

**EMPLOYMENT, WAGES AND POVERTY IN  
HARYANA : 1983 TO 1993-94**

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**JITENDER PAL SINGH**

**CENTRE FOR ECONOMIC STUDIES & PLANNING  
SCHOOL OF SOCIAL SCIENCES  
JAWAHARLAL NEHRU UNIVERSITY  
NEW DELHI - 110 067**

**1997**



Certificate

21 July 1997

Certified that this dissertation entitled "**Employment , Wages and Poverty in Haryana : 1983 to 1993-94**" submitted by **Jitender Pal Singh** in partial fulfillment of the degree of **Master of Philosophy** is entirely his own work and has not been considered for the award of any other degree either at this or any other university.

We recommend that this dissertation be placed before the examiners for evaluation.

Chairperson

Supervisor

**भूत, वर्तमान और भविष्य के नाम...**

## **ACKNOWLEDGEMENT**

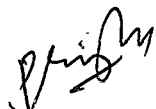
Research of any kind warrants tremendous involvement at the psychological level. The study haunts you, goads you, comes heavy upon your back. And especially if one is a beginner, the initial interest that sparks-off the determination to embark upon, the study becomes cumbersome mid-way. This is where one needs support from others. A bit of advice, a word of encouragement, a pat on the back prompts you back in action.

It was at such a turn in the course of my study that my supervisor Prof. Sheila Bhalla came to rescue me in a motherly way. When I feel, I was driving into the quagmire of methodological intricacies during the analysis, my supervisor literally led me by hand out of such a mess. I owe her an immense debt of gratitude. Without her supervision my dissertation would not have seen the light of the day. Also, my indebtedness goes to other faculty members in CESP who are very cooperative.

My special thanks goes to my buddies 'Satty' and 'Jags' who, like real comrades offered their helping hand even before my request for the same. I am also very thankful to computer operator, Mr. Bhupal Singh Bisht, who spent many sleepless nights to bring my work in the present form. Finally I must confess that the affection my family showered upon and the lesson of optimism and dynamism which my late father taught me impelled me to pursue my research with convincing zeal and enthusiasm.

The views expressed in this study, the conclusions drawn and any errors that may remain are attributable to me alone.

New Delhi  
21 July, 1997

  
Jitender Pal Singh

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## CHAPTER I

### Introduction

Before the formulation and implementation of any economic policy, it is necessary to spell out clearly the objectives which policy is intended to achieve. Generally in the nineties economic policy makers have aspired for good performance on the balance of payments, external and internal borrowings and fiscal deficit fronts. But the common people's aspirations are quite different. They are concerned with day to day problem such as employment, price stability, good public amenities and so on. (Nayyar & Bhaduri, 1996).

The new economic policies adopted in eighties and nineties have had far reaching implications for the common man's problems, in particular his employment prospects, real wages and the prevalence of poverty.

With small beginnings in policy changes required to absorb the first oil shock in 1973 to experiments with selective deregulation of industrial and import licensing since the early 1980s, the process of reform has continued, though at a slow and halting pace. The government set up several committees to examine its fiscal, monetary, industrial and trade policies during this period.

On the basis of this extensive policy review, it was recognised that the regulatory regime imposed on industry and trade has lasted much longer than was required and that the public sector could no longer function on the basis of a soft budget constraint. By the mid-eighties the policy reform movement gained further strength.

The budgets of 1985-86 and 1986-87 introduced some important changes in policy and several others were announced in broad terms in the documents of the Seventh Plan and the Long Term Fiscal Policy. There were also some important

changes in industrial policies whereby 'broad banding', i.e. greater freedom in the choice of product mix was permitted and some Monopolies and Restrictive Trade Practices (MRTP) Act provisions were relaxed. Entry condition in some industries were also made easier.

By mid-1987, the reforms lost virtually all momentum and then appeared the crisis of 1990-91 which was the outcome of unsustainable fiscal, monetary and balance of payment policies adopted during 1980s.

The Seventh Plan was financed by domestic borrowing and deficit budgeting to a much greater extent than was targeted.

A similar pattern operated in the financing of the current account deficit. The decline in multilateral and bilateral assistance was replaced by sharp increases in commercial borrowing and non-resident short-term deposits.

The deterioration in the balance of payment situation as visualised by Dhar (1993) was caused by an increase in

non-customable/non-commercials imports (which include fertiliser, POL and defence supplies), interest payments on foreign debt and decline in private remittances and net earnings from invisible services.

Thus the macro economic crisis of 1991, was the culmination of the policy initiatives taken during 1980's and it provided the opportunity and the necessity to address meaningfully the inefficiencies in our policy framework that had hurt our economic performance. Srinivasan and Bhagwati (1993) argue that these reforms, necessitating an exhaustive restructuring of our policy framework, had become critically necessary.

