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Recent Developments in Farm Labour Availability in India and Reasons behind its Short Supply

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Abstract

The agricultural sector in India has been characterized with high supply of labour than demand, low wages, skewed distribution of land, and limited options of earning livelihood. This sector has undergone a vast change in recent past, mainly due to the increased rural-to-urban migration and partly due to the inception of MGNREGS and other public works. The structural changes in Indian economy in recent past have made male-migration a lucrative phenomenon while schemes like MGNREGS are found to be attractive for females in rural locations due to various reasons discussed in the paper. This has caused a shortage of farm labour and consequently, an upward push in agricultural wages. The study has suggested that there is a need to implement MGNREGA and other public works schemes with full potential to improve the economic conditions of vast pool of agricultural workers who have been living in distressed conditions for many decades.

Key words: MGNREGS, Farm labour, Rural employment, Labour availability

JEL Classification: J22, J61, J23, H23

Introduction

The agricultural sector in India has undergone a perceptible change in recent years and an apparent shortage of labour is observed in rural farms, a phenomenon which was highly unlikely in the Indian context till recently. Till not very long ago, Indian agriculture was marked by abundant supply of farm labour and a sizeable portion of work force was absorbed in it even when it was not actually required. This labour remained under-utilized due to the residuary nature of agricultural occupations. One of the probable reasons for this over-supply was low levels of productivity and wages in farming, which encouraged more labour absorption so as to earn a subsistence level of income for household activities. This gave rise to a negative relationship between labour productivity and labour absorption.

The scenario, however, has changed in recent years, particularly after the implementation of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), expansion of public works and increased rural to urban migration owing to urbanization and generation of casual employment in the tertiary sector in towns and cities. These issues are discussed in detail in later part of this paper.

This paper has been divided into 4 parts/ sections: Section two discusses the change in the employment scenario in farm sector in rural areas since 2000. Section three discusses the possible causes- migration, urbanization, wages, MGNREGA, other developmental projects/ employment creation schemes, public works etc. for the observed phenomenon. Section four discusses the consequences of reduced supply of farm labour. Section 5 discusses the effect of migration on destination and source areas. The last section discusses the observed consequences of decreased farm labour supply with respect to above discussed factors and

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Table 1. Broad employment status for rural India: 1993-94 to 2009-10

(in per cent)

Years	Males			Females			Persons		
	Self-employed	Regular wage/salaried jobs	Casual labour	Self-employed	Regular wage/salaried jobs	Casual labour	Self-employed	Regular wage/salaried jobs	Casual labour
1993-94	57.7	8.5	33.8	58.6	2.7	38.7	58.0	6.4	35.6
1999-00	55.0	8.8	36.2	57.3	3.1	39.6	55.8	6.8	37.4
2004-05	58.1	9.0	32.9	63.7	3.7	32.6	60.2	7.1	32.8
2007-08	55.4	9.1	35.5	58.3	4.1	37.6	56.3	7.5	36.2
2009-10	53.5	8.5	38.0	55.7	4.4	39.9	54.2	7.3	38.6
Growth rate between									
2004-05 to	-4.65	1.11	7.90	-8.48	10.81	15.34	-6.48	5.63	10.37
2007-08	(-1.55)	(0.37)	(2.63)	(-2.83)	(3.60)	(5.11)	(-2.16)	(1.88)	(3.46)
2007-08 to	-3.43	-6.59	7.04	-4.46	7.32	6.12	-3.73	-2.67	6.63
2009-10	(-1.71)	(-3.3)	(3.52)	(-2.23)	(3.66)	(3.06)	(-1.87)	(-1.33)	(3.31)

Source: Various NSSO rounds

Note: Figures within the parentheses show the annual growth rate

policy suggestions to improve condition of rural households.

