

RESEARCH ARTICLE :

The incidence of labour-land and labour-credit interlocking in agriculturally developed region of Rajasthan

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SUMMARY : The present study investigates the functioning of Agricultural labour market in Jaipur district of Rajasthan. The Chomu tehsil was purposively selected for study. A cluster of three villages namely, Jaitpura, Kanpura and Khushalpur was randomly selected from the selected tehsil. From above selected villages, a sample of sixty respondents was selected at random with the help of probability proportion. Primary data were collected from the selected agricultural labour households by personally interviewing the results of study revealed that more than 80 per cent of the households reported either borrowing or leasing in land from their employers in all selected villages. Further, labour-credit interlocking was much more pronounced as compared to labour-land interlocking. The number of days worked on lower wages per annum varied from as high as 81.00 in Khushalpur to 61.00 in Jaitpura. The implicit rate of interest varied between as high as 36.00 per cent in Khushalpur and 24.00 per cent in Jaitpura. The incidence of hereditary debt was reported only in one sample villages, which was Rs. 12500 in Khushalpur. The incidence of labour land interlocking was very low; it varied from 14 per cent to around 18 per cent sample households involved in such interlocking. The low incidence of labour land interlocking was primarily due to the fact that most of the agricultural labour households did not have the supporting inputs, like bullocks and other farm implements which are essentially required in farming.

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BACKGROUND AND OBJECTIVES

India is an agricultural country where about 60 per cent population is engaged in the agriculture. This sector contributes about 14 per cent in Indian GDP. The labourers constitute a vital input in the agricultural production. The incidence of interlocking of labour-credit and labour-land markets is not

only low but also is less exploitative in terms of the explicit and implicit rates of interest and wage rates. The factors like ownership of land, family size, dependency ratio, non-farm source of income farm assets including livestock, age, literacy, etc. affect the probability of an agricultural labour household entering in to interlocked arrangements. To study the extent of incidence of interlinkage in the labour-land

and labour-credit markets, explicit and implicit costs of these contracts and the factors affecting interlocking of factor markets.

RESOURCES AND METHODS

The main focus of this paper is to analysis the functioning of agricultural labour market in Jaipur district of Rajasthan. The present investigation was conducted in Chomu tehsil of Jaipur district of Rajasthan. From Chomu tehsil, a cluster of three villages was selected purposively which consisted of Jaitpura, Kanpura and Khushalpura villages. From the selected list of farm households, a sample of 60 agricultural labourers was selected at random with probability proportion to the total number in selected villages. These data were collected for two consecutive seasons of the agricultural year 2011-12 *i.e.*, *Rabi* season and *Kharif* season. The collected data were processed and analyzed by using various statistical and mathematical tools for achieving objective oriented results as described as under:

Explicit cost = Wage of hired labour, value of seed, manure, fertilizer, irrigation charges etc.

Implicit cost = Interest on loan, depreciation

The cost (both explicit and implicit) of inter linkages of labour-credit and labour-land a market was worked out by the help of the following procedure:

Explicit interest = Amount of interest paid on the loans

Implicit interest = $L (Mw - Aw) + (N \times Mw)$;

where,

L = Is the total number of days worked for landlord creditor on a wage less than the prevailing market wage

Mw = The market wage rate,

Aw = The actual wage received and

N = The number of days worked without wage for landlord creditor

The total interest is equal to explicit interest plus implicit interest.

The rate of interest = $(i/p) \times 100$

where,

i = Explicit + implicit interest and

P = Total amount borrowed

Likewise, the cost of labour-land interlinkages was computed as under:

The explicit rent is the amount of rent paid and the implicit rent is workout by using the following formula:

The implicit rent = $L (Mw - Aw) + (N + Mw)$

where,

L = Number of days worked for the landlord on wages less than market wage.

Mw = Market wage rate

Aw = Actual wage which he gets and

N = Number of days worked for the landlord without wage

The total rent is equal to the explicit rent plus implicit rent.

OBSERVATIONS AND ANALYSIS

The results obtained from the present study as well as discussions have been summarized under following heads:

Incidence of interlocking among casual agricultural labour households :

The extent of interlocking of labour-credit and labour-land markets in the sample villages is given in Table 1. The table represents the per cent of the households involved in labour-credit and labour-land interlocking was very high in all selected villages. More than 80 per cent of the households reported either borrowing or leasing in land from their employers in all selected villages. Further, labour-credit interlocking was much more pronounced as compared to labour-land interlocking.

