

# Contractual Arrangements in Agricultural Labour Market: Some Lessons from Tarai Regions of U.P. and Uttaranchal

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## Abstract

The new farm technology has created avenues for contractual arrangements in labour and land markets. Contractual agricultural wage labourers have an incentive for better earnings but it is necessary to supervise them closely which involves cost. Recently, the group contract is emerging in different regions for various agricultural activities. Keeping in view these facts in mind, the present paper is an attempt to study the organization, functioning, pattern of employment and earning of Agricultural Labour under Contractual arrangements in Tarai regions of U.P. and Uttaranchal. Two districts have been selected purposively to represent the whole Tarai belt, namely Udham Singh Nagar (Uttaranchal) and Sidharth Nagar (Uttar Pradesh). Out of these two selected districts one block from each district has been selected randomly. From these two blocks, three villages from each block have been selected randomly subject to the availability of sufficient numbers of labour households. Thus, 150 labour households have been selected randomly from the lists of labour households prepared from six villages. To study the organisation and functioning of contractual labour, engaged in various activities have been identified. The data is collected from the labour household involved in contractual arrangements for the year 1999-2000. The findings of the study reveal that due to more earning in all the agricultural operations performed on a contractual basis, the labourers formed a group consisting of male and female workers of a family and neighbour's family workers. The group leader usually bargains the terms, conditions and amount of payments for certain activities. However, the wage rates are fixed for most of the piece rate jobs and on that basis, the group of labour is getting employment opportunity. Thus, due to no time limit of work, they have the opportunity to get more employment and earnings by way of engaging themselves in various agricultural activities. It was also observed that they are tempted to engage themselves in contractual arrangements so that they may be able to get more employment and income. The possibilities of increasing income of workers are much brighter if they get the employment under contractual arrangements.

**Keywords:** Contractual arrangements, Income, Employment, Agriculture.

The new farm technology has created avenues for contractual arrangements in labour and land markets. Stiglitz (1975) has observed, “Because piece rates reward speed, they tend not to provide the correct incentive for quality. Since in piece rate jobs where a number of workers participate, the chief motivation of the group is to complete the task sooner, there is possibility of output loss particularly in transplanting of paddy. In case of group labour doing a piece rate job, the employer can patronise the leader of group or the individual member of the group by giving as some incentive wage to the leader or a gift to the group as a whole. This may be done keeping in view the cost of supervision and monitoring of work. Recently, the group contract is emerging in different regions for various agricultural activities. Keeping in view these facts in mind, the present paper is an attempts to study the Contractual arrangements in Agricultural Labour market in Tarai regions of U.P. and Uttaranchal with the objectives to examine the organisation of agricultural labour and contractual wage rates in various operations, to examine the income and employment pattern in various agricultural activities, and to estimate the per day wages through contractual arrangement and as a casual labour.

### Methodology

The study has been conducted in Tarai regions of Uttar Pradesh and Uttaranchal state. Two districts have been selected purposively to represent the whole Tarai belt, namely Udham Singh Nagar (Uttaranchal) and Sidharth nagar (Uttar Pradesh). Out of these two selected districts one block from each district has been selected randomly keeping in view that these blocks should fall under the Tarai belt. Out of these two blocks, three villages from each block have been selected randomly subject to the availability of sufficient numbers of labour households. Thus, 150 labour households have been selected randomly from the lists of labour households prepared from these six villages. To study the organisation and functioning of contractual labour, engaged in various activities have been identified (Table 1). The data is collected from the labour house hold involves in contractual arrangements for the year 1999-2000.

**Table 1. Classification of Agriculture Labour Households According to Nature of Work**

S.No.	Operations / Sources	Contractual Labour				Casual Labour			
		Male		Female		Male		Female	
		No. of House holds	No. of Labour	No. of House holds	No. of Labour	No. of House holds	No. of Labour	No. of House holds	No. of Labour
	Agriculture and allied activities								
1.	Inture culture & earthing up in Sugarcane	22 (14.66)	35	-	-	18 (12.00)	28	-	-
2.	Harvesting of Sugarcane	16 (10.66)	25	1 (0.66)	1	12 (8.00)	23	2 (1.33)	3