Changing Scenario in Rural Sector

The NSS data show that at the all-India level in rural areas, the share of self-employment among males has decreased by more than 4 percentage points, from 58 per cent to 53.5 per cent between the period 2004-05 and 2009-10, while the share of casual labour has increased by more than 5 percentage points, from 33 per cent to 38 per cent in the same period. Among females, the share of self-employment declined by more than 8 percentage points, from 64 per cent to 56 per cent and that of casual workers among them increased by more than 7 percentage points, from 33 per cent to 40 per cent in the same period (Table 1). The share of self-employed males in rural India declined for the first time in 2007-08 since late-1970s. Considering the huge size of self-employed male workers in the rural areas, even a small decline in percentage terms amounts to a large decrease in absolute terms.¹ Further, the

proportion of rural males engaged in agriculture declined from nearly 66 per cent in 2004-05 and 2007-08 to 63 per cent in 2009-10, while the share of rural females declined from 83.3 per cent to 79 per cent in 2009-10. This phenomenon can be attributed to the combined effect of migration from rural areas to urban locations, creation of casual employment in MGNREG scheme (MNREGS) and other public works (discussed in detail in later part of the paper) in the villages.

Migration: Recent Trends and Causes

According to the NSSO 64th round, at the all-India level, households belonging to the migrant category in the urban areas increased to nearly 3 per cent in 2007-08 from nearly 2 per cent in 1993-94.² Rural to urban migration stream was the most dominant stream in 2007-08, accounting for 20 per cent of the total internal migration after rural to rural migration stream which accounted for nearly 62 per cent of the total internal migrants. The share of rural to urban migration among males increased by nearly 5 percentage points to 39

¹ The self-employed male workers in rural India in 2004-05 were 127.2 million which declined to 126 million in 2007-08, while the male casual workers in rural India were 72 million in 2004-05 which increased to 80.7 million in 2007-08.

² In the rural areas, not much difference in the magnitude of migrant households was observed during NSS 49th round and NSS 64th round. Nearly 1 per cent of all rural households were classified as migrant households in both the time periods.

per cent in 2007-08 from 34 per cent in 1999-2000.³ Nearly 60 per cent of urban male migrants and 59 per cent of urban female migrants had migrated from the rural areas in 2007-08.

For rural females, the share of employment-related reasons for migration had dropped from 8 per cent in NSS 49th round to about 1 per cent in both 55th and 64th rounds.⁴ This can be attributed to the increasing job opportunities for the rural females in MNREGS and other public works in the rural areas. In the case of male migrants of rural and urban areas, the reasons for migration obtained during NSS 49th round, 55th round and 64th round have shown some distinct characteristics. It revealed the reduced importance of employment-related reasons for rural male migration and increasing importance of employment-related reasons for urban male migrants. The share of employment-related reasons in total rural male migration had reduced from 48 per cent estimated in NSS 49th round (1998-99) to 30 per cent in NSS 55th round (2004-05), which further dropped to 29 per cent in NSS 64th round (2007-08).⁵ One of the reasons behind decreased migration from rural to urban locations may be the extension of limits of municipal areas of cities engulfing the adjacent rural areas or the creation of urban urban local bodies in a number of settlements which in fact are outgrown villages, exhibiting most of the rural characteristics (Manocha, 1993). The decline in rural to urban migration between the period 2004-05 and 2007-08 may be due to the introduction of safety nets like MNREGS, a constant run of good monsoons and better access to credit. The reason behind increased importance of migration for urban male may be due to the factors like periodic transfer of regular workers, temporary posting of marketing and extension workers, etc. (Kundu and Sarangi, 2007).

