

Punjab's Agricultural Labourers in Transition

A Longitudinal Study of Three Decades

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Agricultural labourers are undergoing a socio-economic transition due to the intensified capitalisation of agriculture. The change in structure of rural employment in Punjab, over a period, has two prominent facets: shift of agricultural labour to non-farm sector, and conversion of permanent/attached labour in agriculture to casual labour. This longitudinal study, in 1987–88 and 2018–19, presents the transition in agricultural labour households in the state. While the agricultural labour households, solely depending on meagre income from the agricultural sector are struggling, the ones shifting to the non-farm sector are switching over to menial jobs. Rural agro-industrialisation for overall improvement in the employment situation along with enhanced wages, liberal institutional credit and debt waiver specific to workers are vital aspects that need attention.

The green revolution facilitated food self-sufficiency for India, and was imperative at the time for a food deficit nation. Characterised by the capital-intensive mode of production, it modernised agricultural practices while increasing the capital–land ratio. Combined with the existing abundance of labour in the rural economy, this modernisation generated a boom in the agricultural sector that sustained for a few decades. Soon, the growing capitalisation constrained gainful employment opportunities for labour, leading to unemployment and disguised unemployment. The surge in capital intensity in the agricultural sector caused reduction in the elasticity of labour, thus squeezing out the labour absorption capacity of agriculture (Devi et al 2013: 278). It is pertinent here to note that agricultural labour constitutes about 27% of the total workers in India (GoI 2011). The need for modernisation of agriculture and resultant creation of surplus labour is often explained as a facet of the normal course of economic development. It is generally propounded that this army of labour becomes the labour pool for other sectors of the economy—secondary and tertiary. The Lewis model of transition caters to the aspects of modernisation in agriculture and the resultant movement of surplus labour to other sectors, primarily from agriculture to industry and rural to urban (Lewis 1954). However, in India, though capitalisation of agriculture—often perceived as an indicator of development—did lead to the displacement of labour from agriculture, it could not be accommodated in other sectors, with sustained and rewarding livelihood opportunities. Consequently, labour is succumbing to poverty (Dutta 2019: 36).

A discussion about progressive agriculture in the country generally encompasses the model of agriculture in Punjab, as it pioneered the green revolution for India. As a ramification of modernisation that was brought about by the green revolution, agricultural labour in Punjab underwent a transition. Agricultural labour comprises a significant 16.3% of the total workers in the state (GoI 2011). Permanent agricultural labourers in the state had transformed to casual labourers, mainly due to reductions in the demand for labour. This can further be attributed to the mechanisation of major farm operations, monoculture of wheat–paddy crops and inflow of migrant labour in the state (Rangi et al 2004: 961). Further, agricultural labourers managed only short periods of employment. Hence, their problem to a large extent is that of unemployment rather than underemployment. The availability of abundant labour and decreasing demand for agricultural labourers has engendered

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a worrisome employment situation, especially in the rural economy. Based on the per hectare labour use in a crop year, demand for labour in the state fell from 479.3 million person-days in 1983–84 to 421.93 in 2000–01 (Sidhu and Singh 2004: 4134).

To make matters worse, in addition to the existing army of marginalised and unemployed agricultural labourers, unsustainable and non-viable farming has pushed a large chunk of cultivators to the labour market, subjecting them to further deprivation and pauperisation (Sidhu and Singh 2004: 4132; Singh and Singh 2010: 113). As per a study, the 28% of farmers who left farming in Punjab became labourers and took up unskilled jobs for survival (Singh and Bhogal 2014b: 99). Regrettably, informal non-farm sector is becoming their prime employment destination. Bare minimum wages, irregular employment, unsatisfactory working conditions, poor job satisfaction, and so on add to their misery. The strengthening of pull factors of the rural non-farm sector is generally believed to promote socio-economic welfare as it absorbs surplus agricultural labourers. Unfortunately, in Punjab, this sector is incapable of providing gainful employment to such surplus labour. As a result, they are forced to take up informal and seasonal casual work that is equally less promising. Various empirical studies highlight that the economic conditions of the poorer sections of the rural economy were so inexorable that few resorted to suicides to extricate themselves from distress (Singh et al 2012; Singh 2018: 16). Of the total agricultural labourer suicides in Punjab, around 59% were committed due to the heavy debt burden. More so, females of these households had higher susceptibility to economic distress as compared to their counterparts from farm households, since about 14% of the females from agricultural labourer households committed suicides in comparison to 8% of the females from farm households (Singh et al 2012). This stratum of landless labour households is miserable and uncared for.

The transition of labour in an economy from one sector to another is crucial for growth and development. Sadly, the real conditions of transitioning labour as well as the push-and-pull factors that influence transition are not paid heed to by policy-makers. This paper presents the transition of agricultural labour in the rural economy of Punjab over three decades and attempts to understand the extent and magnitude of this transition and suggests policy measures to improve the level of living of this weaker stratum of rural society.