The second phase of economic reforms initiated in 1991 included both stabilisation and structural adjustment. The stabilisation programme aimed at reducing budgetary deficits, the inflationary gap and the balance of payment deficit. On the other hand the structural adjustment programme sought to

make the economy more efficient and competitive by replacing an inward looking growth strategy by a more outward oriented one, and by reducing the role of the state in the economy. Measures taken under structural adjustment included devaluation of rupee, a squeeze on public investment and social expenditure and wide ranging measures to liberalise the imports of capital and intermediate goods. Along with these measures, industrial licensing was virtually wound up, fertilizer subsidies were withdrawn partially and foodgrain procurement prices were increased.

#### **Employment, Wages and Poverty in India: An Overview**

Changes in economic policy such as the gradual relaxation of industrial licensing policy, moves to encourage the modernisation and upgradation of industrial technology, and measures to liberalise the imports of industrial inputs during eighties contributed both to the decline in employment elasticities in industry and to the collapse of rural household industry, recorded by the 1991 population census.

During 1980s employment growth rates in India as a whole declined to levels below population and workforce growth rates. The problem was mainly in rural areas. The recovery of overall employment growth rates, in the nineties is again, largely the product of what happened in rural areas. "The immediate cause of the short fall in job creation in the eighties was a decline in employment elasticities in all major sectors and the recovery of most elasticities in nineties was led by agriculture and services". (Bhalla, 1996).

From the mid-seventies to the mid-eighties, a slow decline in the male workforce in the primary sector, mainly agriculture, in the rural areas has been observed in Quiquennial Rounds of the National Sample Survey (NSS). This, together with an increase in the workforce in the secondary sector, was a major structural change in the Indian economy. Similar changes were observed for female workers in

the rural areas. However, the successive annual rounds till 1993 indicated a small increase in the proportion of male workforce in the primary sector and fall in the proportion in the secondary sector. The recently brought out fiftieth round (1993-94) results indicate that the trend of a shift in the structure of the workforce away from the primary sector continues, at least for the male workers in agriculture. The decline in the proportion of the secondary sector worker appears real and the gain has been registered mainly in tertiary sector.

The picture, however, is different for female workers in rural areas. While the annual rounds since 1990-91 indicated an increase in the proportion of the female workforce in the primary sector the recent 1993-94 survey results seem to validate this trend. Further a decline in the proportion of the female workforce in the secondary sector and increase in the tertiary sector are also observed (see Unni, 1996).

Regarding the behaviour of wage rates, recent studies have shown that from the mid-seventies to the mid-eighties, the real wage rates in agriculture tended to rise slowly and steadily (Unni, 1988; Bhalla, 1993). "The prime mover of this rise in agriculture wage rates has been found to be the diversification of the workforce in the non-agriculture sector rather than growing productivity". (Bhalla, 1993).

During 1990s, the trend of rising agrarian wages is not being sustained and there has been a sharp fall in agricultural wages in most states in 1991-92 and 1993-94 (see Unni, 1996, 1997). This fall in agriculture wages in early nineties also was due to collapse of non-farm work.

As reported real wage rates in agriculture are inversely related to poverty and directly related to the availability of non-farm employment (see Bhalla, 1996). Thus non-farm employment is inversely related to poverty and



therefore, the timing of decline in the share of the workforce engaged in rural non-farm activities, exactly matches the timing of the rise in rural poverty. Here it is important to note that there was a declining trend in poverty after the mid-seventies but that this trend was reversed in the 1990s. (see Sen, 1996).

#### **Employment, Wages and Poverty in Haryana: An Overview**

Before 1966, as a part of Punjab and after 1966 as a separate state Haryana has moved a long way on the path of development. Diversification of the state economy and the growth of non-agricultural activities is the most striking feature of development since 1961, more particularly between 1971 and 1991.

Growth rates in non-agriculture sector have been far higher than in the agriculture sector. The contrasts between the various sectoral income growth rates imply rapid changes in the structure of Haryana's economy. The share of non-

agricultural sector has gone up in state domestic product while share of agriculture has fallen.

Workforce structure, however, remains dominated by agriculture, but even that is changing rapidly. The share of non-agriculture workforce in the total workforce is increasing. Measured in terms of persondays of work available, Haryana has had one of the highest rates of growth of rural employment in the country; in agriculture, in non-agriculture and hence in all rural persondays of work. This growth rate is due to very substantial increases in non-agricultural employment combined with respectable agricultural employment growth rates.

