Study of Micro-Evidences for Agricultural Labour Market Functioning in Agriculturally Developed Chomu Tehsil of Jaipur

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Abstract

The present study intended to investigate the performance of agricultural labour market in Jaipur district of Rajasthan. A cluster of three villages (Jaitpura, Kanpura and Khushalpura) from Chomu tehsil of Jaipur district was randomly selected for the study. The sixty respondents were selected on a random basis from the particular cluster of villages. The pre-tested schedules were used for collection of primary data from the selected agricultural labour households during 2010-11. The collected data were processed and analyzed by using various statistical and mathematical tools. The frequency of labour credit interlocking was much more prominent as compared to labour-land interlocking except in one village (Khushalpura), more than half of the labour had borrowed money from their employers. There was no definite rate of interest on the loaned money from the employers. However, the employers recovered very high unspoken rate of interest in terms of a number of little owing jobs. The labour-land interlocking was, however, yet another form of wage labour since all the inputs were being provided by the landowners. It was varied in between 14-18 percent. However, the average wage/day earned in this system was higher (Rs. 175-190) than the average wage rate in the casual labour system. Family size, family income, socioeconomic status of the family and age had a significant effect on the probability of an agricultural labour household entering into interlocked arrangements.

Introduction

The unequal distribution of land holding is one of the distinguishing factors in poor socio-economic culture in agriculture. This disproportion distribution land holding encourages the lease of the land to make optimum utilization of land resources. Therefore, those who have spare land either lease it or hire in labour to make optimum utilization of land resources. Correspondingly, those who do not have sufficient land, either lease-in land or hire out the labour services to earn livelihood. This circumstance promotes labour markets in agriculture, thus this functioning of two markets labour may be complementary, which function independent and simultaneously.[1]

The interlocked transaction is one in which two or more independent exchanges are simultaneously agreed upon an employer and employee enter into several transactions at the same time in wage labour hiring land renting production and consumption credit and soon.[2,4] In this situations, the interlocked transaction is preferred in as much as "such interlocking of market simplify the manipulative power of the stronger section for the reason that there could be limited to utilization in any one market due to tradition or custom or due to fiscal factors, the interpenetration of the markets permits them to scatter utilization in diverse markets and to phase out utilization over time as well[5]". In the literature on rural development, while Marxists viewed the pervasiveness of these interlocked transactions as a source of exploitation and surplus appropriation[5,6,] the neoclassical explain their existence in terms of market imperfection manifested in high transaction cost, asymmetry information, moral hazards, adverse selection and so on.[7] The interlocked transactions are among other things, used to ensure contract enforcement, reduce the transaction cost in recruiting labour and also to thwart the formation of labour unions. 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 wages rate. 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 into interlocked arrangements.[8]

To study the extent of incidence of inter-linkage in the labour-land and labour-credit markets, explicit and implicit costs of these contracts and the factors affecting interlocking of factor markets. The aim of the present research work is to study of micro-evidences for agricultural labour market functioning in agriculturally developed Chomu tehsil of Jaipur.

Materials and Methods

In this investigation, Jaipur district out of 33 districts in the state of Rajasthan was purposively selected; as it is the area of research institute. Jaipur district consist of thirteen tehsils, Chomu tehsil randomly selected for the detailed study. A cluster of three villages randomly selected from Chomu tehsil. Based on probability proportion, randomly sixty respondents from the cluster of Chomu tehsil were selected and primary data were collected from the selected agricultural labour households. The pre-tested schedules were used for face-to-face interviewing of agricultural labours to collect the primary data for two consecutive seasons of the agricultural year 2010-11 *i.e. Rabi* season and *Kharif* season. The collected data were processed and analyzed by using various statistical and mathematical tools of Microsoft Office Excel for achieving objective oriented results as described:

Explicit cost = wage of hired labour, value of seed, manure, fertilizer, irrigation charges etc.; Implicit cost = interest on loan. The cost (both explicit and implicit) of inter linkages of labour- credit and labour – land markets will be worked out by following the procedure given below:[9,10]

Explicit interest = the 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 rat, Aw = the actual wage received, N = the number of days worked without wage for landlord creditor.