Sampling Design

The present study is a longitudinal study in which the field-level data were collected from agricultural labour households through personal interviews during two time periods, that is, 1987–88 and 2018–19, from Ludhiana district, the central region of Punjab. There were four subdivisions and 1,004 villages in the district in 1987–88. Out of these, four villages were selected, choosing one from each subdivision during 1987–88. Further, 100 agricultural labour households were selected, taking 25 agricultural labour households from each village. After three decades, a field survey of agricultural labour households was again undertaken in 2018–19 to study

the same families in order to analyse the changing scenario. Although all agricultural labour households that were studied in 1987–88 could not be located as full families in 2018–19. As some families had undergone division, migrated and so on, a sample of 100 families was taken from the same or part of the same family for the study.

Process of Transformation of Agricultural Labourers

The capital-intensive farm sector reduces human labour employment in farming. As a result, the surplus labour shifts towards the non-farm sector. The Lewis model of transformation revealed that the shift of labour from agriculture to industry is inevitable with the increase in capitalisation in agriculture (Lewis 1954). The process of transformation of agricultural labourers can be analysed in light of occupational shifts of labour households, changing employment, income, consumption pattern, along with poverty and debt position of these households.

Occupational Shift in Labour Households

The growth of the agricultural sector in Punjab has become unsustainable, which is visible from the low agricultural growth rate of about 2%. Also, the state is experiencing rampant de-peasantisation as peasants are giving up agriculture as a means of livelihood (Singh and Bhogal 2014a: 1365). Resultantly, the agricultural sector seems to be shrinking in terms of gainful employment opportunities. Thus, the population dependent on agriculture, especially the agricultural labour community, the weakest economic strata in the rural society, is mired into a state of vulnerability and desolation. This process pushed many households towards non-farm activities. A comparison of occupations of the same agricultural households during 1987–88 and 2018–19 highlights an occupational shift in agricultural labour households in Punjab over three decades (Table 1).

Table 1: Occupational Shift in Agricultural Labour Households in Punjab

| Type of Household | 1987–88 | | 2018–19 | |
|----------------------------------|------------------|------------|------------------|------------|
| | No of Households | Percentage | No of Households | Percentage |
| Solely agricultural labour | 88 | 88 | 7 | 7 |
| Solely non-farm | – | – | 56 | 56 |
| Mixed (agriculture and non-farm) | 12 | 12 | 37 | 37 |
| Total | 100 | 100 | 100 | 100 |

Source: Field survey, 1987–88 and 2018–19.

In 1987–88, out of a total sample of 100 households, 88 households were solely agricultural labour households, whereas the remaining 12 households were mixed households, comprising at least one family member engaged in non-farm activities. However, the proportion of solely agricultural labour households declined from 88% in 1987–88 to just 7% in 2018–19, while for mixed households, this increased from 12% in 1987–88 to 37% in 2018–19. The shift of labour from farm to non-farm sector is quite robust since, over three decades, 56% of these households turned as solely non-farm households, with none of the workers of these households engaged in agriculture. This situation clearly brings out the magnitude of occupational shift in farm labour households in the rural economy of Punjab during three decades.

Shifts in employment pattern: The demographic details of any economy give an indication about its growth drivers. It was observed that the average family size of these labourer households declined from 5.66 in 1987–88 to 4.97 in 2018–19 (Table 2). However, the number of workers per household increased marginally from 1.73 to 1.81 during the same time period. Subsequently, the dependency ratio in these households also declined from 227.17% to 174.66% during the period of study.

Table 2: Changing the Employment Pattern of Agricultural Labour Households in Punjab

| Description | 1987–88 | 2018–19 |
|--|----------------------|-------------------------|
| Family size (No) | 5.66 | 4.97 |
| No of workers/household | 1.73 | 1.81 |
| Agricultural workers/household | 1.59 (91.9) | 0.61 (33.7) |
| Non-agricultural workers/household | 0.14 (8.09) | 1.21 (66.29) |
| Dependency ratio (%) | 227.17 | 174.58 |
| Estimated annual working days/household | 631.45 | 660.65 |
| Total actual days worked/household (annual) | 409.45 | 401.76 |
| Days worked per household (%) | 64.84 | 60.81 |
| Days worked per capita (annual) | 72.34 | 80.84 |
| Days worked per worker (annual) | 236.68 | 221.97 |
| <i>Days worked in agricultural and non-agricultural sector</i> | | |
| | <i>Agri-cultural</i> | <i>Non-agricultural</i> |
| Per household | 775.35 | 51.1 |
| Per capita | 136.99 | 9.03 |
| Per worker | 228.72 | 365 |
| | <i>Agri-cultural</i> | <i>Non-agricultural</i> |
| | 75.45 | 326.31 |
| | 15.18 | 65.66 |
| | 123.69 | 269.68 |

Figures in parenthesis indicate percentages.
Source: Field survey, 1987–88 and 2018–19.

