 2,500.

**V. Insurance-cum-Retirement Benefit Special Scheme: For the Workers in the Unorganised Sector by Tamilnadu Government**

The scheme cover the agricultural workers, small and marginal farmers, village artisans, landing and unlanding workmen, cart pullers, washer man and barbers in the State of Tamilnadu in the age of group of 18 to 58 years. The initial coverage under the scheme started from April 1,1985 and new members are enrolled every year from January to March with their coverage starting from the 1<sup>st</sup> April of the year.

In case of death of the member, the LIC pays a sum of Rs. 5000 to the nominee of the deceased member. In addition the government pays to the nominee an amount depending upon the period of contributions by the members. Since the Insurance amount is payable only in the event of death, the member who completes 58 years will not get Rs. 5000 from the LIC. The member is eligible for the full insurance benefit of Rs. 5000 even if he has subscribed under the scheme even for one month before his death.

**VI. Scheme for Financial Assistance to Landless Women Agricultural Labourer During Pregnancy by Gujarat Government**

This scheme is applicable to those landless women agricultural labourers who do not get benefit under the insurance scheme or others schemes during pregnancy. In first pregnancy the landless women agricultural labourers are paid minimum wage, as assistance, as fixed for agricultural labourers, for the three week period before delivery and three week period after delivery. During the period of second pregnancy, the assistance given to the women worker two weeks

before delivery and two weeks after delivery. No assistance would be given after two deliveries.

## **VII. Social Security Fund Scheme**

LIC has formed a social security fund which bears 50% of the premium cost under group insurance schemes for handloom weavers, rickshaw pullers and auto-rickshaw drivers. The balance 50% is to be borne by the beneficiaries of their co-operative society or any other agency like the state government or the handloom board etc. The risk of death before the age of 60 years is covered and the sum payable on death is Rs. 3,000, wherever required, double accident benefit is also given on payment of additional premium.

## **VIII. Personal Accident Insurance Social Security Scheme for Poor Families**

The scheme was introduced in August 1985 and was extended to 214 districts till August 15, 1988 on which data it was extended to all the 448 districts of the country. The scheme provides for payment of compensation of Rs.3,000 in the event of death on any earning member, in the age group of 18 to 60 years, belonging to poor family whose annual income from all sources does not exceed Rs. 7000. Under this scheme, State government officials have been appointed as claims enquiry-cum-settlement officer for scrutinizing the claims and approving payment.

### **4.7.4 Assistance to Old-aged Persons, Widows and Handicapped in the District of Uttar Dinajpur**

From the Table 4.7, we can say that the number of recipients of old-age assistance varied from year to year. In 2001-02, the numbers of recipients were 10087, but the number decreased in 2002-03 and 2003-04. In 2005-06 it increased to 18276 and the amount was also increased. In case of the numbers of recipients of widow assistance and handicapped assistance were same in the year from 2001 to 2005. The number of recipients both widow assistance and handicapped assistance increased in the year 2005-06 and with this the given amount also increased.

**Table 4.7: Assistance to Old-aged Persons, Widows and Handicapped in the District of Uttar Dinajpur (in Rs.)**

Year	Old-age Assistance		Widows Assistance		Handicapped Assistance	
	Recipients (No.)	Amt. Dis-bursed (000)	Recipients (No.)	Amt. Dis-bursed (000)	Recipients (No.)	Amt. Dis-bursed in (000)
2001-02	10087	7898	265	1336	171	862
2002-03	8916	8473	265	1419	171	916
2003-04	8345	9107	265	1670	171	1077
2004-05	8724	22774	265	1669	171	1077
2005-06	18276	30909	329	1858	207	1192

Source: District Statistical Handbook, Uttar Dinajpur (2006, p. 57).

#### **4.7.5 Blockwise Assistance to Old-aged Persons, Widows and Handicapped of Uttar Dinajpur Districts in the year 2005-06**

The Table 4.8 shows of the number of recipient of two sub-division (Islampur and Raiganj) of Uttar Dinajpur districts. It is clear from the Table 4.8 that the number of recipients is higher in Islampur Sub-division than Raiganj Sub-division in case of old-age assistance and Widows assistance. That is the condition of Islampur Sub-division is worse than the Raiganj subdivision in case of old-person and widow person. But the figure is reverse in case of the numbers of handicapped person. The numbers of recipients of handicapped assistance is higher in Raiganj (107) subdivision than Islampur (100) subdivision.

The block-wise numbers of recipient of old-age assistance is highest in Karandighi block (2357) and lowest in Dalkhola (Municipality) (250) under Islampur subdivision. In block under Raiganj subdivision the numbers of recipients of old-age assistance is highest (2872) in Raiganj block and lowest (250) in Kaliaganj (Municipality). The block-wise recipients of widow-assistance is highest in Karandighi (40) block and lowest in Chopra (30) block under Islampur subdivision. Under Raiganj subdivision it is highest in Raiganj (69) block and lowest in Hemtabad block. In the case of the numbers of recipients of handicapped assistance is highest in Islampur (26) block and lowest (6) in Chopra block. Under Raiganj subdivision it is highest in Raiganj (45) block and lowest in Hemtabad block (12).