3.	Transplanting of Paddy	10 (6.66)	20	6 (4.00)	7	9 (6.00)	20	4 (2.66)	5
4.	Harvesting & threshing of paddy	23 (15.33)	41	6 (4.00)	7	14 (9.34)	28	5 (3.33)	5
5.	Harvesting of Wheat	9 (6.00)	11	6 (4.00)	8	9 (6.00)	11	9 (6.00)	9
6.	Threshing of Wheat	9 (6.00)	11	5 (3.33)	7	7 (4.66)	8	4 (2.66)	6
7.	Transport & Storage (Palledari)	12 (8.00)	13	-	-	-	-	-	-
8.	Fertilizer Application	10 (6.66)	14	-	-	-	-	-	-
9.	Pit digging & filling (In Popular Plantation)	11 (7.33)	17	-	-	-	-	-	-

Figures in parentheses indicates the percentage of labour house hold to total labour house hold doing that particular work

## Results and Discussion

### *Organisation of Contractual labour*

#### *Casual labour*

This is an important segments of the hired labour market in the study area . The labour is hired for a certain period, may be a day, a week or more. Both male and female work as casual labourers. Work likeploughing where muscle power is important is exclusively done by male workers. Casual labourers work for any farmer who is prepared to pay the current market wage. The labourers received the payment in cash and kind both eitherat the end of the day or in intervals, if he works for some days with the same employer as in the case. Both landless and land owners workers hire out themselves as casual labourers.

In the evening of the preceeding day or before,the employer,his son or wife comes to the houses of the workers and calls them for work the next day or on a particular day at a particular wage rate. In fact, the employer approaches first to prefered worker or one who has worked with him earlier. If he is not available someone else capable of doing the work is employed.

#### *Group Labour*

This is an important form of labour arrangements in the study area. It has been widely in practice and is utilised for major agricultural operations such as a transplanting, weeding , harvesting and threshing involving more number of labour. A group of labourers consists male and female is contacted by an employer who needs a task to be done quickly. To maintain timeliness and to reduce search costs involved in contacting a number of individual workers, many large farmers employer prefers group labour. The payments made on the basis of piece rate and the amount is shared among the members of the group. Group labour is used for more extensively by the large farmers than by small farmers

(Otsuka and Mayami, 1989). On the whole, the hired labour market in the study area consists of several segments. Out of 150 sample of labourers household the percentage of household wherethe workers are doing the job in the group under contractual arrangements in different acivities ranged between 6 to 15% in case of male workers while the percentage of total sample households in which female workers are performing various activities under contractual arrangements ranged from only 0.6 to 4.00 percent. This shows that participation of female workers under contractual arrangement is negligible. (Table 1). In such a situation one may finds a variety of contractual arrangements between the employers and the labour households with different terms and conditions even in a small geographical area. The group labour works on contractual payment basis. It was observed in the study area that for each activity the payment is fixed and on that basis the worker has to perform the work. The distribution of wages is done among the labourers of the group more or less equally.

### ***Methods and rate of contractual payments in various operations***

The payments is made by the employer to the labour under contractual arrangement for various crops and activities as follows:

1. In sugarcane crop, for interculture and earthing up wages is paid @ ₹ 413/ per acre in ratoon crop, while for new crop ₹ 333/ per acre is paid to the contractual labour. For the harvesting of sugarcane,the payment of wage is made by the employer on the basis of quantity harvested i.e., ₹ 6.80 / quintal.
2. Similarly for the transplanting of paddy ₹ 417/acre is paid to the labour on contracts. Harvesting and threshing of paddy is done on the basis of output i.e., payments is made in kind that ranged from 7 to 7.50 kgs. Per 100 kgs.of produce.
3. For the harvesting operation of wheat payment is made in kind i.e., 1 bundle per 16-20 bundle of wheat harvest. It is estimated that one bundle contains 7 to 10 kgs. Of wheat grain. The payments is made in cash for threshing of wheat which is generally done through thresher and ₹ 8-10 per hour is paid to the workers engaged in threshing.
4. In some area , the labourers are engaged in transportation and storageof food grains for that they perform the work of palledari and they are paid ₹ 0.60 per bag.
5. In some locality the large farmers are also hire the labour for application of fertilizers in the crops and they usually pay ₹ 4.30 per bag or ₹ 8.60 per quintal of fertilizers spray in the crops. In case of popular (tree) transplanting, which is mainly planted in the Tarai belt (Udham Singh Nagar) , the payment are made @ ₹ 1.66 per pit for digging and filling .The contractual labour may able to digg and fill about 29 to 62 pit per day.