Of all the workers, a further categorisation revealed that during 1987–88, about 92% (1.59) of the total workers per household were engaged in agricultural activities, and about 8% (0.14) were engaged in non-agricultural activities. The number of workers from each household engaged in these respective activities changed during 2018–19. About 34% (0.61) of the total workers of the family were now engaged in agricultural activities, while about 66% (1.21) were engaged in non-agricultural activities. It was estimated that the total number of days that the households could have been available for work during a year, considering that 365 were the number of working days per worker per annum, were 631.45 in 1987–88, which increased to 660.65 in 2018–19. An average agricultural labour household got work for about 65% of the total estimated annual working days in 1987–88, which declined to about 62% in 2018–19.

Due to the reducing number of work days in farm sector, the labourers are compelled to look out for other work or stay unemployed, which further exerts financial stresses on this stratum of society. Though the role of the non-farm sector, an alternative employment stood out prominently during the study period; however, the availability of sustainable and gainful employment opportunities in this sector is debatable. The number of days of work that a household managed to get in this sector increased from about 51 days per annum in 1987–88 to about 326 days per annum in 2018–19. However, per worker number of days of employment in this sector declined from 365 days in 1987–88 to 270 days in 2018–19. Likewise, the share of agricultural sector declined with time. Such a scenario points towards a bleak chance for growth of labour in the

agricultural sector relative to the non-agricultural sector. This also hints that the agricultural labour market seems to have lesser potential for gainful labour absorbability. In addition, it can also be inferred that the non-farm sector provided lesser promising sustainable employment as the workers could not be engaged for the entire year relative to the scenario during 1987–88.

The changing scenario of the prospect of generation of livelihood from agriculture alone induced transition in the rural economy. The details of the magnitude of the shift of the total agricultural workforce towards other sectors over a period of three decades is shown in Table 3. Of the total workers, about 92% (159) were engaged in agricultural activities during 1987–88 which reduced to 33.7% (61) in 2018–19.

Table 3: Distribution of Shift of Agricultural Labour Workforce in Punjab

| Type of Labour/Work | 1987–88 | | 2018–19 | |
|--|---------|--------|---------|--------|
| | No | % | No | % |
| (a) Permanent/attached labourer in agriculture | 62 | 35.83 | 2 | 1.10 |
| (i) As sharecropper | 13 | 7.51 | - | - |
| (ii) As wage labourer on fixed cash basis | 59 | 28.32 | 2 | 1.10 |
| (b) Casual labourer in agriculture | 97 | 56.07 | 59 | 32.60 |
| (I) Total farm workers (a+b) | 159 | 91.91 | 61 | 33.70 |
| (c) Industry and construction labourer | - | - | 27 | 14.92 |
| (d) Serviceman | 4 | 2.31 | 19 | 10.50 |
| (e) Domestic labourer | 2 | 1.16 | 13 | 7.18 |
| (f) Workshop/shop helper | - | - | 17 | 9.39 |
| (g) Brick kiln labourer | - | - | 18 | 9.94 |
| (h) Self-employed* | 8 | 4.62 | 8 | 4.42 |
| (i) Others** | - | - | 18 | 9.94 |
| (II) Total non-farm workers (c+d+e+f+g+h+i) | 14 | 8.09 | 120 | 66.30 |
| Total (I+II) | 173 | 100.00 | 181 | 100.00 |

* Includes activities like dairy and poultry, street hawking, petty shops.

** Includes sale of manure, work under MGNREGA.

Source: Primary survey, 1987–88 and 2018–19.

It is pertinent to know that one-fifth (13) of total permanent agricultural labourers (62) during 1987–88 were engaged on crop-sharing basis (sharecroppers). This type of employment ceased to exist in 2018–19. To elaborate, currently no sharecroppers are found in agriculture in Punjab. Although a negligible number (1.10%) of total workers were engaged as wage earners on a permanent basis, they were being paid fixed cash remunerations on an annual basis. The shift of employment was seen in favour of menial jobs generally in the private sector as the members of agricultural labour households engaged in this sector increased from 2.31% to 10.50%. None of the family members of the sampled agricultural labour households were engaged as industry and construction labour, helpers in shops/workshops and brick kiln workers in 1987–88, but as many as 14.92%, 9.39% and 9.94% of the labourers from these agricultural labour households were found to be engaged in the respective employment activities in 2018–19. The proportion of workers engaged as self-employed was found to be almost the same during both the periods of study. The nature of work undertaken by the self-employed, such as repair and maintenance, barber, electrician, vendor, and so on, was often less remunerative. Over the period, the non-farm sector has absorbed more of the working population of these households as compared to the farm sector, as the proportion

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of workers engaged in this sector increased from about 8% in 1987–88 to 66% in 2018–19.