Cost of labour-credit interlocking :

The Table 2 indicates the cost of labour-credit

Table 1 : Incidence of interlocking among casual agricultural labour households (%)

Sr. No.	Particulars	Villages			Overall
		Jaitpura	Kanpura	Khushalpura	
1.	Land-credit	75	69	65	69.09
2.	Labour-land	14.50	16.00	17.50	16.17
3.	Labour-credit and labour land	14.50	16.00	17.50	16.17
4.	Sample households in interlocking	89.50	85.00	82.50	85.26
5.	Sample households	12	13	17	42

Source: Field survey 2010-11

interlocking. The table throws up a number of important features. The amount borrowed in the interlocked transactions varied from Rs. 2760 per annum in Jaitpura to Rs. 2390 in Khushalpura. The frequency of borrowing varied between 2.00 per annum in Jaitpura to 3.00 in Kanpura. No sample household reported explicit payment of rate of interest on the amount borrowed from their employers. The employers, however, extracted implicit rate of interest in terms of taking extra work without making any payment and also paying lower wages to those who had borrowed money from them. The data at our disposal showed that the number of days worked on lower wages per annum varied from as high as 81.00 in Khushalpura to 61.00 in Jaitpura. This included extra hours of work on routine working days and the performance of many small works like leaving the message to the relatives of the employers, help in irrigating the field, bringing inputs from the market etc. without getting any extra wage taking into account the number of hours put for performing those odd jobs and the extra hours without wage, the average difference in the wage, which they ought to have received and what they actually received varied between Rs. 7.00 to Rs. 10.00 in the sample villages. Considering the number of days worked on lower wages and the difference in the wage rate and the average amount borrowed, the implicit rate of interest varied between as high as 36.00 per cent in Khushalpura and 24.00 per cent in Jaitpura. The incidence of hereditary debt was reported only in one sample villages, which was Rs. 12500 in Khushalpura. It is however, important to mention that since both the employers and labourers belonged to the same / nearby villages and knew one another, the degree of market imperfections arising from

asymmetrical information, moral hazards and adverse selection was very low.

Cost of labour-land interlocking :

The Table 3 shows the cost of labour-land interlocking. The incidence of labour land interlocking was very low; it varied from 14 per cent to around 18 per cent sample households involved in such interlocking. The low incidence of labour land interlocking was primarily due to the fact that most of the agricultural labour households did not have the supporting inputs, like bullocks and other farm implements which are essentially required in farming. They also lacked farming skills. In the study villages, the land was leased, in both in *Kharif* and *Rabi* seasons to grow wheat and bajra. The average amount of land leased in per household varied from 2.00 hectare to 5.00 hectare. Since the employer landlords provided all inputs except labour, three fourths of the total production was paid to the landlords as rent for leased-in land. The lessees retained the remaining one fourth that was the reward for their labour. The system was thus yet another form of wage labour. The average wage rate perday in this system varied from as high as Rs. 190 in Kanpura to Rs. 175 in Jaitpura, which was higher than the average wage under the casual labour system. As mentioned above, the agricultural labour households are obliged to borrow from their landlord employers for purposes like illness, social ceremonies, buying food grains etc.

Salient features of the functioning of market for casual labour :

The opinion of the sample households about some

Table 2 : Cost of labour-credit interlocking

Sr. No	Particulars	Villages			Overall
		Jaitpura	Kanpura	Khushalpura	
1.	Amount borrowed (Rs. per annum)	2760	2630	2390	2574.83
2.	Frequency of borrowing (Number per annum)	2	3	2.50	2.52
3.	Explicit rate of interest	-	-	-	-
4.	Days worked on lower wage (Number per annum)	61	73	81	72.66
5.	Difference in the wage rate (Rs.)	8	10	7	8.28
6.	Total implicit interest paid (Rs.)	652	712	592	649
7.	Implicit rate of interest (% per annum)	24	30	36	30.60
8.	Hereditary debt				
	Household (%)	-	-	7.00	2.68
	Amount (Rs.)	-	-	12500	4791.66