The total interest = explicit interest + implicit interest

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

Where; i= the explicit + implicit interest and P = the total amount borrowed

Likewise, the cost of labour – land inter-linkages will be computed

The explicit rent = the amount of rent paid

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

Total rent = explicit rent + implicit rent

Where; L = the number of days worked for the landlord on wages less than market wage; Mw = the market wage rate, Aw = the actual wage which he gets, N = number of days worked for the landlord without wage.

Results and Discussion
Incidence of Interlocking Among Casual Agricultural Labour Households
The percent of households involved in labour-credit and labour-land interlocking was very high in all selected villages (Table 1). More than 80 % of the selected households were observed either borrowing or leasing in land from their employers in the studied cluster area. Additionally, labour-credit interlocking was reported extra prominent in comparison to labour-land interlocking.

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

S.No.	Particulars	Villages			All
		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

Cost of Labour-Credit Interlocking
The amount borrowed in the interlocked transactions varied from Rs. 2760 in Jaitpura to Rs 2390 in Khushalpura (Table 2). The frequency of borrowing varied between 2.00 in Jaitpura to 3.00 in Kanpura. No sample household reported explicit payment of the 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 poorer pay per annum varied from 81 (Khushalpura) to 61 (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 poorer pay and the difference in the wage rate and the average amount borrowed, the inherent rate of interest varied between 36-24 percent. The frequency of traditional debt was observed only in one village, 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 an adverse selection was very low.

Cost of Labour-Land Interlocking
The low frequency of labour land interlocking was varied in the range of 14-18 percent sample households involved in such interlocking (Table 3). The low frequency of labour land interlocking was

principal because most of the agricultural labour households did not have the supporting inputs, which are essentially required in farming. They also lacked farming skills. In the study villages, the land was leased, in both *Kharif* and *Rabi* seasons to grow wheat and Bajra. The average amount of land leased in per household was 2-5 hectares. Since the employer landlords provided all inputs except labour, three fourths of the total production were paid to the landlords as rent for leased-in land. The remaining one fourth of total production were given as the reward of the labour. The system was thus yet another form of wage labour. The average wage rate per day 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. Similarly; in recent investigation, the low incidence of labour land interlocking was primarily due to most of the agricultural labour households did not have the supporting inputs, like bullocks and other farm implements which are essentially required in farming.[11]

Table 2: Cost of labour-credit interlocking

S.No.	Particulars	Villages			All
		Jaitpura	Kanpura	Khushalpura	
1.	Amount borrowed (Rs/ 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 (Percent per annum)	24	30	36	30.60
8.	Hereditary debt				
(i)	Household (Percent)	-	-	7.00	2.68
(ii)	Amount (Rs.)	-	-	12500	4791.66

Source: Field survey 2010-11

Table 3: Cost of labour land interlocking

S.No.	Particulars	Villages			All
		Jaitpura	Kanpura	Khushalpura	
1.	Labour land interlocking (percent household)	14	16	18	16.20
2.	Land leased in (ha)	3	5	2	3.28
3.	Total output of (q/ha)				
	(i) Wheat	40	42	41	41.05
	(ii) 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 2010-11

Conclusion

The frequency of labour credit interlocking was more prominent in comparison to labour land-interlocking except in one village, more than half of the labour had borrowed money from their employers. There was no unambiguous rate of interest on the funds borrowed from the employers. On the other hand, the employers recovered very high inherent rate of interest in terms of a number of small owing jobs. The labour-land interlocking was, however, yet another form of wage labour since all the inputs were being provided by the landlords. However, the average wage/day 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 a significant effect on the probability of an agricultural labour household entering into interlocked arrangements.

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