

Changing Contractual Arrangements in Rural Labour Market in Andhra Pradesh*

1. Introduction

Over the years labour market relations have undergone changes due to a number of factors including the technology, macroeconomic situation and the impact of globalisation. However, the changes have been uneven in different development scenario. The S.R.Sankaran Chair has undertaken a comparative study of three different scenarios of states to understand the changing scenario of labour market situation, namely Andhra Pradesh, Haryana and Odisha in association with partner research institutions. A brief summary of the study in the residual state of Andhra Pradesh is given below.

Contractual arrangements in labour markets have been a subject of considerable research in the economic literature. One of the central issues in this line of research is to examine the types of contractual arrangement and nature of contracts found in rural area. In a predominantly agrarian and rapidly changing economy 'the nature of contractual arrangement and factors contributing **for** the change in the rural labour market' needs enquiries about the strategies followed by the labour households as well as the employers of such labour households. The forms of contractual arrangements as discussed in the literature by neo-classical and structuralist economists, during 70s and 80s have been changing with the transformation of the economic environment. It has been well accepted that the nature and forms of contractual arrangements have undergone a change over last few decades. The transformation of 'classical landlord' to 'capitalist farmer' and 'classical labour' to 'modern labourer' has significant impact on the change in the contractual arrangements in labour market. Over the years several factors have impacted the rural society and economy in India. These include progressive integration of rural economy with rest, growing rural non-farm employment, improved connectivity of villages with the urban areas and multiple public policy interventions such as various development and security measures including the MGNREGS at the village level.

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The concomitant changes have impacted the livelihood of the labour households. This has helped in raising the bargaining power of the labour households. Similarly given the multiple risks and uncertainty affecting the rural activities including crop production, strategies adopted by different classes of producers have also undergone changes. All these factors have affected the contractual arrangements in the rural labour market.

In this background, the present study has examined the changing structure and functions of rural labour market in the state of Andhra Pradesh, India.

2. Objectives of the Study

The broad objective of the study is to examine the variety of labour arrangement, forms of contractual arrangements present in the labour markets and to capture the nature of change in such arrangements owing to policy interventions as well as dynamics of internal and external changes, such as technology, migration, change in economic environment and government policies.

The specific objectives are:

1. To understand and analyze different 'variety of labour arrangements' and 'forms' of 'contractual arrangements' exist in rural labour market. Who opt for what types of labour activity within the household, inside and outside the village? Who will go for what types of work? How the intra-households labour allocation pattern is determined? In other words, age wise and gender wise activity adoption strategy will be examined for household work as well as hiring out of labour in both inside and outside village for both agricultural and non-agricultural activities belonging to different groups and caste households.
2. To examine different types of the labour households which are opting for interlinked transactions with other markets and in what circumstance?

Whether interlocking is an exploitative device for the labourer and/or insurance mechanism?

3. To examine the changing characteristics of 'landlord' and 'labour' in rural India and its impact on the 'contractual arrangements'.

3. Methodology, Data Sources and Study Area

The study has utilised both primary and secondary data. The secondary information have been collected from various sources including, National Sample Survey Office (NSSO), Labour Enquiry Reports, Census, District Gazetteers, State Statistical Abstracts, Agricultural Census, District Statistical Hand Books etc. However, as the study is intending to look into the changing contractual arrangements and factors influencing the contractual arrangement, the main source of information is primary data collected from the sample households located from different regions of Andhra Pradesh.

District selection in Andhra Pradesh is done as follows. In the state, three regions (North Coastal Andhra, South Coastal Andhra and Rayalaseema) has already been demarked for a long time, based on their agricultural development involving irrigation, climatic conditions and cropping pattern. To represent the regional variation in the state, we have picked up three districts, one each from these three regions. Of course, within the region we have taken in to account irrigation levels, cropping pattern, consumption of chemical fertilisers, mechanization and finally the composition of workforce (% of cultivators and agricultural labourers). By taking into account the above mentioned aspects we have selected the sample districts namely, Kurnool, Srikakulam and West Godawari.

4. Findings and Conclusion

It is noteworthy that the percentage labour households depending on the casual labour in agriculture are high in Andhra Pradesh and in the study areas as well. Women work predominantly as casual labour in agriculture. On an average, 75 percent of sample households are labour households, of which, a vast majority work as casual labour in agriculture. It is to be noted that about three-fifths of population in the state depend on the agricultural activities (as a self-employed or casual labour) for their livelihood. A large proportion of villages are covered with public transportation. Moreover, growing presence of the three wheelers (auto rickshaw) in the state's countryside is connecting many villages with the nearest town or a main road while providing employment to rural youth. Secondly, progress relating to coverage of households under different social security measures along with other development and welfare programmes is very high. This has enabled the household members to access to health, food security and improved their bargaining power vis-a-vis employers.

The labour market has undergone significant changes relating to contractual arrangement between the labour and their employers and the arrangement has become flexible. It has been observed the fast declining prevalence of attached labour, which has been important long term contractually arrangement prevalent in the past and the disappearance of the social phenomenon of bonded labour in the countryside. In fact, Andhra Pradesh was one of the states in India that were having high incidence or instances of bonded labourers that witnessed in the survey that have taken place during 1970s and 1980s (Marla 1980). But it has become a rare phenomenon. Correspondingly the emerging phenomenon is increasing casual form of wage labour in the state. The bargaining power of labour households has improved due to a number of factors including rising demand for labour as a result of high cropping intensity, diversified cropping pattern and proper functioning of employment guarantee scheme.