

## **Changing Contractual Arrangement in Rural Labour Market: A Case Study Haryana\***

### **Introduction**

For a long time prior to independence, village labour market was relatively closed ones. The demand for labour was mostly from agricultural work and some traditional cottage enterprises. Since independence there have been changes in the village economy and rural labour market owing to various policy and internal dynamics. Agricultural growth and rural connectivity facilitated the integration of a village with the society/economy outside of it. Some outside labour from other villages were coming to the areas where there was demand for labour during the peak seasons. Further, of late non-farm activities have come up in rural as well as well in urban areas. This has created additional demand for labour in addition to agricultural work. This has facilitated by better connectivity from rural to urban areas and vice-versa. These factors have generated flexibility in the nature of availability work in rural areas including some option for rural households/individuals to commute to nearby worksite located in urban/other areas.

The concern arises is about the implications for workers in terms of their livelihood options, wage rates, working conditions, economic and social mobility, and out migration. There can be changes in strategies of labour households involving changes in work participation by age (old age, younger ones and adults) by gender(male and females), occupational structure and migration. Now labour use strategy within the household has become more flexible compared to earlier situation. For instance, in a household the given the demand the choice of activity among members will be according to ability of member given his age or strength. An young member male/female, will likely to commute to a distant place for work or resort to short/longer duration of migration, but relatively older workers would like to be in the village and seek work. Further, female members may like to stay at village and go for work which is less strenuous if possible. With the rise in income older female members even withdraw from strenuous work or withdraw temporarily. Thus, there will be differential labour use strategy by different members depending on his/her ability/expertise (for instance carpentry/mason), possibility of getting better paid job outside /distant places.

Implications for employers are mechanism that ensuring supply in meeting their demand for labour. The strategies to ensure supply in meeting peak season demand alternative strategies–

**\*Dr Motilal Mahamalik, Assitant Professor,  
Institute of Development Studies, Jaipur, India**

mechanization or others. In order to ensure timely supply of labour and reduction in transaction cost of labour there can be changes in the contractual arrangements of employed directly with individual labour or a family head or group leader to indirectly with the contractors/middle men, third party.

## **2. Objectives of the Study**

The specific objectives are:

- 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. What about activity wise caste composition of labour force in rural area? Whether the pair composition of landlord and labour or employee and employer and the types of work will be examined in this context.
- To examine different types of the labour households which are opting for interlinked transactions with other markets and in what circumstance? Also to analyse the extent of economic losses or gain due to inter-locking. Whether interlocking is an exploitative devise for the labourer and/or insurance mechanism?
- To examine the changing characteristics of ‘landlord’ and ‘labour’ in rural India and its impact on the ‘contractual arrangements’.
- To examine who migrate in which terms and conditions and the nature of migration? The role of labour contractor and middleman in the process of fixing the contract / hiring labour.
- To examine the impact of state policies and programs (Mid-Day-Meal Programme, MNAREGA, PDS, Minimum Wage, Self Help groups etc..) on the terms of conditions of labour contracts and thereby contractual arrangements.

## **3. Methodology, Data Sources and Study Area**

For the study even though both primary and secondary data is being used, crux of analysis is based on the field data collected from sample households in selected villages in Haryana state of India. In order to choose different level of sample and understand the general

characteristics of the state secondary data is being used. However as the study intend to look into the changing contractual arrangements and factors influencing the contractual arrangement, the focus will be more on primary data.

A multistage stratified random sampling procedure is adopted for the study. In the first stage, three districts are being selected based on the level of developments. In the second stage, two blocks/talukas is identified in each district, one backward and one advanced, again based on a set of socio-economic indicators. In the third stage, one village in each block is being selected after rejecting a set of villages.

Household is the ultimate unit of analysis. For the household selection within the village, listing of households has been conducted with the help of a small schedule which contains questions relating to socio-economic information of the household. Although the present study's main focus on labour households of the sample villages, some landlord/employer households were also being interviewed.

#### **4. Findings and Conclusion**

There is change in the forms of labour, terms and conditions of contract, labour allocation patterns of the labour households, participation of family members (of different age group and sex) in different types of activities, moving out of village in search of employment, strengthening their bargaining power by taking advantage of the social security measures by the state. Attempts are being made to capture all these aspects in the sample village of Haryana.

- In farm sector, where the volume of fixed labour, labour linked tenancy contract (siri) has reduced substantially, another form of fixed labour (naukar) with a change in the terms and conditions is still continuing in these areas. Though attachment persists, it has undergone formal as well as substantive changes. In her study in early 1970s, Bhalla observed a gradual shift from keeping 'sajhis' on share basis to employing 'naukars' on a fixed annual wage. A significant change that she observed was the institutionalisation of formalised contract system where the mode of payment, its periodicity, duration of contract and advances to be made were all entered in the landlord's account book and the agreement was formalised in presence of three witnesses. A practice of advance payment of wages was built into the system [Bhalla 1976: A- 25]. It is observed that there are two types of fixed labour found in the sample villages, (1) yearly contract fixed labour, (2) monthly contract, fixed labour. The terms & condition and advance payment for both the type of contract varies.

- Even though there is increase in the advance amount for the Fixed labour/attached labour in general but there is wide variations observed in the advance amount. The variation in the advance amount depends upon the skill of the fixed labour, age of the fixed labour and the detail of work he has to perform during the contact period.
- There is no evidence of attachment labour reported in the non-farm sector. Rather with the expansion of the non-farm sector, people gets employment as monthly wage labour in shops, institutions, houses, etc. There is no element of un-freedom associated with types of employment.
- Farm sector, both in irrigated as well less irrigated region, is dominated by piece rate contract. In other words, for a majority of activities piece rate contract is now preferred by both landlords and labour. The 'squeeze peak season' along with the 'trend of migrants labour' to a region scale-off the group labour activities. Group labour activities emerge as a preferred form of contract because of the following reasons, (1) landlords wants to get the work done in a limited period of time, (2) migrants labour prefer to migrate in groups and shoulder the responsibility in group, and (3) monitoring cost in case of group labour is low for the landlord. In non-farm sector also this trend is dominating.
- Increasing casualisation is still a valid observation but it incorporate another dimensions of employment i:e: group labour as discussed earlier.