Discussing the reasons for rural to urban migration, a large number of micro studies carried out in different regions of India have concluded that the search of

employment opportunities is the major reason behind out-migration from villages. Dearth of employment opportunities in the villages, economic deprivation in the form of landlessness or skewed distribution of land, inadequate farmland and low fertility, livestock and other basic household assets necessitate the need for rural people to migrate to either cities or other rural locations to earn livelihood (Jetley, 1987; Paris *et al.*, 2005; Korra, 2011; Rodgers and Rodgers, 2011).⁶

The introduction of advanced labour-saving methods in the agriculture sector has also rendered surplus rural labour and decreasing land and labour ratio have made it difficult to eke out livelihood and so migrants move out from the backward regions to developed states or to states which experience either massive government efforts for developing administrative structures and basic services or massive public sector investment or expansion of linked tertiary activities. Mostly, the migration is seasonal or temporary in nature and migrants return to their homes either in summer for marriages of relatives or during the time of cultivating their own farm lands. Landless households tend to migrate more – provided they can afford it – than landed households as these households depend primarily on the availability of jobs during the peak crop operations. The existing caste system is also one of the reasons for out-migration to towns and cities as many people now prefer to work outside because this enables them to break loose from the existing caste taboos prevailing in the villages. While the upper caste people do not do any manual wage work in their villages because of caste taboo, they undertake all kinds of work— wage work or low-paid self-employed work— at the place of migration. In fact, this is an important reason why upper caste youth migrate. In the case of lower castes, people migrate to escape from the hardships caused by the caste discrimination in the villages (Sharma, 2005).

³ During this period, the share of rural-to-rural migration for males had decreased by nearly 5 percentage points, from 32 per cent in 1999-2000.

⁴ For urban females, the share of employment-related reasons for migration has dropped from around 5 per cent in NSS 49th round to about 3 per cent in both 55th and 64th rounds.

⁵ For urban male migrants the trend reversed, with the share of employment-related reasons increased from 42 per cent in NSS 49th round to 52 per cent in NSS 55th round, which further increased to 56 per cent in NSS 64th round.

⁶ Korra has further argued that a high degree of migration was noticed among SCs, STs and OBCs, the more vulnerable sections of the society and Jetley has observed that people who migrate are mostly self-employed or non-agricultural households, perhaps agricultural labour.

Apart from push factors described above, available employment opportunities in the cities and industrial places as well as strong social networks of migrants with relatives and friends act as pull factors for migration (Paris *et al.*, 2005). Also, the difference in relative wages is one of the main factors influencing rural-urban migration acting as a 'push factor' for urban growth in the backward regions. This wage differential may be substantial in the rural areas and nearby towns in the backward regions due to agricultural backwardness, while in the agriculturally-developed regions they are not strong. The small and middle-sized towns developed in the proximity of rural hinterlands have worked together in intensifying out-migration to cities from villages as the problems relating to shelter, regionalism, overcrowding and lack of basic amenities to the poor are not in the worst form (Kundu and Gupta, 1996). The big cities with their large manufacturing and tertiary sector also attract migrants from backward regions of either the same state or other states and these migrant workers are engaged in a variety of occupations like in manufacturing, construction, security agencies as guards, rickshaw pullers, coolies, construction workers, etc.

An interesting feature of rural-urban migration is the large outflow of migrants from the backward states to developed states. For instance, Uttar Pradesh and Bihar, two states having a very low level of urbanization, had a net outflow of around 4.4 million workers during 1991-2001 and the main destinations were Maharashtra, Delhi, Haryana, Gujarat, Punjab and Madhya Pradesh. Out of these states, the more urbanized states like Maharashtra, Gujarat and Punjab along with NCT of Delhi attracted a large number of migrants. In Maharashtra, the majority of migrants were from Uttar Pradesh, followed by Karnataka, Bihar, Rajasthan, Madhya Pradesh, etc. In Gujarat, most migrants came from Uttar Pradesh, Rajasthan, Bihar, and Orissa. The NCT of Delhi stood next only to Maharashtra in attracting migrants from almost all states of India, the migrants from Uttar Pradesh and Bihar being the largest in numbers. So the inter-state flow of migrants is largely steady with the level of urbanization (Bhagat and Mohanty, 2009).