In Haryana rapid rural employment growth has been combined with exceptionally high real wage rate. High rates of growth of persondays employed combined with high real wage rate have made a major contribution to the rapid reduction of rural poverty in eighties. The lower incidence of poverty in

Haryana in eighties was mainly due to better returns from agriculture, construction and investment in both rural and urban infrastructure (Bhalla, 1995). But in early nineties, despite high real wage rates and substantial growth of persondays of employment, poverty started increasing.

In recent years the agricultural workforce growth rate has collapsed in Haryana and this reflects the shift of erstwhile cultivators and agricultural labourers to the non-farm sector. Thus expansion of opportunities for labour absorption in non-farm sectors, as in the rest of India, is the key factor in explaining the relative high wages now paid to agricultural labourers in Haryana.

The present study is divided into four chapters. The present chapter is introductory, incorporating an overview of employment, poverty and wage rates in India and in Haryana. The second chapter concentrates on the employment scenario in Haryana during the decade 1983 to 1993-94. Analysis in this

chapter is based on National Sample Survey (NSS) data. Employment elasticities are computed using gross state domestic product data at constant 1980-81 prices. The third chapter comments on the phenomenon of increasing persondays of employment real wages and poverty, and on some other related issues in Haryana. Primary data collected from a field survey in village Jatai in district Bhiwani, Haryana constitute the data base for this chapter. The fourth chapter contains concluding remarks.

## CHAPTER II

### EMPLOYMENT, WAGES AND POVERTY

In the decade 1983 to 1993-94 person days of employment increased in Haryana, although, in agriculture, the number of workers scarcely changed. Real wages went up (Unni, 1966) (see table 2.1). With the increasing trends in persondays of employment and real wages, poverty declined in the 1980s, but in the early 1990s poverty increased sharply from 19.5 percent in 1990-91 to 28.7 percent in 1993-94 (see table 2.2). This increase in poverty despite the increase in persondays of employment and real wage rates is a new and somewhat paradoxical phenomenon which can not be readily accounted for on the basis of secondary data.

The decade under study may be divided into two periods corresponding to NSS full sample rounds.<sup>1</sup> The first period covers the years from 1983 to 1987-88 and second period from

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<sup>1</sup> NSS full sample rounds corresponds to years 1983, 1987-88 and 1993-94, 1990-91 was a thin sample year.

1987-88 to 1993-94. For analytical purposes, we shall also divide the decade into pre and post liberalisation periods.

Sector wise employment growth rates based on the National Sample Survey (NSS) usual principal and subsidiary status (UPSS) basis are given in table 2-4 & 2.5. The compound employment growth rate for persons has been less than one half of one percent per year in the agricultural sector in the decade 1983 to 1993-94. It was actually negative in the years from 1987-88 to 1990-91.<sup>2</sup> Rural male workers on the UPSS basis decreased in absolute number in the agricultural sector in the decade 1983 to 1993-94, while the number of rural female workers on the same basis increased in the agricultural sector during the same period. The same trend is evident in urban areas. Here also the absolute number of male workers on the UPSS basis decreased in agriculture, while the absolute number of female workers

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<sup>2</sup> 1990-91 was a thin sample year, therefore figures for this thin sample year should be taken as indicative of qualitative trends only.

increased in this sector. Thus taking both, rural and urban, figures together the absolute number of male agricultural workers, (UPSS basis) declined while the number of female agricultural workers (UPSS basis) rose.

These employment trends in Haryana are quite different from the all India trends. In India as a whole, the absolute number of rural male and female agricultural workers increased through out the decade (see Bhalla, 1997).

On the other hand, in the non-agricultural sectors in Haryana the number of rural male UPSS workers have increased while the female workforce in these sectors has contracted. But the scenario in urban areas is different. There the absolute number of both male and female workers has increased in the non-agricultural sectors (see table 2.13).

Here, one important point to be noted is that the absolute number of female workers in both, farm and non-farm,

sectors in urban areas has increased. It suggests that women are becoming economically more active in urban area.

Another notable point is that the non-agricultural sectors have provided more employment than the agricultural sector, and the gap between employment generation in these two sectors was very high in the period 1987-88 to 1993-94 (see table 2.4). If this period of six years is divided into two periods of three years each then we see that employment generation in the pre liberalisation period 1987-88 to 1990-91 (which is a NSS thin sample year) in non-farm sectors was quite high but in the early years of the post reform period employment growth in these sectors fell drastically.