Overall, the transformation process can be understood by observing the change in the nature of the workforce and its shift from one sector towards others. In the present context, the labour engaged in agriculture underwent three types of changes. The first and most prominent was the shift of nature of employment from permanent to casual, since almost all the labourers that were engaged as permanent labour (on an annual basis) were now employed as casual workers (on a daily basis) in agriculture. The second type of transformation was the one wherein permanent agricultural labour based on share-cropping were converted to permanent wage labour based on fixed cash remunerations. And, the third type of transformation was the shift of agricultural labourers engaged in the farm sector to the non-farm sector.

Changing Pattern of Household Income

The study reveals that, with time, the income pattern of households has changed, which is mainly attributed to changes in the pattern of employment. An agricultural labourer earns income from the farm sector by working as permanent/attached labour (for the year) or casual labour (on a daily basis). Table 4 shows the changing income situation of agricultural households over a period of three decades. It can be seen that per annum income from hiring out as permanent labour in agriculture in 1987–88 was ₹3,378, which declined to ₹1,143 in 2018–19, mainly due to lesser engagement of labour in this sector. In other words, this income declined from about 43% of the total income of the agricultural labour households in 1987–88, to merely 1% in 2018–19. Further, if compared at constant prices

of 1987, there is a drastic decline as the income from permanent labour reduced to merely ₹124 per annum/household.

The monocropping culture and capital-intensive green-revolution model have narrowed down the cropping season and reduced the working days, and this transformed permanent agricultural labour into casual labour. Furthermore, the situation of employment of the casual labourers seemed to be no better. The study highlights a decline of annual real income from engagement as casual labour in agriculture from ₹3,393 in 1987–88 to ₹2,754 in 2018–19 at constant prices. Similarly, the proportionate contribution of this source in total income also declined from 43.18% in 1987–88 to 20.84% in 2018–19.

It is notable that the sampled households were not earning any income by hiring out their labour in industry and construction, brick kiln and shop/workshop in 1987–88 whereas these households were earning 19.17%, 9.95% and 9.52% of their total income from these respective activities, in 2018–19 (see Table 4). The total annual income of these labourers from agriculture declined from about ₹7,276 in 1987–88 to ₹2,878 in 2018–19 at constant prices. The share of income from agriculture in total income (permanent and casual labour) also declined from 86.17% in 1987–88 to 21.78% in 2018–19. With the agricultural sector becoming less remunerative, agricultural labourers depended upon non-farm activities. The income from non-farm sources increased from ₹582 in 1987–88 to ₹10,335 in 2018–19 at constant prices. The overall income increased from ₹7,856 in 1987–88 to ₹13,213 in 2018–19 at constant prices. This clearly exhibits that over a period of three decades, agriculture has become less opportune for labourers since the real income and the employment situation of the agricultural sector has been deteriorating. The depend-

ents are under severe constraints of the job market. Even if some are finding employment in the agricultural sector, it is mainly of casual nature.

Due to the paucity of work in the agricultural sector on the one hand, and the ineffective implementation of labour-friendly policies like Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) on the other, the rural labourers are depending upon the meagrely remunerative non-farm sector. Construction, maintenance and cleaning of public infrastructure, petty shopkeeping, vending, menial private jobs, activities of gram panchayat, domestic servants/help, and so on, were some of the other options. Also, the rural society has changed, and this has further isolated agricultural labourers based on socio-economic norms. Earlier, due to simplistic social norms, farmer households were seen to be managing their household chores themselves even if the

Table 4: Changing Income level of Agricultural Labour Households in Punjab

| Source of Income | Per Household | | | Per Capita | | |
|--|------------------|----------------------|----------------|------------|-----------------|----------------|
| | 1987–88 | 2018–19 | | 1987–88 | 2018–19 | |
| | | Constant Prices | Current Prices | | Constant Prices | Current Prices |
| (a) Permanent/attached labour in agriculture | 3,378 (42.99) | 124.29 (0.94) | 1,143 | 596.80 | 25.01 | 229.98 |
| (b) Casual labour in agriculture | 3,393 (43.18) | 2,753.62 (20.84) | 25,322 | 599.47 | 554.05 | 5,094.97 |
| (I) Farm income (a+b) | 7276 (86.17) | 2,877.91 (21.78) | 26,465 | 1,285.42 | 579.06 | 5,324.95 |
| (c) Industry and construction labour | – (19.17) | 2,533.01 | 23,293 | – | 509.66 | 4,686.78 |
| (d) Serviceman and pensioner | 81 (1.03) | 2,030.91 (15.37) | 18,676 | 14.31 | 408.63 | 3,757.75 |
| (e) Domestic helper | 118 (1.5) | 835.05 (6.32) | 7,679 | 20.83 | 168.02 | 1,545.07 |
| (f) Shop/workshop helper | – (9.52) | 1,257.84 | 11,567 | 0.00 | 253.09 | 2,327.36 |
| (g) Brick kiln labour | – (9.95) | 1,314.72 | 12,090 | 0.00 | 264.53 | 2,432.60 |
| (h) Self-employed | 806 (10.25) | 1,023.49 (7.75) | 9,412 | 142.38 | 205.93 | 1,893.75 |
| (i) Others* | 82 (1.05) | 1,339.84 (10.14) | 12,321 | 14.52 | 269.58 | 2,479.07 |
| (II) Non-farm income (c+d+e+f+g+h+i) | 582 (13.83) | 10,334.85 (78.22) | 95,038 | 102.89 | 2,079.45 | 19,122.38 |
| Total income (I+II) | 7,856 (100) | 13,213.17 (100) | 1,21,507 | 1,388.31 | 2,658.59 | 24,448.09 |