Source: Field survey 2011-12

other important aspects of the functioning of the labour market is summarized in Table 4. The following comments are in order. First a very high per cent of labourers believed in loyalty towards their employers. Second, though most of the labourers did not report any conflict with their employers, there were some cases of conflict mainly over the non-payment of wages in time. Third, all the sample workers reported that they did not face any discrimination in terms of the wage paid or in the working conditions. It may be mentioned that sample villages were located within radius of 3.8 kilometers and though most of them preferred to work in their own villages because of the availability of work, the labourers reported that they were going for work to all these villages whenever they did not get work in their own villages. However, the labourers of one village, Kanpura did not report going beyond 1-2 km for work because this is a horticulturally developed village and most of the workers get work in their own village. Fourth, there was no labour union in the sample villages and the supply of labourers far exceeded their demand. This was reflected in the wage undercutting resorted to by different labourers. Similarly, there was also no collusion among the employers. Fifth, around four fifths of the total sample labourers in two villages and about half in the remaining village reported that they were free to reject the wage rate offered by the employers for a particular work. Sixth, different labourers have different capacities to work. And in most of the cases, all are paid one particular wage. However, an overwhelming majority of the labourers objected to the same wage being paid to all labourers irrespective of their work capacities, seventh, most of the sample labourers did not prefer to work as permanent labour

contract in as much as it involves working for longer hours and the loss of freedom. Eighth, the casual labour reported doing all sorts of work, both farm and non-farm, assigned to them by their employers. Ninth, long familiarity with the employers, their nice-behaviour, honesty, etc., was reported to be the main considerations before deciding to work for a particular employer. Tenth, most of the labourers reported that they go to employers asking for work. In more recent times, agricultural labourers in large numbers are migrating from Haryana and Madhya Pradesh to seek work, especially in sowing and harvesting seasons, in these areas.

Salient features of the functioning of market for permanent labour :

The salient features of the functioning of the market for permanent labour in sample villages have been summarised in Table 5. The table throws up a number of important points. The average monthly income of a permanent labour varied from Rs. 2660 in Kanpura to Rs. 2450 in Jaitpur. In terms of average daily wage, it varied between Rs. 160 and Rs. 140. The per cent share of kind wage ranged Rs. 698 to Rs. 560 in Khushalpur and Jaitpur, respectively. Thus, in all villages the average daily wage of permanent labour was higher as compared to the daily wage rate of casual labour. The high average daily wage of permanent labour could be explained in terms of factors like longer working hours in comparison to those of casual labourers, both in slack and peak seasons, less freedom and their availability for work even during odd hours, relatively high level of skills in performing the specialised tasks like ploughing, driving tractors, supervising casual labour, tending animals,

Table 3 : Cost of labour-land interlocking

Sr. No	Particulars	Villages			Overall
		Jaitpura	Kanpura	Khushalpur	
1.	Labour-land interlocking (% household)	14	16	18	16.20
2.	Land leased in (ha)	3	5	2	3.28
3.	Total output of (q/ha)				
	Wheat	40	42	41	41.05
	Bajra	15	16	15.5	15.52
4.	Rent (q/ha)	13	11	10	11.18
5.	Tenant's share (q/ha)	3.00	3.50	4.00	3.55
6.	Number of days worked	26	28	27	27.05
7.	Total value of tenant's share (Rs.)	2640	2390	3564	2910.86
8.	Wage rate (Rs./day)	175	190	180	181.91

Source: Field survey 2011-12

Table 4 : Salient features of the functioning of market for casual labour (% households)

Sr. No.	Particulars	Villages			Overall
		Jaitpura	Kanpura	Khushalpura	
1.	Loyalty towards employees				
	Yes	86	82	65	76.26
	No	14	18	35	23.74
2.	Conflict between employer and labour				
	Yes	13	17	8	12.21
	No	87	83	92	87.79
3.	How far you go to work (km)	4	2	5	3.78
4.	Freedom to seek work in other villages				
	Yes	100.00	100.00	100.00	100.00
	No	-	-	-	-
5.	Formation of labour union				
	No	100.00	100.00	100.00	100.00
	Yes	-	-	-	-
6.	Discrimination in wages in other villages				
	Yes	52	92	66	70.04
	No	48	8	34	29.96
7.	Undercutting of wage				
	Yes	35	42	62	48.10
	No	65	58	38	51.90
8.	Freedom to reject wage offered				
	Yes	52	83	71	69.28
	No	48	17	29	30.72
9.	Collusion among employers				
	Yes	25	34	52	38.72
	No	75	66	48	61.28
10.	Preference to work in own village				
	Yes	97	83	88	89.02
	No	3	17	12	10.98
11.	Objection about the same wage paid to all				
	Yes	75	83	89	83.14
	No	25	17	11	16.86
12.	Go to employer for work				
	Yes	81	87	92	87.30
	No	19	13	8	12.70
13.	Wish to change to permanent labour				
	Yes	12	7	10	9.65
	No	88	93	90	90.35
14.	Attributes of a preferred employer				
	Honest	40	28	32	33.04
	Nice behaviour	52	20	28	32.38
	Long familiarity	7	8	9	8.11
	Borrowed money	34	41	25	33.33
	Honestead	5	4	3	3.88
	Others	3	5	2	3.21
15.	Nature of the duties performed	All work	All work	All work	All work