Within the non-farm sectors the secondary sector shows very erratic trends in employment generation in the decade. Employment growth rate in this sector was about six percent in the period 1983 to 1987-88, but it fell sharply in the period 1987-88 to 1993-94. Even in this period of six years



(1987-88 to 1993-94), the first three years recorded an employment growth rate of about 14 percent but during the next three years the rate was negative, about 11 percent. The fall in the rate of employment growth in the period 1987-88 to 1993-94 in the secondary sector was due to poor performance of mining & quarrying, manufacturing, and electricity, gas & water subsectors. Although, employment in construction increased at the rate of about 12 percent compound during this period, this was counter balanced by negative employment growth rates in mining & quarrying and manufacturing, and thus the overall employment scenario was dismal in the secondary sector in the period 1987-88 to 1993-94.

The situation in the tertiary sector was somewhat more encouraging. Although the employment growth rate in this sector was negative in the period from 1983 to 1987-88, but after 1987-88, this sector exhibited higher and higher employment growth rates. In the tertiary sector, transport,

storage & communication, and services subsectors are the major contributors on the employment front. Although, employment growth rate in both these subsectors was negative in period 1983 to 1987-88, later on it picked up.

If we analyse the pre and post liberalisation employment scenario in Haryana, we find that the employment growth rate was about one percent in period 1983 to 1987-88 and about three percent in the period 1987-88 to 1990-91, but in post liberalisation era employment growth rate fell sharply and it was less than one percent in the period 1990-91 to 1993-94. This fall in employment growth rate in post liberalisation period was due to poor performance of the secondary sector, especially of the mining & quarrying and manufacturing subsectors. In the tertiary sector, the trade, restaurants & hotel sub sector also contributed to the fall in employment growth rate in this period.

These variations in employment generation trends in different sectors are reflected in the changing employment elasticities in these sectors. Employment elasticity remained very low in the decade 1983 to 1993-94 despite high rates of growth of state domestic product. Specially, it was very low in agriculture (see table 2.6). In the non-agricultural segment, the secondary sector exhibited large fluctuations in employment elasticities, reflecting the erratic behaviour of employment growth rates in this sector.

In all subsectors of the secondary sector, except construction, employment elasticities fell sharply in the period 1987-88 to 1993-94. In construction, the employment elasticity in the period 1987-88 to 1993-94 was about double that in the period 1983 to 1987-88. Since the computed elasticity in construction for the most recent period, at 3.63, is much greater than 1, this implies that labour productivity must have gone down.

In the tertiary sector the employment elasticity increased continuously during the decade. Two subsectors, transport, storage & communication, and services, in the tertiary sector exhibits a sharp rise in employment elasticities, to be greater than one, in the period 1987-88 to 1993-94.

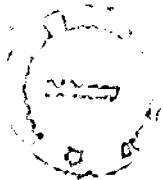
At this point, it may need to be pointed out that elasticities which approach unity (or are more than unity) are not at all desirable. What they imply is that employment during the reference period grew as fast as output, or faster than output, in the case of elasticities greater than one. This, in turn, means that either no improvement in labour productivity took place or, if the elasticity is greater than one, that labour productivity actually declined.

At this juncture, a number of questions arise. First, why is employment elasticity so low in agriculture, and

second, why did employment elasticity in manufacturing subsector fall in the period 1987-88 to 1993-94.

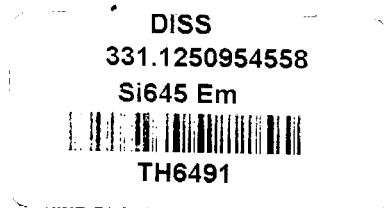
In the agricultural sector increases in yield accounted for most of the output growth during the decade under study.

In these circumstances increases in production may, or may not be associated with increased demand for labour. In Haryana, after the mid seventies mechanisation was increasingly adopted, partly, in response to rising real product wage rates. The other important factor was that for annual crop cycles involving wheat with some high value crop, such as rice, cotton or sugarcane, timeliness in showing the wheat crop became crucial to obtaining optimum yields. Thus the cost of production per unit of output was reduced by mechanisation which speeded up land preparation, even in the absence of any rise in wage rates (Bhalla 1997). Thus mechanisation of farm activities caused a decline in employment elasticities in the agricultural sector.



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In the manufacturing sector the fall in employment elasticity was largely due to the decline of household industry in the decade 1981 to 1991, as recorded by the 1991 Census. The rise in the relative importance, in the industrial structure, of capital intensive units in Haryana may provide another part of the explanation.

Another important result of the analysis is the identification of three new residual sectors. The rise in the employment growth rate and employment elasticities in construction; transport, communication & storage, and services concurrently with a fall in labour productivity (see table below) in these subsectors, reflect their role as residual sectors. Although, productivity in transport, communication & storage has fallen after 1987-88, it is more than that in 1983. But in construction and services productivity has fallen sharply and in 1993-94 it was even less than that in 1983. Thus, the role of construction and services as residual sectors is more prominent than

transport, communication & storage. In the third chapter the role of construction and services as residual sectors is considered in some detail.