* Includes income from remittances and work under MGNREGA. Figures in parenthesis indicate percentages.

Source: Primary survey, 1987–88 and 2018–19.

work was to collect and clean the cow dung. But now, farmer families rarely perform this work as they consider such activities as undignified and are performed only by the labour class.

Changing Income Level per Worker

The changing employment scenario among the farm and non-farm sectors explains the change in income generated from employment in these sectors for the sampled households. This change in income was biased more towards the non-farm sector. The rising absorption of labour by the non-farm sector cannot overshadow the reality of the wide disparity between income earned by workers engaged in the farm and non-farm sector. The pattern of change in the income generated per worker from the farm and non-farm sector exhibits that the farmers who were still engaged in agricultural activities were far worse than those engaged in the non-farm sector, with regard to improvements in income over three decades. It can be understood from Table 5 that the annual income per worker per household from the non-farm sector increased more than double, from ₹4,157 in 1987–88 to ₹8,612 (constant prices) in 2018–19. On the contrary, the annual income per workers per household from the farm sector that was ₹4,576 in 1987–88 increased marginally to ₹4,718 after three decades in 2018–19. This feature of the farm sector is highly worrisome from the viewpoint of gainful employment and depicts the vulnerability and plight of those still engaged in this sector.

Table 5: Changing per Worker Annual Income of Agricultural Labour Households in Punjab

| Source of Income | 1987–88 | | | 2018–19 | | |
|------------------|--------------------------|------------------------------|---------------------------|--------------------------|------------------------------|----------------------------|
| | No of Workers/ Household | Annual Income/ Household (₹) | Annual Income/ Worker (₹) | No of Workers/ Household | Annual Income/ Household (₹) | Annual Income/ Workers (₹) |
| Farm sector | 1.59 | 7,276 | 4,576 | 0.61 | 26,465 (2,878) | 43,385 (4,718) |
| Non-farm sector | 0.14 | 582 | 4,157 | 1.20 | 95,038 (10,335) | 79,198 (8,612) |
| Total | 1.73 | 7,856 | 4,541 | 1.81 | 1,21,507 (13,213) | 67,131 (7,300) |

Figures in parenthesis denote real income at 1987 prices.

Changing Pattern of Consumption Expenditure

A comparison of pattern of consumption expenditure over a period of three decades helps to analyse the levels of living of an individual. In fact, one of the larger social dimensions of the agrarian crisis witnessed in Punjab is mirrored through the change in income and consumption levels of the agricultural labourers. In 1987–88, the annual average consumption expenditure of an agricultural labour household on food items like foodgrains, milk and milk products, sugar/gur, edible oil, vegetables and fruits, condiments, meat/eggs, intoxicants, fuel and light, clothing/bedding, footwear, and so on was ₹5,525, which increased to ₹8,388 at constant prices in 2018–19 (Table 6). However, the analysis of the proportion of the budget spent on consumption of varied items exhibits that food items accounted for 56.61% of the total consumption expenditure in 1987–88, which was almost the same (56.17%) in 2018–19. Further, though the annual expenditure on

non-durables like fuel and light, clothing and bedding, footwear, washing and toilet increased over three decades from ₹1,320 in 1987–88 to ₹1,449 in 2018–19 at constant prices, the overall share in expenditure budget of these items declined from 13.53% to 9.7%.