MGNREGA and Other Public Works

Other than migration and urbanization, MGNREGS and other public works have also played an important role in shifting of labour from agricultural to non-agricultural jobs in the rural areas. MNREGS has led to an increase in the employment capacity of the rural economy through the expansion of activities like construction of ponds, wells, etc. and consequently, the demand for agricultural labour has also gone up. The employment opportunities in the villages have also led to a decline in the out-migration of female labour who prefer to work within the village (Hirway, 2010). In 2009-10, the wage rate for casual female labourers in "other than public works" was higher in the urban (₹ 77) than in rural (₹ 69) areas, but the wage rates for females under MGNREGS was higher than in "other than public works" in the urban areas. For male casual workers engaged in "other than public works", while the average wage earning per day was ₹ 102 in the rural areas, it was ₹ 132 in the urban areas. Thus, wage rates are found to be more attractive by rural females under MGNREGA projects, while male find wage rates in urban locations more lucrative.

Till March 2007, about 21 million households were provided employment in MGNREGA projects against 21.2 million who demanded employment. The total person-days of employment created in 2006-07 in 200 districts of India was 905 millions out of which 367.9 millions were women workers.⁷ In 2008-09, about 45.1 million households were provided employment in 615 districts and around 2.2 billion person-days of employment was created out of which 1 billion jobs (48%) had gone to women. With the revision of minimum wage rate across country—under MGNREGA—the average household earnings have increased from ₹ 2795 in 2006-07 to ₹ 4060 in 2008-09.⁸ Thus, the employment generated under MGNREGA has been increasing over the years and female workers have been the major beneficiaries. Between the period 2007-08 and 2009-10, the share of person-days in casual employment in MGNREGS to the total person-days in all economic activities has also increased (Table 2). The increase was marginal for male workers but significant for female workers. This again confirms that female workers have been the largest beneficiaries of MGNREGS projects.

⁷MGNREGA Report of the Second Year, April 2006 – March 2007.

⁸MGNREGA Annual Report, April 2008-March 2009.

Table 2. Percentage share of person-days in casual labour in public works for rural areas

Category of persons	Share of public works in all economic activities (%)			Share of MGNREGS in all economic activities (%)	
	Years			Years	
	2004-05	2007-08	2009-10	2007-08	2009-10
Males	0.21	0.85	1.39	0.38	0.48
Females	0.29	1.44	3.39	0.9	1.47
Persons	0.24	1.01	1.9	0.52	0.73

Source: NSS reports of various rounds

The share of person-days in casual labourers in public works has also been increasing over the years and the share of female participation in these public works is more than the share of their male counterparts (Table 2). Since the year 2000, public work schemes implemented for rural areas are: *Jawahar Gram Samridhi Yojana* (JGSY- launched in 1999-2000), *Sampoorna Gramin Rozgar Yojana* (SGRY- launched in 2002) and National Food for Work Program (NFFWP-launched in late 2004). All these schemes were initiated with the prime objective of providing wage employment to the rural community. The difference between these schemes and MGNREGS is that these were purely schemes while the MGNREGS is being launched under an Act (MGNREGA) which gives 'legal right for employment' to the population of rural India or the unemployment allowance otherwise. The SGRY alone generated 821.8 million person-days of employment in 2004-05. SGRY combined with NFFWP generated 833 millions person-days of employment in 586 districts in 2004-05.⁹ All the wage generating programmes in the rural areas were culminated into MGNREGS, so none of these programmes exist now. Presently, the other public works other than MGNREGS are the ones which are meant for the infrastructural development of the rural areas, viz. *Pradhan Mantri Sadak Yojana*, *Indira Awaas Yojana*,¹⁰ *Accelerated Rural Water Supply Programme*, *Rajiv Gandhi Gramin Vidyutikaran Yojana*, etc. These schemes too have created casual employment through various development projects in the rural areas.