**Labour Productivity in Construction; Transport, Communication & Storage, and Services in Haryana**

Sector	Status	1983	1987-88	1993-94
Construction	UPSS	7340.17	7751.25	4780.24
	UPS	7657.59	8251.77	4795.76
Transport Communication & Storage	UPSS	9137.30	13742.48	10588.80
	UPS	9127.76	13989.93	10693.25
Services	UPSS	6210.55	5975.74	4830.01
	UPS	6258.29	6238.66	5193.71

Another important finding of this analysis of secondary data relates to the sectoral distribution of the workforce in Haryana.

The share of the agricultural sector in the total workforce has increased in the early nineties in India as a whole. The proportion of the rural UPSS workforce engaged in the farm sector was about 75 percent in 1989-90 in India (see table 2.8) and thereafter it increased to about 79 percent in 1993-94. Correspondingly the share of the non-farm sector has declined, thus increasing population pressure on land. In the non-farm sector the fall in the share of the secondary sector in the total workforce was greater than in the tertiary sector.

The scenario in Haryana is quite different from that in India as a whole. Here the share of the farm sector in the total workforce has fallen throughout the decade under study.(see table 2.11). This decline in the share of the farm sector in the total workforce in Haryana is due to the absorption of workers on a large scale in the tertiary sector, especially in transport, communication & storage, and services. Another striking finding is that the decline in the proportion of the workforce engaged in the farm sector is more prominent in rural areas. These trends in the sectoral distribution of the workforce imply a decrease in population pressure on land in Haryana. This phenomenon combined with Haryana's relatively sound infrastructural base may help Haryana to develop faster than other states. In this era of liberalisation, when income inequalities are reported to be increasing and consumers' tastes are changing very rapidly leading to changes in demand patterns in the Indian economy, Haryana can cater to the demand for relatively sophisticated



manufactured goods in particular. The emerging sectoral distribution of the Haryana workforce is also more conducive to rapid development than in other states because SDP per worker in the expanding non farm sector stands well above that of the farm sector, which itself, by all India standards is exceptionally high. At all India level, labour productivity in farm sector on UPSS basis was only 2952.62 in 1993-94 (see Bhalla 1997) while it was 8160.65 in case of Haryana. Similarly, labour productivity in non-farm sector in Haryana, at the level of 21316.23 (UPSS basis) in 1993-94 was much greater than in India as a whole (at the level of 12425.57 UPSS basis in the same year).

In the conclusion five points are notable in Haryana. First, persondays of employment and real wages have gone up simultaneously with an increase in poverty in the early nineties. Second, the employment growth rate fell in the post liberalisation era, although it remained positive. Third, the absolute number of male workers has decreased in

agriculture while the absolute number of female workers has increased. Fourth, three new residual sectors may be identified. These are construction; transport, communication & storage; and services. Finally, the share of the farm sector in the total workforce has decreased in Haryana and this phenomenon differs from the all India scenario.

Some of these issues will be explored further in the next chapter.

**Table 2.1** Real Wage Rates in Agriculture in Haryana 1987-1995

	(percent)							
Year	1987	1989	1990	1991	1992	1993	1994	1995
Adult Males	2.2	2.4	2.7	2.6	2.5	3.1	3.2	3.1
Adult Females	-	-	-	-	-	2.5	2.5	2.4

Source: Jeemol Unni, The Indian Journal of Labour Economics, Jan. - March, 1997.

**Table 2.2** Estimates of Rural Headcount Poverty in Haryana by the Expert Group Method

	(percent)								
Year	1973-74	1977-78	1983-84	1986-87	1987-88	1989-90	1990-91	1992	1993-94
Estimated Poverty	34.2	27.7	20.6	19.5	16.2	13.3	19.5	17.7	28.7

Source: Abhijit Sen, EPW, Special Number, Sept. 1996.

**Table 2.3:** Employment Growth Rates in Haryana: 1983 to 1993-94, Rural, Urban, Total (Persons, NSS Usual Principal and Subsidiary Status Basis)

(Percent)					
Location	1983 to 1987-88	1987-88 to 1993-94	1987-88 to 1991-92	1990-91 to 1993-94	1983 to 1993-94
Rural	0.66	1.30	3.02	(-) 0.39	1.03
Urban	1.40	3.40	2.47	4.34	2.54
Total	0.82	1.78	2.90	0.67	1.37

- Note:
1. Figures are compound growth rates
  2. NSS Sample in 1990-91 was a thin sample.
  3. Estimates are based on NSS UPSS data for persons and have been estimated using mid - NSS round population estimates computed from the 1981 and 1991 population censuses. (Population figures got from Bhalla, S.).