The annual expenditure on durables like house construction, radios/tape recorders, phones and televisions, watches and clocks, electric fans, utensils, and so on, exhibited an increase as these items, accounted for 6.17% of the total consumption expenditure in 1987–88, which increased to 16.53% in 2018–19. It is notable that the consumption of durables has changed over this period; not only the type of such durables has changed but many new items have been added to the list that have become almost a necessity. For instance, phones were a luxury back in 1987–88 but have become an essential part of life now. Similarly, means of transportation have changed due to the increase in distances to be covered for work that influenced the change in the pattern and the subsequent

Table 6: Changing Consumption Pattern of Agricultural Labour Households in Punjab (₹/annum) (1987=100)

| Description | Per Household | | Percentage | |
|--------------------------------------|-----------------|-----------|----------------|---------|
| | 1987–88 | 2018–19 | 1987–88 | 2018–19 |
| | Constant Prices | | Current Prices | |
| Non-durables (food + non-food items) | 6,845.82 | 9,836.10 | 70.15 | 66.51 |
| Food items | 5,525.04 | 8,387.60 | 56.61 | 56.71 |
| Cereals | 2,902.47 | 2,418.24 | 29.74 | 16.35 |
| Pulses | 179.88 | 1,219.79 | 1.84 | 8.25 |
| Milk/milk products | 1,003.63 | 1,846.46 | 10.28 | 12.48 |
| Sugar/gur | 475.36 | 442.18 | 4.87 | 2.99 |
| Edible oils | 183.8 | 169.25 | 1.88 | 1.14 |
| Fruits/vegetables | 77.24 | 343.07 | 0.79 | 2.32 |
| Condiments/spices | 57.34 | 243.96 | 0.59 | 1.65 |
| Pickles | 15.27 | 108.26 | 0.16 | 0.73 |
| Tea leaves | 152.58 | 259.21 | 1.56 | 1.75 |
| Biscuits/bread/sweets | 30.68 | 306.47 | 0.31 | 2.07 |
| Meat/eggs | 32.59 | 564.15 | 0.33 | 3.81 |
| Intoxicants | 414.2 | 466.57 | 4.24 | 3.15 |
| Non-food Items | 1,320.78 | 1,448.50 | 13.53 | 9.79 |
| Fuel/light | 200.92 | 518.41 | 2.06 | 3.51 |
| Clothing/bedding | 900.21 | 335.44 | 9.22 | 2.27 |
| Footwear | 162.67 | 320.20 | 1.67 | 2.16 |
| Washing/toilet articles | 56.98 | 274.45 | 0.58 | 1.86 |
| Durables | 601.85 | 2,444.16 | 6.17 | 16.53 |
| House construction | 384.72 | 466.57 | 3.94 | 3.15 |
| Radio/stereo/phone/television | 27.75 | 190.59 | 0.28 | 1.29 |
| Watches/clocks | 30.38 | 172.30 | 0.31 | 1.16 |
| Electric fans | 77.85 | 390.33 | 0.80 | 2.64 |
| Sewing machines | 22.3 | 221.09 | 0.23 | 1.49 |
| Cots/bed/sofa | 5.81 | 33.54 | 0.06 | 0.23 |
| Utensils | 11.55 | 373.56 | 0.12 | 2.53 |
| Bicycles/bike | 41.49 | 596.17 | 0.43 | 4.03 |
| Services | 438.48 | 1,640.62 | 4.49 | 11.09 |
| Education | 25.01 | 228.71 | 0.26 | 1.55 |
| Healthcare | 291.77 | 548.91 | 2.99 | 3.71 |
| Conveyance | 114.1 | 548.91 | 1.17 | 3.71 |
| Entertainment | 7.6 | 314.10 | 0.08 | 2.12 |
| Socio-religious ceremonies | 1,873.26 | 869.10 | 19.19 | 5.88 |
| Total consumption expenditure | 9,759.41 | 14,789.98 | 100.00 | 100.00 |

Source: Primary survey, 1987–88 and 2018–19.

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expenditure on durables. Furthermore, the share of services, like healthcare, education, entertainment, and so on, in the total household consumption expenditure of agricultural labourers was 4.49% in 1987–88, which increased to 11.09% in 2018–19. This primarily happened due to the privatisation of these services that are very expensive now. In the case of expenditure on marriages and other social ceremonies, the share of such expenditure to the total expenditure declined from 19.19% in 1987–88 to 5.88% in 2018–19. According to a study, in the rural society, there is a rising trend of expenditure on socio-religious ceremonies by farmer households, which could be one of the reasons for the destitution of these households (Sharma et al 2015: 441–43). It is often assumed that the same trend prevailed for agricultural labourers also. However, the declining proportion of the expenditure budget being spent on such ceremonies by these labourers breaks the myth of the irrationality in spending by agricultural labourers.

Declining Poverty Level

The term “poverty” is defined, in terms of head count ratios as the inability of an individual to meet a certain minimum, desirable level of living. Dandekar and Rath (1971) estimated that the persons whose per capita consumption/income in rural areas is ₹180/annum at 1960–61 prices are considered as below the poverty line. Based on this criterion, an estimate was generated of the percentage of the agricultural labourers below the poverty line in 1987–88 and 2018–19, using the consumer price index for agricultural labourers. It was found that 35.87% of agricultural labourer households in Punjab were living below the poverty line during 1987–88, which decreased to 8.20% in 2018–19 (Table 7).