One may ask why has been farm labour opting out of agricultural activities. The main reason as discussed

above, is stagnancy of wages in the farm sector in the past few years along with long periods of unemployment during the lean seasons in agriculture. Mechanization of farm activities has also accentuated the crises of earning livelihood as it made the peak period— when the demand for labour was highest— short and resulted in a further decline of wages casual workers. These workers were employed only for 2-3 months in a year with minimal wage rate. Thus, when other job opportunities were offered, they grabbed them without hesitation. The fact that the implementation of MGNREGA led to a shift of workers implies that the workers in the farm sector were not even getting the legal minimum wage rates.

Consequences of Reduced Supply of Farm Labour

The rural elite are complaining about the shortage of farm labour and the increase in the agricultural wages, especially of women workers who used to perform important but repetitive, boring and drudgery works at a very low wage rate. One of the arguments against MGNREGA is that the increase in wages has resulted in a rise in the cost of cultivation and consequently in the prices of the agricultural commodities. This has made agriculture a costly affair. One may say that most public works undertaken in MGNREGA are focussed on building assets like canals, ponds, wells, etc which will facilitate better irrigation facilities to the farmers and thus in the long-run, the production costs will come down. Moreover, MGNREGA is not the only phenomenon which has contributed to pushing up the agricultural wages. The actual reason for the rise in wages is tightening of labour

⁹ MGNREGA Report of the Second Year April 2006 – March 2007.

¹⁰ Indira Awas Yojana started in 2005-06 and a sum of ₹ 54.58 billion in the year 2007-08 and ₹ 56.45 billion in the year 2008-09 were allocated for this scheme, Source: www.india.gov.in/sectors/rural/bharat_nirman.php

market despite the much lower growth in measured employment, especially between 2008 and 2009 due to the withdrawal of labour from the local labour market through large-scale temporary migration to other parts of India.

Apart from rural to urban migration, rural to rural migration has also helped in raising the farm wages. For example, movement of labour from backward states like Bihar, Uttar Pradesh, Rajasthan, etc. to agriculturally-developed states like Punjab and Haryana at the time of harvesting in both source and destination states, increases a direct competition between local and distant employers. This type of migration was taking place earlier also but in recent past, better communication and transport facilities have enhanced the incidence of migration. Rodgers and Rodgers (2011) have noted in a field study in the Purnia district of Bihar that advent of mobile phones has facilitated a direct contact between employers and workers. This has also eliminated the role of contractors and middle-men in this kind of migration and employment. The increase in output can also be a factor, in principle, for the growth in real wages, but a look at agricultural growth across India shows that it has only been of the same order as population growth. Moreover, there is not much growth of non-agricultural sector, except construction activities.

Real wages are reported to have been increased significantly by about 20 per cent between 2004-05 and 2009-10, with wages for women increasing more than for men in comparison to a relative stagnation in the period between 1999-2000 and 2004-05. The rise can be attributed, though only partly, to MGNREGA as the 66th quinquennial round has shown an eight-fold increase in employment in public works after 2004-05. There are certainly other reasons also for the general increase in real wages as public works have accounted for less than 2 per cent of the total person-days of rural employment in 2009-10 and because wage rates in employment “other than public works” have actually increased more than wage rates in the public works. One can say that the increase of employment somewhere between 22 million and 27 million among men during the period 2004-05 and 2009-10 — 90 per cent of which was causal in nature — is probably responsible for the rise in wages (EPWRF, 2011). As witnessed by the latest growth trends in Indian economy, most of the growth is accumulated in urban centres, and so a large part of these jobs have been

created in urban locations causing a huge exodus of rural labour to cities and towns.

A look at Table 3 reveals that wages for rural males increased by 52 per cent between the period 2007-08 and 2009-10 in “other types of works” relative to the period between 2004-05 and 2007-08 when wages rose by 21 per cent only. For the rural females, wages rose by 42 per cent in “other types of work” during the period 2007-08 and 2009-10 in comparison to the period between 2004-05 and 2007-08 when the wages increased by 38 per cent. Thus, one cannot deny the importance of MGNREGS and other public works in pushing up the wage rates in the rural areas. One of the probable reasons for much higher increase in wages in ‘other types of work’ than in the wages in MGNREG public works and ‘public works other than MGNREGS’ is that workers, especially women, prefer MGNREGA works and other public works due to weak supervision and less drudgery involved in these works. Hence, employers have to offer much higher wages to attract labour to other types of work.