**Table 2.4:** Broad Sectorwise Employment Growth Rates in Haryana: 1983 to 1993-94

(Percent)					
Sector	1983 to 1993-94	1987-88 to 1993-94	1987-88 to 1990-91	1990-91 to 1993-94	1983 to 1993-94
Agriculture	0.69	0.06	(-)0.35	0.47	0.33
Non-agriculture	1.06	4.46	8.09	0.95	2.99
Secondary	5.86	0.85	14.11	(-)10.87	2.97
Tertiary	(-)1.63	6.93	3.08	10.93	3.17
All Sectors	0.82	1.78	2.90	0.67	1.3

- Note:
1. Figures are compound growth rates.
  2. NSS sample in 1990-91 was a thin sample.
  3. Estimates are based on NSS UPSS data for persons and have been estimated using mid-NSS round population estimates computed from the 1981 and 1991 Population censuses. (Populaion figures got from Bhalla, S.)

**Table 2.5: Sub Sectoral Employment Growth Rates in Haryana in the Secondary and Tertiary Sectors: 1983 to 1993-94**

Sector	1983 to 1987-88	1987-88 to 1993-94
Mining & quarrying	26.23	(-)14.63
Manufacturing	5.36	(-)1.93
Construction	1.43	11.95
Electricity Gas & water,	14.67	0.28
Trade, Restaurants and Hotels	6.36	2.63
Transport, Storage and Communication	(-)1.91	13.22
Services	(-)6.21	8.15

- Note:
1. Figures are compound growth rates.
  2. NSS sample in 1990-91 was a thin sample.
  3. Estimates are based on NSS UPSS data for persons and have been estimated using mid-NSS round population estimates computed from the 1981 and 1991 Population censuses. (Population figures got from Bhalla, S.)

**Table 2.6: Employment Elasticities by Broad Sectors in Haryana: 1983 to 1993-94**

Sector	1983 to 1987-88	1987-88 to 1993-94	1987-88 to 1990-91	1990-91 to 1993-94	1983 to 1993-94
Agriculture	0.46	0.01	(-) 0.03	0.19	0.07
Non- agriculture	0.11	0.82	1.10	0.27	0.42
Secondary	0.51	0.17	1.98	(-)3.75	0.39
Tertiary	0.20	1.19	0.41	2.65	0.47
All Sectors	0.14	0.30	0.32	0.22	0.23

Source: Based on NSS Usual Principal and Subsidiary status data, Statistical Abstracts of Haryana GSDP data and CSO estimates of GSDP of Haryana.

Note: GSDP data on a financial year basis has been converted to the NSS Round basis by taking a weighted average of the relevant financial year figures.

**Table 2.7:** Employment Elasticities by Sub Sector of Secondary and Tertiary Sectors in Haryana: 1983 to 1993-94

Sector	1983 to 1987-88	1987-88 to 1993-94
Mining & quarrying	6.37	1.14
Manufacturing	0.40	(-)0.41
Construction	1.86	3.63
Electricity, Gas & Water	2.00	0.03
Trade, Restaurants & Hotels	0.73	0.45
Transport, Communication & Storage	(-) 0.26	1.57
Services	0.89	1.78

Source: Based on NSS UPSS data, statistical abstract of Haryana GSDP data and CSO estimates of GSDP of Haryana.

Note: GSDP data on a financial year basis, has been converted to the NSS Round basis, by taking a weighted average of the relevant financial year figures. For example, in the case of the NSS 1983 (Jan. - Dec.) Round, 3 months weight was given to GSDP data for the 1982-83 financial year and 9 months weight to the 1983-84.

**Table 2.8:** Sectoral Distribution of the Rural Workforce in India: 1983 to 1993-94 (NSS usual Principle and Subsidiary Status Workers)

Sector	1983	1987-88	1989-90	1990-91	1992	1993-94
Agriculture	81.2	78.2	75.1	75.5	79.4	78.4
Non-agriculture	18.8	21.8	24.9	24.5	20.6	21.6
Secondary	9.0	11.3	12.2	10.9	9.5	9.6
Tertiary	9.5	10.4	12.7	13.6	11.1	11.4

Source: Bhalla, Sheila, 1997.