The declined poverty ratio is an estimation of the average economic health of agricultural labourers. Along with poverty, the average propensity to consume (APC) is another important indicator that reveals the economic health of households. While the per capita income increased from ₹1,279/annum in 1987–88 to ₹2,659/annum at constant prices in 2018–19, the per capita consumption expenditure of the agricultural labour household during 1987–88 was ₹1,589/annum, which increased to ₹2,976/annum during 2018–19 at constant prices. Resultantly, the APC that was 1.24 in 1987–88 declined marginally to 1.12 in 2018–19. Though the APC of these households had declined, even then their average spending on consumption was more than that they were earning, which reveals that these families used borrowed funds to cater to their food deficit. Resultantly,

Table 7: Changing Incidence of Poverty among Agricultural Labour Households in Punjab

| Parameters | 2018–19 | | |
|--------------------------------|---------|----------------|-------------------|
| | 1987–88 | At 1987 Prices | At Current Prices |
| Per capita income (₹) | 1,388 | 2,659 | 24,448 |
| Per capita consumption (₹) | 1,724 | 2,976 | 27,366 |
| Average propensity to consume | 1.24 | 1.12 | |
| Persons below poverty line (%) | 35.87 | 8.20 | |

Source: Primary survey, 1987–88 and 2018–19.

indebtedness—both formal and informal credit—among these households becomes inevitable.

Increasing Magnitude of Debt

On an average, the economic condition of agricultural labour households was weak as these households earned less than their consumption expenditure and, thus, indebtedness followed. Table 8 reveals that the magnitude of the debt of agricultural labourers has increased over the three decades. On an average, the amount of debt of an agricultural labourer household was ₹5,068 during 1987–88, which increased to ₹8,178 at constant prices in 2018–19. With regard to the extent of indebtedness, it was observed that the proportion of indebted households declined during the study period from 89% to 81%. This is mainly attributed to the shift of the workforce from the farm to the non-farm sector, which was relatively more remunerative. Despite the decline in the extent of indebtedness, the magnitude of debt of indebted households increased from ₹5,769 in 1987–88 to ₹10,096 at constant prices in 2018–19. This indicates that a significant shift towards the non-farm sector could not avert indebtedness, pointing towards the insufficiency of earnings.

The source of credit is also an important factor that affects the level of its repayment due to different interest rates and other terms and conditions of the funding agency. Sourcing of debt was inclined more towards non-institutional sources during the study period. Since these labourers could not access institutional sources easily (non-availability of collaterals), they were totally dependent or bound to their respective landlords or employers. On an average, the agricultural labour household borrowed 72.40% of the total debt during 1987–88 from such non-institutional sources, which increased to 89.89% in 2018–19. The fact is that these asset-poor households could not borrow from institutional sources, which led to them availing loans from non-institutional sources. Earlier, the government provided financial and physical assistance to labour households through various schemes like the Marginal Farmers and Agricultural Labourers (MFAL) scheme, the Training of

Table 8: Changing Debt Position of Agricultural Labour Households in Punjab (1987=100)

| Description | 1987–88 | 2018–19 |
|------------------------------------|------------------|------------------------------|
| Debt amount/ household (₹) | 5,068 | 8,178 [75,200] |
| Indebted households (%) | 89.00 | 81.00 |
| Debt amount/indebted household (₹) | 5,769 | 10,096 [92,840] |
| Source of finance (₹) | | |
| Institutional sources (₹) | 1,399 (27.60) | 809 [7,438] (10.11) |
| Non-institutional sources (₹) | 3,669 (72.40) | 7,369 [67,762] (89.89) |
| Purpose of credit (%) | | |
| Productive purpose | 13.98 | 12.3 |
| Consumption purpose | 86.02 | 87.7 |
| Rate of interest (%) | | |
| Institutional sources | 13.75 | 10.2 |
| Non-institutional sources | 24.9 | 20.6 |

Figures in square brackets exhibit values at current prices, Figure in parentheses exhibit percentages.

Source: Primary survey, 1987–88 and 2018–19.

Rural Youth for Self Employment (TRYSEM), and so on. However, with time, such government intervention declined, which resulted in an enhanced dependence of these labour families on non-institutional sources of credit.

Another aspect of indebtedness is the rate of interest, which was observed to have declined over the three decades. In 1987–88, the institutional rate of interest charged was 13.75%, which declined to 10.2% in 2018–19. Likewise, the non-institutional rate of interest also declined from 24.9% to 20.6% during the same time period. It is important to note that the rate of interest charged by non-institutional sources is still double than that charged by institutional sources. Despite the fact that the government has doubled the credit amount to farm sector in 2005, agricultural labourers are still deprived of loans from institutional sources. Over the period, institutional sources accounted for 27.6% of the total debt during 1987–88, which declined to 10.11% during 2018–19, thereby pointing towards vulnerability to financial exploitation and misery, which is vicious in nature. A larger proportion (86% to 87%) of the loan was used by these labourers for consumption purposes like food, meeting daily expenses, healthcare and socio-religious celebrations. This reveals that despite the transition of households from farm to non-farm activities, these families could not come out of the debt trap.