### ***Employment pattern of contractual labour in various agricultural operations***

In the study area, the average family size of household engaged in contractual arrangements are about 5 and out of this two members are engaged in partly contractual arrangements and as a casual labour. They form a group of 6-8 male and female member of their choice. Table 2 reveals that male members

are working as contractual labour (Palledari) in transport and storage and have highest employment as compared to the other activities. They are exclusively doing the work of loading and unloading of a food grains in the nearby market. In the operation of interculture and earthing up of sugarcane, only male members are employed as contractual labour and have major share of the total employment in that activities as contractual labour as compared to casual labour. While in case of harvesting of sugarcane, both male and female workers are performing the operation on contractual basis as well as casual labour. However, the magnitude of employment of both male and female workers is higher as compared to employment were getting from as a casual labour. This shows that labour force of the area prefer to work on contract basis in the sugarcane crops. Similarly in paddy crops, transplanting and harvesting are done on contract basis. The level of employment of male and female workers in wheat crop in the operation of harvesting and threshing is less as compared to other crops. Some farmers are also employing the labour on contractual basis for the application of fertilizers and digging and filling of pits for popular plants. However, the magnitude of employment days is less as compared to other operations of the crops. The above discussion reveals that the group of labour are mostly engaged in contractual arrangements in various activities. However, in the lean period they also work as a casual labour, but the percentage of total employment as a casual labour is about one fourth in case of male members while the females workers have about equal participation in casual and contractual arrangements. The reason is that only two operations are perform by female labourers in contractual arrangements.

**Table 2. Employment Pattern of Contractual Labour in Various Activities**

S. No.	Operations / Sources	Employment in Contractual Arrangement		Employment as Casual Labour		Total	
		Male	Female	Male	Female	Male	Female
Agriculture and allied activities							
1.	Inture culture and earthing up in Sugarcane	25 (70.92)	-	10.25 (29.08)	-	35.25 (100.00)	40.00 (100.00)
2.	Harvesting of Sugarcane	19.00 (60.31)	20.00 (50.00)	12.50 (39.69)	20.00 (50.00)	31.50 (100.00)	24.50 (100.00)
3.	Transplanting of Paddy	14.50 (56.86)	15.50 (63.26)	11.00 (43.14)	9.00 (36.73)	25.50 (100.00)	36.75 (100.00)
4.	Harvesting and threshing of paddy	21.50 (69.91)	20.00 (54.42)	9.25 (30.09)	16.75 (16.75)	30.75 (100.00)	15.25 (100.00)
5.	Harvesting of Wheat	9.00 (40.44)	7.25 (47.54)	13.25 (59.50)	8.00 (52.45)	22.25 (100.00)	14.75 (100.00)
6.	Threshing of Wheat	8.50 (50.00)	7.50 (50.00)	8.50 (50.50)	7.25 (50.00)	17.00 (100.00)	-
7.	Transport and Storage (Palledari)	137.50 (100.00)	-	-	-	137.50 (100.00)	-

8.	Fertilizer Application	7.25 (100.00)	-	-	-	7.25 (100.00)	-
9.	Pit digging and filling (In Popular Plantation)	9.25 (100.00)	-	-	-	9.25 (100.00)	-
Total		251.50 (79.52)	70.25 (53.52)	64.75 (20.48)	61.00 (46.48)	316.25 (100.00)	131.25 (100.00)

*Level of Income of contractual labour in Various Activities*

Table 3 reveals that major income of the total wage earning is derived from the contractual arrangements. It was observed that income received from wages through the contractual arrangements in various activities ranged from 31% to 78% of the total income where they partly employed as casual labour and contractual labour. While in some activities labour are exclusively earning total wages from contractual arrangements like transport and storage of food grains in nearby market. The opportunity of getting such type of employment was observed throughout the year. Thus, they can avail the opportunity to earn the wages. However, this type of opportunity is very limited and only limited number of labour is getting the employment in the transport and storage of food grains. The income from wages derived from contractual arrangement in intercultural and earthing up of sugarcane is highest among other activities.

**Table 3. Wage earnings of Contractual Labour in Various Activities**

(Per worker in ₹)