**Table 4.8: Block-wise Distribution of Assistance to Old-aged Person, Widows and Handicapped in the District of Uttar Dinajpur in the year**

**2005-06**

Sub-div. Block, Municipality	Old Age Assistance		Widow Assistance		Handicapped Assistance	
	Recipients (No.)	Amt. Dis-bursed (000)	Recipients (No.)	Amt. Dis-bursed (000)	Recipients (No.)	Amt. Dis-bursed (000)
Islampur Subdivision	9907	17576	168	944	100	564
Chopra	1522	2638	29	167	17	95
Islampur	1751	2755	38	206	26	145
Islampur(M)	275	277	-	-	-	-
Goalpokhor I	1858	2854	31	180	19	110
Goalpokhar II	1894	3543	30	170	16	88
Karandighi	2357	4761	40	221	22	126
Dalkhola(M)	250	748	-	-	-	-
Raiganj Sub division	8369	13333	161	914	107	628
Raiganj	2872	4876	69	391	45	268
Raiganj(M)	866	884	-	-	-	-
Hemtabad	904	1374	17	101	12	73
Kalyaganj	1463	2278	41	227	29	164
Kalyaganj(M)	250	254	-	-	-	-
Itahar	2014	3667	34	195	21	123

Source : District Statistical Handbook of Uttar Dinajpur District, 2006.

**Table 4.9 Assistance to Old-aged Person, Widows and Handicapped in the Villages Under Study**

	Highly Developed Block		Under Moderately Developed Block		Under Least Developed Block	
	Jagadishpur	Kamalpur	Aliangar	Dolua	Labazar	Solpara
Non- Recipients						
Old-aged Person	01	02	-	01	02	01
Widow assistance	01	00	01	00	01	02
Handicapped Assistance	01	00	00	00	00	01
	03	02	01	01	01	04

Source: Field Survey.

From the Table 4.9, we can say that number of recipients of old-aged person is highest (02) in the village (Kamalpur) the village under highly developed block and lowest (0) in Aliangar under moderately developed block. In the case of widow assistance the number of recipients is highest in Solpara (02) under least developed block and lowest in the village, Dolua (00) under the

moderately developed block. In the case of handicapped assistance the number of recipients is highest in two villages Jagadishpur (01) and Solpara (01) under highly and least developed block respectively.

#### 4.8 Summary

There are various factors responsible for affecting the money wages and real wages of the agricultural labourers. Among them the supply of labour and demand for labour is very important. The scope for non-agricultural employment and the prevalent level of wages for such employment also influence the level of agricultural wages. From money wage to arrive at real wages, the money wages are deflated by consumer price indices for agricultural labourers compiled by the Labour Bureau of the Ministry of Labour Government of India. The money wages of the agricultural labour are determined by collective bargaining between the employers and the labourers. There are several theories regarding wage determination in the rural labour market. Among them, the subsistence or institutional wages theories, the efficiency wage models, the labour turnover model and the interlinked market theories are important. However, regional agricultural wage rate are determined by many other factors such as level of economic development, previous years wage rate, productivity of land, cropping intensity, level of irrigation used and use of modern technology.

In our study areas, there is no fixed working hours as well as wage rate. During peak season demand for labour is high which induces both casual and group labourers to demand higher wages from the employers. The bargaining process is totally informal and known as tacit, collective bargaining.

During the slack season, the demand for labour is low and wages decline marginally. After two to three years, peak period wage rates are settled as market wage rate for all labourers. The labour-credit interlinkage did not exist in the study area. In the case of fringe benefits, we find that various forms of fringe benefits are prevalent in the areas under study. But it varies from village to village and from district to district. In our study area, the agricultural labourer get, rice, meal, light tiffin, *bidi*, fuel materials etc as fringe benefit. Sometime agricultural labourers get the agricultural produces as fringe benefit when they work in that type of agricultural production field. In the case of minimum wages,

most of the agricultural labourers are not aware about the minimum wages fixed by the government and they did not move for getting minimum wages. Though they sometime get higher than the minimum wages particularly in the peak season, which is stays only for a few days. In our study area minimum wages of agricultural labourers varied from Rs. 40 to 70.

Social security among the agricultural labourers are not enjoyed by all. Social security is given to the special category of agricultural labourers and it varied from states to states such as in Kerala and in Andhra Pradesh. There are separate schemes for payment of pension to agricultural labourers who have attained the age of 60 years or above. In our study is there area a few numbers of recipients of government assistance in the forms of old-aged persons and assistance to widows and handicapped. We find that the number of recipient of handicapped assistance is highest in the village Jagadishpur and in Solpara which are Muslim belt areas.