It is interesting to note that MGNREGA and other public works are more popular among female workers. One may find its explanation in the fact, that according to NSS data, the wage rate for female casual labourer in “other than public works” was higher in urban than in rural areas. The wage rates in rural areas under MGNREGS were higher than wage rates in “other than public works” in urban areas for female casual workers. So the casual work in MGNREGS is found more attractive by rural females in terms of wages than in “other than public works” in cities and therefore the rural female workers prefer to work in MGNREGS rather than migrating to cities. Contrary to this, the wage rates for male casual workers in towns and cities in “other than public works” are higher than the wage rates stipulated in MGNREGA works or “other public works” and therefore rural male workers prefer to migrate to urban locations for employment.

According to NSSO (2007-08 report on migration particulars in India), an increasing pattern of proportion of migrant households in urban areas is observed, as one moves from lower decile classes to higher decile classes, with the highest age of migrant household observed in the top MPCE decile class (nearly 6 %) (Table 4). Kundu and Sarangi (2007) have also conducted a similar exercise —based on 1999-2000 data —in which they have observed that economically

Table 3. Average daily wages for rural casual labourers of age 15-59 years

(in ₹)

Year	Males			Females			Persons		
	Public works other than MGNREG works	MGNREG public works	Other types of works	Public works other than MGNREG works	MGNREG public works	Other types of works	Public works other than MGNREG works	MGNREG public works	Other types of works
1993-94	24.65		23.18	18.52		15.33	22.44		20.54
1999-2000	49.04		45.48	39.48		29.39	46.72		40.23
2004-05	65.33		55.03	49.19		34.94	59.33		48.89
2007-08	76.02	78.84	66.59	70.66	79.00	48.41	74.45	78.91	60.33
2009-10	98.33	90.93	101.53	86.11	87.20	68.94	93.11	89.03	93.06
Growth Rate									
2004-05 to	16.36		21.01	43.65		38.55	25.48		23.40
2007-08	(5.45)		(7.00)	(14.55)		(12.85)	(8.49)		(7.80)
2007-08 to	29.35	15.33	52.47	21.87	10.38	42.41	25.06	12.82	54.25
2009-10	(14.67)	(7.67)	(26.24)	(10.93)	(5.19)	(21.20)	(12.53)	(6.41)	(27.13)

Source: NSS various Rounds' Report

Note: Figures within parentheses are annual growth rates.

deprived sections of the society migrate less in urban and rural areas. They have shown that the emigration rate was as high as 23.3 per cent in the category with the highest monthly per capita expenditure (MPCE), which goes down systematically, the rate being as low as 4.3 per cent in the lowest class in rural areas. Even the figures for 2007-08 (Table 3), show the same pattern. The point worth mentioning here is that migration has always been a coping mechanism for those who can afford it. But, the extremely poor people in villages cannot migrate to urban locations as one needs to have some sort of security in terms of housing and money to survive in the cities, in the initial period of stay in urban centres. These marginalized workers were the ones who used to work on others' field in the absence of any other employment opportunity. But, with the inception of MGNREGA and an upsurge in other public works in rural areas have provided them an option of choosing employment. We can say that this segment of extremely poor workers have played a major role in creating a shortage of labour in the farm sector.