S. No.	Operations / Sources	Wages earned from Contractual Arrangement		Wages earned from Casual Labour		Total	
		Male	Female	Male	Female	Male	Female
Agriculture and allied activities							
1.	Inture culture & earthing up in Sugarcane	1712.50 (78.41)	-	471.50 (21.59)	-	2184.00 (100.00)	1740.00 (100.00)
2.	Harvesting of Sugarcane	1007.00 (65.70)	840.00 (48.27)	525.00 (34.12)	900.00 (51.73)	1532.00 (100.00)	1074.40 (100.00)
3.	Transplanting of Paddy	645.25 (61.79)	732.40 (67.67)	434.50 (38.21)	342.00 (32.33)	1079.00 (100.00)	1478.50 (100.00)
4.	Harvesting & threshing of paddy	1161.00 (39.33)	775.00 (17.98)	356.12 (60.67)	703.50 (82.02)	1517.12 (100.00)	813.00 (100.00)
5.	Harvesting of Wheat	621.00 (31.08)	435.00 (42.12)	708.87 (68.92)	378.00 (57.88)	1329.37 (100.00)	850.31 (100.00)
6.	Threshing of Wheat	614.12 (63.96)	551.25 (64.78)	348.50 (36.04)	299.06 (35.22)	962.62 (100.00)	-

7.	Transport & Storage (Palledari)	8731.25 (100.00)	-	-	-	8731.25 (100.00)	-
8.	Fertilizer Application	377.00 (100.00)	-	-	-	377.00 (100.00)	-
9.	Pit digging & filling (In Popular Plantation)	675.25 (100.00)	-	-	-	675.25 (100.00)	-
Total		15544.37 (84.53)	3333.65 (55.97)	2844.50 (15.47)	2622.56 (44.03)	18388.86 (100.00)	5956.21 (100.00)

Table 4. Wage earnings per day per Labour in Various Activities (in ₹)

S.No.	Operations / Sources	Wages earned from Contractual Arrangement		Wages earned from Casual employment	
		Male	Female	Male	Female
Agriculture and allied activities					
1.	Inture culture and earthing up in Sugarcane	68.50	-	46.00	-
2.	Harvesting of Sugarcane	53.00	42.00	42.00	45.00
3.	Transplanting of Paddy	44.50	47.25	39.50	38.00
4.	Harvesting and threshing of paddy	54.00	38.75	38.50	42.00
5.	Harvesting of Wheat	89.00	103.60	53.50	47.25
6.	Threshing of Wheat	72.25	73.50	41.00	41.25
7.	Transport and Storage (Palledari)	63.50	-	-	-
8.	Fertilizer Application	52.00	-	-	-
9.	Pit digging and filling (In Popular Plantation)	73.00	-	-	-
Total		61.00	52.30	43.42 (48.65)	42.70 (22.48)

Figures in parentheses indicates the percentage of wage under contractual payments

### ***Impact of contractual arrangements on income of labour***

The wage rate per day earned through contractual arrangements is higher in all the activities as compared to casual labour wage rates. Table 4 shows that the highest wage per day was received by the contractual labour in wheat harvesting. In fact, this is time bound operation and farmers have to complete it in short time. Thus, the share of wages is higher (₹ 89 for male and ₹ 103 for female workers) as compared to other activities. Similarly, in the threshing of wheat and intercultural and earthing up of sugarcane, the wages are much higher through contractual arrangements as compared to casual labour earnings per day. on an average in all the activities the contractual male labourers are getting about 40.00% higher wage rate than the wages earned as casual labour. Similarly, female labourers are getting about

38.00% higher wage rate through contractual arrangements as compared to wage rate received as casual labour. Thus, there is significant impact on the total income of contractual labour as compared to wages earned as casual labour. Therefore, labourers are trying to form a group and engaged themselves as a contractual labour. If male workers are able to get contract throughout the year and a labour is getting full employment (i.e. 300 days in a year) then he will be able to earn income on an average of ₹ 18990.00 per year. Similarly, female workers will be able to receive the income of ₹ 18270.00. Juxtapose, if both male and female workers have to work on daily wage rate throughout the year, even they are getting 300 days employment in a year he may earn only ₹ 11526.00 and ₹ 11370.00, respectively. Thus, there is a gap in the income of ₹ 7464.00 and ₹ 6900.00 in case of male and female workers in a year.

### **Conclusion**

From the above discussions, it is observed that due to higher income in all the operations of crops performed on contractual basis, the labourers formed a group consisting male and female workers of a family and neighbours family workers. The leader of group usually bargains the terms, conditions amount of payments for certain activities. However, the wage rate are fixed for most of the activities and on that basis, the group of labour is getting employment. Due to no bound of time limit they have the opportunity to get more employment and earnings by way of engaging themselves in various activities. It was also observed that they are tempted to engage themselves in contractual arrangements so that they may able to get more employment and income. The possibilities of increasing income of workers are much brighter if they get the employment under contractual arrangements. However, the employer feels, the work is performed speedily but the quality of work is poor as compared to labourers working as a casual labour. But due to time bound of agricultural operations they have to employ the group labourers on contractual basis.

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