An Overview and Policy Measures

The capital-intensive mode of production, an axis of the green-revolution model, although ensured enormous growth of farm productivity, also led to the subsequent shrinkage of farm employment, which resulted in the structural shift of employment from the agricultural sector to other sectors. Declining work opportunities in agriculture and the shift towards non-gainful employment in other less opportune sectors is an aftermath of the uneven transition of these workers, and such changes are to be considered as an integral part of the extensive process of the transformation of an economy. The present study highlights the symptoms of the structural change in the rural economy of Punjab that is divulged through the transformation of agricultural labour households into mixed or solely non-farm labour households. This change comprises three main aspects: first, conversion of permanent/attached agricultural labourers into casual agricultural labourers; second, transformation of the permanent/attached labour that was earlier engaged as sharecroppers into permanent/attached wage labour; and third, the shift of agricultural labourers towards the non-farm sector.

There is a need to mull over the situation of transitioning agricultural labour, both in the agricultural and non-farm sectors. On the one hand, those agricultural labour households that are solely depending on income from agricultural labour are struggling, and on the other, the ones shifting to the non-farm sector are changing over to menial jobs. As a result, a sizeable change in the income of agricultural labour (both permanent and casual) households has been noticed. However, the increase in the per worker annual income generated from the farm sector and the non-farm sector, over the three decades, was disparate. The per worker annual income from the non-farm

sector increased by more than double as compared to the marginal increase in agricultural sector. This created a wide income gap in the two sectors and also raises concerns about the plight of the labour engaged in this sector. This calls for government attention in order to enhance the livelihood of labour families. Policies to fix higher minimum wages, relative to those existing for agricultural labourers, by taking into consideration the lesser number of effective days of employment in farming, need to be framed. Also, effective inclusion of these labourers under MGNREGA, the especially during the lean farming season, could supplement the income of these households. Considering that this employment scheme lacks effective implementation in the state, as the average number of days of employment that a labourer gets under this scheme is one-third of the assured number of days of employment, increasing the effective number of days of employment under the existing scheme will be helpful for improving the economic well-being of these households. In addition, there have been arguments in favour of increasing the current minimum days of employment from 100 to 150 days, along with bringing the wage rates at par with the wages in the non-farm sector. Village panchayats need to be empowered and made more accountable for the village-level management of labour and public works for widespread impacts.

The transition of the workforce has also changed the level and pattern of consumption expenditure of these households. The proportion of expenditure budget spent on comforts—durables and services—has increased, which indicates that the economic conditions of these households have improved with time. This is further affirmed by the declining incidence of poverty. However, consumption being more than income points towards inevitable indebtedness. In order to tackle the problem of lesser earnings of agricultural labour relative to their expenditures, it is imperative to increase their real wages. The amount of debt on an average agricultural labour household in 2018–19 increased in comparison to 1987–88. Evidently, the role of non-institutional sources of lending, especially landlords or employers in the case of these households, continues to be significant. The poor, illiterate and destitute labourers often fall prey to these lending sources that charge high rates of interest. The crucial role of non-institutional sources of credit in the lives of these households is argued as unavoidable, as these asset-poor households cannot provide collateral to the institutional sources of lending.

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REVIEW OF RURAL AFFAIRS

In such a scenario, the crafting of special lending policies catering to the economic realities of these labourers is the need of the hour. Further, extensive networks of institutional sources of credit, and easy and realistic terms and conditions of lending are crucial towards shielding resource-poor families from financial distress. Regularisation of private money-lenders and monitoring their lending practices is another way to check financial exploitation. Special credit institutions and specific schemes that extend credit to such labourers can help reduce their dependency on informal lenders. Also, there is a need to introduce effective and all-encompassing debt waiver schemes for this section of population.

There is dearth of well-thought-out developmental schemes and policy interventions to improve the economic conditions of agricultural labour. As a result, these households are undergoing a process of transformation, wherein they are leaving the agricultural wage market due to crisis-led push factors. In

such a situation, it is imperative to make the transformation through development-oriented pull factors. For this purpose, there is a need to develop rural industrialisation with special emphasis on agro-based industries that would help preserve the natural balance of employment in the rural economy. This development-led transitional strategy would enable the pulling of people towards higher remunerative sectors through gainful employment at their doorsteps. Consequently, the rural economy would be propelled forward through the efficient utilisation of localised resources and the strengthening of the backward and forward linkages. Above all, the productive capacity of the rural economy would be reinforced through processing and value addition. This strategy would further lead to the growth-based transition of the rural workforce, enabling improvement in the living standard of the rural masses. As a ripple effect, such a smooth transition would facilitate the inclusive growth of the society.

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