The NSS data show that there has been a steep rise in wages in "other types of works" for casual

Table 4. Extent of household migration across different monthly per capita expenditure (MPCE) levels: 2007-08

MPCE decile class	No. of migrant household per 1000 households	
	Rural	Urban
0-10	9	9
10-20	10	24
20-30	7	12
30-40	10	16
40-50	7	27
50-60	13	23
60-70	9	28
70-80	8	45
80-90	14	51
90-100	34	62
All classes	13	33

Source: NSSO 64th round: Migration Particulars in India

workers in rural areas after the implementation of MGNREGA (Table 3). The wage rates in "other types of work" were lower than wage rates in "public works other than MGNREG works" between the period 1993-94 and 2007-08. The difference between wages in

Table 5. Agricultural wages for regular wages/salaried and casual workers for the age group 15-59 years

(in ₹)

Year	Regular wages/salaried workers			Casual workers		
	Males	Females	All	Males	Females	All
2004-05	71.16	54.51	67.67	48.07	33.38	42.65
2005-06	86.16	56.19	80.23	51.90	36.38	46.18
2007-08	89.66	61.95	84.83	66.59	48.41	60.33
Growth rate						
2004-05 to 2005-06	21.08	3.08	18.56	7.97	8.99	8.28
2005-06 to 2007-08	4.06 (2.03)	10.25 (5.12)	5.73 (2.86)	28.30 (14.15)	33.07 (16.53)	30.64 (15.32)

Source: Various NSS Reports.

Note: Figures within the parentheses are the annual growth rates

“other public works” and “other types of work” increased from 1993-94 to 2004-05 for males. Only in 2009-10, the wage rates in “other public works” for males have out passed wage rates in “public works other than MGNREG works”. Among females, the differential in wages in these two types of works kept on increasing till 2007-08 and this differential decreased only in 2009-10.

Table 5 shows that the agricultural wages for casual workers have increased at a higher rate in 2007-08 than in 2004-05 and 2005-06. The rate of growth of agricultural wages for casual workers increased from 8 per cent in 2004-05 to 2005-06 to 15 per cent in 2005-06 to 2007-08. For male casual workers, the rate of growth in the above period was 14 per cent and for female casual workers, the rate of growth was 17 per cent in the same period. There is no mention of agricultural wages in the first report of NSSO 66th round report but the data from Agricultural Ministry, Government of India, has revealed that in the 35 months period, from January 2008 to December 2010, agricultural wages have risen at a growth rate between 42 per cent (in Rajasthan) and 106 per cent (Andhra Pradesh), except in Gujarat (where agricultural wages grew by 24 % only) (Swaminathan, 2011). The rise in agricultural wages can be attributed mainly to MGNREG public works, out-migration of rural labour to towns and cities.

There have been differential effects of migration across different sizes of landholding. Many small cultivators find opportunities more attractive in other places than own cultivation. So some of them lease-

out their land and migrate for work, while some others assign farm operations to women and children and migrate. Middle peasants, who were previously hiring in labour, are squeezed by the tight labour market, and may see a fall in net income. Migration has also helped in undermining feudal relationship (Rodgers and Rodgers, 2011). Migration is contributing to wage equalization across India and as noted above, surely is the primary reason for the rise in local wages. The overall impact of migration on the local market is considerable. Cultivators widely complain of both labour shortages and of the high cost of labour.

Effect of Migration on Destination and Source Areas

The phenomenon of migration has a two-way relationship with urbanization. While industrialization in urban areas acts a pull factor for migration from rural areas or less-developed nearby towns, migration plays a major role in the expansion of the urban industries through ensuring availability of cheap labour in service and construction industry and thus helps in bringing down the cost of production in various operations in the towns (Dupont, 1992). As migrants from the rural areas come to cities in search of employment opportunities, the labour force participation rates among them are considerably higher than among the natives, for males as well as for females. These migrant workers are engaged not only in the principal activity of an industrial town, but they also provide labour to ancillary units or other branches of activity, leading to the development of whole urban economy.

