

Changing Contractual Arrangement in Rural Labour Market: A Case Study of Odisha*

1. 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–

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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. Research Questions of the Study

In this context the present piece will examine the changing structure and functions of rural labour market in India and its implications. Given the changing situations such as more openness, mechanisation of agriculture, presence of non-farm employment, connectivity to outside villages, implementation of public policies such as social security measures including MGNREGS at village level the study will try to examine:

- (1) Forms of contractual arrangement present in the rural labour market,
- (2) Changes in the contractual arrangement over the period of time
- (3) Nature of change due to a variety of Interventions such as technology, migration, change in economic environment and government policies and institution responsible for change

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 Odisha state of India. In order to choose different level of sample, 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.

Primary data will be collected from three states with different level of agricultural development such as Orissa, Andhra Pradesh and Haryana. These three states are selected based on their levels development in general and agricultural development in particular. Three sets of scenario in each state will be chosen for next round of sampling to select villages, (1) Agriculturally developed region, (2) Modestly developed (Rain-fed agriculture) Region, (3) Backward or Tribal Region.

Agricultural production in agriculturally developed region is characterised by irrigation facility, use of machine, use of chemical and fertilisers and monocropism. In spite of monocropism, the diverse location of plots, difference in the land quality, use of different variety of seeds and the differences in the investment capacity of the landlord, demands for

labour in these regions is high during peak seasons. In most of the irrigated area even though agriculture is mechanised still the landlords heavily depended on labour force during the peak seasons. This indicates that most of the agriculturally developed region are not fully mechanised. The high labour demand during a set of peak operations in both the seasons forced landlords to adopt a variety of strategies such as enter into a variety of contractual arrangement with the existing labour households, hiring in migrants labour, linking labour market with other market to bring control over the labour etc. to reduce risk associated with the production.

Rain-fed agricultural region is known for low mechanisation in agriculture, high variations in the quality of land therefore differences in the cropping patterns, diversification towards cash crop cultivation, and labour scarcity. Landlords in this region adopt a variety of contractual arrangements with labourers to ensure their presence during the need. People from this region very often migrates to nearby agriculturally developed region or sub-urban for wage activities which is one of the livelihood strategies of the labour households. In order to cling to a group of labour the landlords in this region adopt strategies to hold the labour under their control.

The agricultural practice in least developed or tribal regions is totally different from the rest of the two regions. Less mechanisation, low use of pesticides and fertilisers, huge variations in the land quality, less mobile labour force (more or less a closed economy), less exposed to sub-urban opportunities (non-farm activities) etc. With this types of situation it is presumed that soft type of contractual arrangements will be found in this area.

As regards the primary survey, a multistage stratified sampling procedure is proposed for the study. In each state, in the first stage, three districts in each of three states will be purposively selected based on the level of developments. In the second stage, two blocks/talukas will be identified in each district, one backward and one advanced, on the basis of a set of socio economic indicators. In the third stage, one village in each block will be selected.

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 Odisha.

1. In farm sector, where the volume of fixed labour, labour linked tenancy contract has reduced substantially, another form of fixed labour (yearly specialized work) with a change in the terms and conditions emerge as a new form of contract in these areas. Though attachment *parse* continues, it has undergone formal as well as substantive changes. It is observed that there are two types of fixed labour found in the sample villages, (1) yearly contract fixed labour, (2) seasonal fixed labour. The terms & condition and advance payment for both the type of contract varies.
2. 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.
3. 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, as tractor driver etc. However, there is less element of un-freedom associated with types of employment.
4. Farm sector, both in irrigated as well less irrigated region, is dominated by piece rate contract mostly in farm sector. In other words, for a majority of activities piece rate contract is now preferred by both landlords and labour which help the land lord to reduce the monitoring cost. 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.
5. Increasing casualisation is still a valid observation but it incorporate another dimensions of employment i:e: group labour as discussed earlier.