



A STUDY OF DYNAMICS OF RURAL LABOUR MARKET IN JHARKHAND

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The rural labour market in particular, that forms the basis of this study has a special significance. It forms the playing field of more than three fourth share of population and work force in developing economies like India. The position of state of Jharkhand in this respect is hardly different.

Broadly even in a geographically integrated region, there is no unique homogeneous market. It is observed that considerable differentiation has been existing since long time among rural households with a substantial growth of the landless and petty cultivator households. The state of Jharkhand is largely rural based which makes the employment structure largely skewed towards unorganized and informality. Most of the formal sector employment is based in small urban pockets of the state, leaving a large proportion of the population depending on skilled informal labour force, unskilled informal labour force and farm labour. In this scenario, to get a holistic picture of dynamics in labour market especially wage behaviour, an effort was made to understand the changes in the deterministic features of this part of the rural market of the state.

INTRODUCTION

Development economics literature has witnessed enormous interest being raised in the analysis of rural labour markets and agrarian relation over the last two decades. The empirical findings interestingly have come mainly from direct observation techniques of anthropologists rather than statistical methods of Economists (Basu 1998). These findings have made one point abundantly clear.

That the analysis of backward rural regions and agrarian relations can not be thought of as a corollary of general equilibrium theory. It has thereby brought into light the inadequacy of applying the conceptual framework of industrialized economies in the area of backward agriculture in less developed Countries (LDCs). Hence the necessity of developing a suitable framework has distinctly arisen.

In many recent works, efforts have been directed towards formalizing this approach. There seems to be a strong inter linkage in various market segments in the rural sector. The markets for land, labour and credit can not be considered as mutually exclusive categories. These markets have high degree of imperfections owing to several factors, yet these are interrelated. A market failure in one market can lead to problems in other markets (Ray 2000).

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Broadly even in a geographically integrated region, there is no unique homogeneous market. It is observed that considerable differentiation has been existing since long time among rural households with a substantial growth of the landless and petty cultivator households. It is possible to divide the households into class categories depending upon their access to land and labour and the average level of surplus they produce. These are the factors which affect the labour use of the households, that is, their demand for and supply of labour.

Two types of hired labour can be distinguished :

- a) Casual labourers who are hired on a casual basis and
- b) Long term contract labour

These two broad categories, however, only partially capture the actual variations which are found in the rural labour market. The heterogeneity of labour is obviously significant. For this, a distinction between labour power and labourers is important. Above all, these markets are characterized by great uncertainty or seasonality.

Indian Context

A survey of literature on rural labour market reveals the dominance of three broad themes:

- a) Slow growth of agricultural employment
- b) Shift to non-agricultural employment and
- c) Growing casualisation of rural labour

These have been found significant individually as well as closely related processes and have received attention of several theories (Sen 1994).

The slow growth of agriculture has been the area of main concern as agriculture still remains by far the most significant employer in rural areas.

Substantial rural unemployment indicates inefficient use of resources and a large amount of gap in tapping of the potential output.

Regarding the structural shift to non- agricultural employment ,some consider this as a process reflecting the dynamism of rural non -agricultural output and employment. In this sense, the expansion of non-agricultural output and employment is reckoned as part of Lewis tpe mechanism in which surplus labour from agriculture is transferred to higher value added manufacturing and services reflecting positive development process.

On the other hand, Vaidyanathan (1966) and others argued that far from reflecting a positive dynamic tendency, the expansion of non-agricultural employment pointed to inability of agriculture to provide efficient livelihood For rural workforce. Low productivity services as supplementary sources of income has led to rise in the proportion of casual labour to self employed and that of regular labour has increased. This only goes to show more insecurity of Contracts as well as uncertainty of finding employment.

There is evidence that in mid -seventies ,there was a break in the long run pattern of stagnant or declining wages and rise in non-agricultural's share of employment has , in reality, been accompanied by rising real wages in agriculture and non - agriculture sector.

However, within agriculture, all the available evidence points towards decreasing ability of agriculture to absorb more labour as the overall crude Elasticity of employment to output are seen to be low in other major states.

Regarding the question of finding the cause of slow growth of agriculture, the Pull factors were significant. A key role was played by the expansion of Government expenditure in rural development infrastructure and services. To a large extent the access to such employment and

resources was confirmed to economically better off and more powerful groups who found such income more lucrative than agriculture. Along with this, there was a large and significant increase in the population of 15 to 29 age segment of population which kept on getting education rather than take up any work. There was thus a movement out of agricultural work by workers at the margin and potential workers from such rural groups. This increased the ability of members of less well off rural households, to find agricultural work.