Migrant workers also help in disbursing skills that they bring with them by training local workers. In a case study in Jetpur, Gujarat by Dupont (1992), migrant workers from Bihar and Uttar Pradesh helped the local workers to learn the skill of 'Bamboo roll' and Benaras roll' in textile industry. These urban agglomerations/urban industrial labour market, compliment rural workers by supplying new employment opportunities to the otherwise unemployed rural workers. The population from the nearby villages commutes daily to work in the urban agglomeration and this commuting labour force renders an obvious advantage in view of town planning that the town benefits from this labour force without bearing any additional housing cost and with a limited burden in terms of civic amenities to provide for this population. The migration of rural labour to other places has helped in the spread of improved techniques like tube-well irrigation, use of high-yielding varieties and fertilizers which have contributed in increasing agricultural production locally (Rodgers and Rodgers, 2011). It has also contributed in generating employment opportunities outside agriculture as migrants on return to their native places bring new skills with them. Extension of urban amenities to rural people and development of agro-based industries are added benefits of rural-urban linkages. This type of integration between urban cities and rural areas reduce the magnitude of permanent in-migration to cities and increase the pattern of circular migration.

Although the size of remittances received is higher among higher castes and classes, remittances constitute a comparatively larger share of total household income of lower caste and class households, the share being much higher among landless and small landholders. Migration, in the form of remittances and savings, generates a considerable volume of resources which could be an important source of new investment but a very little proportion of these resources are shifted to production as coming from lower income groups, these migrants— after spending on essential activities— are left with very little money to invest in agriculture or any other activity (Rodgers and Rodgers, 2011).¹¹ A major portion of migrants' earnings is spent on everyday's expenses, healthcare, house repairs, education of children, daughter's marriage and repayment of old debts. Some cultivating households

spend the savings of migrants for current agricultural inputs — seeds, fertilizers, etc.

Concluding Remarks

Employment generation in the formal urban economy is not high due to capital-intensive nature of industrialization. A low rate of infrastructural investment in public sector— necessary for keeping budgetary deficits low— is resulting in deceleration of agricultural growth. This, coupled with an open trade policy is responsible for a "contraction of purchasing power" and destabilization of the agrarian economy, causing high unemployment and exodus from rural areas. All these are leading to rapid growth in urban population, with most of the migrants being observed in the informal economy (Kundu, 2009). A greater investment in agriculture and rural economy for improving farm production and creating off-farm services, agribusiness, etc. will not only help in achieving food security and regulating out-migration of distressed workers, it will also ease the pressure on urban centres.

MGNREGA and other public works have created a high number of person-days employment and have resulted in a rise in rural wages. Such schemes assume greater significance in the light of the fact that the size of employment generated during the period 2004-05 and 2009-10 is smaller than the employment generated in the preceding period of 1999-2000 and 2004-05. There is an utmost need of implementing MGNREGA with its full potential as it will help in pulling out a large number of marginal farmers and landless labourers who have been living in distressed condition for the past many decades.

It is argued that MNREGS and the incidence of rural to urban migration in recent past have caused the shortage of farm labour and raised the cost of cultivation. It should be kept in mind that these are not the cause of change in the structure of rural employment but rather are the consequences of the low employment growth rate, low wage rate, less number of person-days employment, etc in the agricultural sector. So instead of taking MGNREGA as a cause of rise in the cost of cultivation, both MGNREGA and farm sector should try to solve the problem together curbing migration and consequently, its ill effects as well as increasing the living standard of the rural labourers.

¹¹ Korra (2011), however, has observed in Mahaboobnagar that very few migrants invest in the agricultural sector due to the perception of low returns in this sector.

Farm sector, instead of trying to bring down the wage rate of workers, should try to increase its productivity to bring down the cost of cultivation. This can be done with the help of MGNREGS which helps in improving the productive assets for agriculture. The main reason for shift in employment is the decrease in the employment period in agriculture (with peak season lasting only 2-3 months). Thus, MGNREGA works should be kept in such a way that it does not coincide with the peak period in agriculture, so that the workers are available and also the employment days for the rural labourers will increase.

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