**Table 2.9: Sectoral Distribution of the Rural Workforce in Haryana: 1983 to 1993-94 (NSS UPS & UPSS Workers)**

Sector	1983	1987-88	1990-91	1993-94
Agriculture	76.8 (74.0)	78.5 (73.13)	70.4 (66.9)	71.8 (62.4)
Non-agriculture	23.2 (26.0)	21.5 (26.87)	29.6 (33.1)	28.2 (37.6)
Secondary	9.4 (10.0)	9.8 (11.9)	20.1 (22.8)	9.2 (12.7)
Tertiary	12.2 (15.6)	11.7 (14.7)	9.5 (10.3)	18.9 (24.9)

Note: (1) Non-agriculture is taken as a residual.

(2) Figures in brackets are based on UPS.

(3) The sum of secondary plus tertiary sector workers does not always add upto the non-agriculture share. Some, but not all of this is due to rounding. Another part is due to the existence of a small number identified variously by the NSS as 'others' and 'unrecorded' when there is a difference between the sums of the parts (each listed in terms of number per thousand in the NSS data, and 1000 the difference is adjusted with the row/column having the maximum entry (see NSS Report no. 406, Key Results on Employment and Unemployment, NSS Fiftieth Round, July 1993-June 1994.)

**Table 2.10:** Sectoral Distribution of the Urban Workforce in Haryana 1983 to 1993-94. (NSS UPSS & UPS Workers)

Sector	(percent)			
	1983	1987-88	1990-91	1993-94
Agriculture	15.9 (13.7)	9.7 (5.3)	11.1 (8.6)	11.3 (6.0)
Non-agriculture	84.1 (86.3)	90.3 (94.7)	88.9 (91.4)	88.7 (94.0)
Secondary	25.5 (25.4)	38.0 (39.4)	28.1 (26.8)	33.8 (35.2)
Tertiary	57.8 (60.1)	51.8 (54.8)	60.8 (64.6)	54.8 (58.7)

Note: 1) Non-agriculture is taken as a residual.

2) Figures in brackets are based on UPS.

(3) The sum of secondary plus tertiary sector workers does not always add upto the non-agriculture share. Some, but not all of this is due to rounding. Another part is due to the existence of a small number identified variously by the NSS as 'others' and 'unrecorded' when there is a difference between the sums of the parts (each listed in terms of number per thousand in the NSS data, and 1000 the difference is adjusted with the row/column having the maximum entry (see NSS Report no. 406, Key Results on Employment and Unemployment, NSS Fiftieth Round, July 1993-June 1994.)

**Table 2.11:** Sectoral Distribution of Workforce in Haryana: 1983 to 1993-94 (NSS UPSS & UPS Workers)

Sector	(percent)			
	1983	1987-88	1990-91	1993-94
Agriculture	63.8 (59.8)	63.4 (55.8)	57.6 (53.9)	57.2 (46.5)
Non-agriculture	36.2 (40.2)	36.6 (44.2)	42.4 (46.1)	42.8 (53.5)
Secondary	12.9 (13.6)	16.0 (18.9)	21.8 (23.7)	15.1 (19.1)
Tertiary	22.0 (26.1)	20.5 (24.9)	20.6 (22.4)	27.5 (34.5)

Note: 1) Non-agriculture is taken as a residual.

2) Figures in Brackets represent UPS.

3) The sum of secondary plus tertiary sector workers does not always add upto the non-agriculture share. Some, but not all of this is due to rounding. Another part is due to the existence of a small number identified variously by the NSS as 'others' and 'unrecorded' when there is a difference between the sums of the parts (each listed in terms of number per thousand in the NSS data, and 1000 the difference is adjusted with the row/column having the maximum entry (see NSS Report no. 406, Key Results on Employment and Unemployment, NSS Fiftieth Round, July 1993-June 1994.)



**Table 2.12: Record in Terms of Changes in Rural Workforce Numbers in Haryana by Sector: 1983 to 1993-94 (UPSS & UPS Workers)**