Target Region

The present study covers the entire state of Jharkhand. It is one of the poorer States of India. It was created as the 28th state on 15 November, 2000, having been carved out of southern part of Bihar. The state shares its border with the states of Bihar to the north, Uttar Pradesh to the northwest, Chhattisgarh to the west, Odisha to the south and West Bengal to the east. It is a tribal state with 30 scheduled tribes. It is spread over an area of 79714 square kms. Comprising a population of 3.29 crores (2011 census) in 24 districts, 260 blocks and 32630 villages out of which only 45% have access to electricity while only 8,484 are connected by roads. Jharkhand accounts for 40 % of the mineral resources of India but yet paradoxically it suffers widespread poverty as 39.1 % of the population is below the poverty line and 19.6 per cent of the children below five years of age are malnourished. The State is primarily a rural state as only 24 per cent of the population resides in cities.

Objectives Of Study

- i) To examine the nature of wage determination in rural markets in Jharkhand
- ii) To examine the inter-regional variation in wages across the state
- iii) To examine the seasonal fluctuation in wages
- iv) To analyse the rural market wage trend based on gender

The undermentioned research questions are being addressed in the present Study.

- a) whether normal demand supply approach in the determination of equilibrium wage rate in Jharkhand is valid
- b) whether the wage rates differ across regions.
- c) whether gender based bias is there in the wage rate

Methodology

The present study is undertaken with a view to capture regional variations in rural Labour market of Jharkhand on account of its localization and other factors.

The main findings are based on the analysis of secondary data. The secondary data that was collated and obtained from the state agency of department of planning and statistics, Government of Jharkhand. The statistical data used in the present study is of an extensive nature and covers the entire state. It is both a time series as well as cross section one. Few field visits were conducted to identify the various demand and supply factors and also to cross check the prevailing wage rates of different categories of labour. For each district at least one main center has been taken. In some districts two centers were covered. Broadly, four categories of labour have been included. These cover skilled labour, farm labour, non-farm labour, and shepherds. In the

farm category both male and female labour were taken. The skilled category includes mainly the masons and the cobbler. In these two categories there is absence of female Participation. The time period that has been covered is from January 2016 to December 2016. This, obviously, covers the variation during the whole year and includes both rabi and kharif seasons.

The statistical analysis carried out towards investigating the primary research questions were based on the following quantitative measures:

- i) Averaging of the wage rates of all categories in each district
- ii) Obtaining the graphical pattern of these averages
- iii) Graphical pattern of the variation in wage rates across all districts
- iv) Obtaining both linear and polynomial trend of these averages
- v) Coefficient of variation of the average wage rates of all districts
- vi) Gender wise graphical display
- vii) Gender wise coefficient of variation

Data Analysis And Findings

In this section, an analysis have been made on the variation of wage rates in rural market of Jharkhand.

The state of Jharkhand is largely rural based which makes the employment structure largely skewed towards unorganized and informality. Most of the formal sector employment is based in small urban pockets of the state, leaving a large proportion of the population depending on skilled informal labour force, unskilled informal labour force and farm labour. In this scenario, to get a holistic picture of dynamics in labour market especially wage behaviour, an effort was made to understand the changes in the deterministic features of this part of the rural market of the state.

Variation In Average Wage Rate

In the past few years, both the central and the state governments have taken many initiatives for the successful implementation of the major livelihood generation programs like MGNREGA, NRLM, DDU-GKY. As a result, Jharkhand has witnessed notable changes in its rural labour market in terms of preference of work, availability of work, wage rate and gender parity in the above mentioned variables. The table below illustrates the percentage change in wage rate in the previous year in some selected blocks of the state. The state overall witnessed a change of about 14 percent in wage rates. But this change was not all pervasive and region wise variation in wage rate growth can be observed. In some of the districts like Ranchi, Giridih and Kodarma, the wage rate changed by over 20 percent, while in districts like Palamau, Godda and Dumka, the wage rate remained almost constant over the year. It was interesting to note that, although, the wage rate near the state capital varied considerably, the wage rate in districts like Saraikella and Deoghar which hosts some urban agglomerations didn't change in the last year. This explains that it is not only the proximity of urban centers that determine the growth of wage rates, but there are more important variables that might influence the rural wage rate.

Table: Percentage Change In Wage Rate Over A Year

DISTRICT	BLOCK	Jan-16	Nov-16	Percentage difference in wage rate
		Average Wage Rate (in Rs)	Average Wage Rate (in Rs)	
RANCHI	ANGARHA	179	224.93	25.66
BUNDU		179	224.93	25.66
HAZARIBAGH	CHAUPARAN	175	175	0.00
GUMLA	GHAGHARA	137.5	150	9.09
DUMKA	JARMUNDI	200	205	2.50
GIRIDIH	FATEHPUR	175	212.5	21.43
JAMTARA	JAMUA	200	210	5.00
SAHEBGANJ	BARHARWA	190	225	18.42
PALAMU	HARIHARGANJ	187.5	187.5	0.00
LATEHAR	BALUMATH	185	205	10.81
GODDA	KAIRA	187.5	187.5	0.00
DEOGHAR	MEHARYA	192.5	200	3.90
WEST SINGHBHUM	JAGANNATHPUR	35	50	42.86
WANDGAON		115	157.5	36.96
SARAIKELA	RAJNAGAR	164	164.5	0.30
KODERMA	JAINAGAR	290	375	29.31

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