Source: - Field survey 2011-12

Table 5 : Salient features of the functioning of market for permanent labour

Sr. No	Particulars	Villages			Overall
		Jaitpura	Kanpura	Khushalpur	
1.	Labour (Number)	5	7	6	18
2.	Income (Rs. per month)	2450	2660	2390	2511.66
	Cash income	1635	1725	1645	1673.33
	Kind	560	593	698	618.83
3.	Average wage (Rs. per day)	140	150	160	150.55
4.	Hours worked (Per day)	10	11	9.30	10.15
	Peak season	11	12	10	11.05
	Slack season	9	8	9	8.61
5.	Freedom (% households)				
	No freedom	67	63	69	66.11
	Limited freedom	33	37	31	33.89
6.	Frequency of wage payment (% households)				
	Monthly	90	93	88	90.50
	Six monthly	10	7	12	9.50
7.	Working years (Number)	5	4	7	5.27
8.	Caste (% households)				
	Schedule caste	70	85	90	82.50
	Non schedule caste	30	15	10	17.50
9.	Residential status (% households)				
	Migratory	35	40	55	43.62
	Local	65	60	45	56.38
10.	Age at which started work (years)	16	27	21	21.94
11.	Nature of contract (% households)				
	Oral	100.00	100.00	100.00	100.00
12.	Amount borrowed (Rs. per households)	3310	2680	2990	2958.33
13.	Frequency of borrowing (Number per annum)	2	1	2	1.61
14.	Rate of interest (%)	-	-	-	-
15.	No hereditary debt (% households)	100.00	100.00	100.00	100.00

Source: Field survey 2011-12

irrigation, threshing, grading, packing and marketing for product etc. In the theoretical literature on permanent labour, it is argued that the employers employ permanent labour for performing tasks / activities whose results are known after some time. The evidence at our disposal supports this view. In our sample villages the main duties of permanent labourers included ploughing, driving tractors, supervising the casual labour, tending animals and irrigating the fields. Except in one village (Kanpura), permanent labour enjoyed limited freedom in the sense that they were free to work for others if their employers do not have any work on their farms. In the case of illness or other urgent work, the permanent labourers were obliged to provide their substitute. Further, in all the cases, the agreement about the wage to be paid and duties to be performed was oral. A very high per cent of

the labourers reported getting their wages on a monthly basis. Only 9.50 per cent labours getting their wage after six month. The number of years for which the sample labourers were working with their current employers varied 4 years in Kanpura to as high as 7.00 years in Khushalpur. Further, the average age at which the labourers started working varied from 16 years in Jaitpura to 27 years in Kanpura. In terms of caste status, unlike the casual labour market which was mainly dominated by the labourers belonging to scheduled caste households (82.50 %) permanent labour belonged to scheduled caste. In terms of residential status, 56.38 per cent labourers belonged to local villages and 43.62 per cent were migrated from other areas. The labourers borrowed from their employers for meeting expenditures on social ceremonies, illness etc. The amount borrowed

per annum varied from Rs. 2680 in Kanpura to as high as Rs. 3310 in Jaitpura. The loans were repaid in monthly installments through deductions from their salary. They, however, did not pay any rate of interest on borrowed amount. The sample labourers also did not report any hereditary debt. The field also support the hypothesis of the decay of the institution of permanent labour. In the perceptions of labourers, factors like change in the attitude, decline in the loyalty towards employers, increase in the non- farm employment opportunities, increased use of machinery, etc. were the main factors that contributed towards the decline in these institutions. Similar results were also reported by Sharma and Kumar (2003).

Conclusion :

The study result concludes that the incidence of labour-credit interlocking was much more pronounced as compared to labour-land interlocking, except in one village, more than half of the labour had borrowed money from their employers. There was no explicit rate of interest on the money borrowed from the employers. Nevertheless, the employers extracted very high implicit rate of interest in terms of several small unpaid jobs. The labour-land interlocking was, however, yet another form of wage labour since all the inputs were being provided by the landlords. However, per day average wage earned in this system was higher than the average wage rate in the casual labour system. Family size, family income, socio- economic status of the family and age had significant effect on the probability of an agricultural labour household entering in to interlocked arrangements.

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