Sex/ Sector	1983 to 1987-88	1987-88 to 1990-91	1987-88 to 1993-94	1990-91 to 1993-94	1983 to 1993-94
<b>Males</b>					
Agriculture	-141017 (-89260)	+596683 (+468185)	-65382 (-110574)	-662065 (-578759)	-206399 (-199834)
Non-agriculture	-30906 (-23219)	+575911 (+569559)	+417002 (+414381)	-158909 (-155178)	+386096 (+391162)
Secondary	+29132 (+31987)	+620063 (+605279)	+48172 (+30627)	-571891 (-574652)	+77304 (+62614)
Tertiary	-51158 (-52726)	-44152 (-35720)	+368830 (+377234)	+412982 (+412954)	+317672 (+331540)
<b>Females</b>					
Agriculture	-143148 (+269104)	-138170 (-536612)	-232235 (+70124)	-94065 (+606736)	-375383 (+339228)
Non-agriculture	-28163 (-22957)	-31366 (-75676)	-14346 (-6931)	+17020 (+68745)	-42509 (-29888)
Secondary	-429 (-1001)	-19953 (-50572)	-6972 (-24528)	+12981 (+26044)	-7401 (-25529)
Tertiary	-33855 (-40797)	-1823 (-25104)	+2216 (+19264)	+4039 (+44368)	-31639 (+5864)
<b>Persons</b>					
Agriculture	-284165 (+179844)	+458513 (-68427)	-297617 (-40450)	-756130 (+27977)	-581782 (+139394)
Non-agriculture	-59069 (-46176)	+544545 (+493883)	+402656 (+407450)	-141889 (-86433)	+343587 (+361274)
Secondary	+28703 (+30986)	+600110 (+554707)	+41200 (+6099)	-558910 (-548608)	+69903 (+37085)
Tertiary	-85013 (-93523)	-45975 (-60824)	+371046 (+396498)	+417021 (+457322)	+286033 (+337404)

- Note: 1. Usual Principle and subsidiary status figures are given in brackets.  
2. Absolute figures have been derived from NSS ratios, using mid-round population estimates derived by interpolation for the year before 1991 and by projection for subsequent years (Population figures got from S. Bhalla)  
3. Absolute figures for thin sample year 1990-91 should be interpreted as indicative of qualitative trends only.

**Table 2.13: Record in Terms of Changes in Urban Workforce Numbers in Haryana by sector: 1983 to 1993-94 (NSS UPSS & UPS Workers)**

Sex/ Sector	1983 to 1987-88	1987-88 to 1990-91	1987-88 to 1993-94	1990-91 to 1993-94	1983 to 1993-94
<b>Males</b>					
Agriculture	-170424 (-66958)	+39328 (+34108)	+15378 (+15577)	-23950 (-18531)	-55046 (-51381)
Non-agriculture	+101805 (+114627)	+16888 (+1178)	+165603 (+154540)	+148715 (+153362)	+267408 (+269167)
Secondary	+161564 (+162736)	-128378 (-130012)	+6390 (+6185)	+34768 (+136197)	+167954 (+168921)
Tertiary	-56997 (-45419)	+151558 (+137635)	+164275 (+154799)	+12717 (+17164)	+107278 (109380)
<b>Female</b>					
Agriculture	-25926 (-155)	+6654 (-4634)	+6756 (+37624)	+102 (+42258)	-19170 (+37469)
Non-agriculture	+6346 (+30313)	+28890 (+66448)	+31368 (+76733)	+2478 (+10285)	+37714 (+107046)
Secondary	+3603 (+17527)	+6911 (29422)	+22095 (+36414)	+15184 (+6992)	+25698 (+53941)
Tertiary	+2757 (+12787)	+21979 (+37026)	+9422 (+40319)	-12557 (+3293)	+12179 (+53106)
<b>Persons</b>					
Agriculture	-96350 (-67113)	+45982 (+29473)	+22134 (+53201)	-23848 (+23727)	-74216 (-13912)
non-agriculture	+108151 (+144940)	+45778 (+676226)	+196971 (+231273)	+151193 (+163647)	+305122 (+376213)
Secondary	+165167 (+180263)	-121467 (-100590)	+28485 (+42599)	+149952 (+143189)	+193652 (+222862)
Tertiary	-54240 (-32632)	+173537 (+174661)	+173697 (+195118)	+160 (+20457)	+119457 (+162486)

- Note: 1. Usual Principle and subsidiary status figures are given in brackets.  
2. Absolute figures have been derived from NSS ratios, using mid-round population estimates derived by interpolation for the year before 1991 and by projection for subsequent years (Population figures got from S. Bhalla)  
3. Absolute figures for thin sample year 1990-91 should be interpreted as indicative of qualitative trends only thin sample.

**Table 2.14:** Record in Terms of Changes in Workforce Numbers in Haryana by Sector: 1983 to 1993-94 (NSS, UPSS & UPS Workers)

Sex/ Sectors	1983 to 1987-88	1987-88 to 1990-91	1987-88 to 1993-94	1990-91 to 1993-94	1983 to 1993-94
<b>Males</b>					
Agriculture	-211441 (-156218)	+636011 (+502293)	-50004 (-94997)	-686015 (-597290)	-261445 (-251215)
Non-agriculture	+70899 (+91408)	+592799 (+570737)	+582605 (+568921)	-10193 (-1816)	+653504 (+660326)
Secondary	+190696 (+194723)	+491685 (+475267)	+54562 (+36812)	-437123 (+438455)	+245258 (+231535)
Tertiary	-108155 (-91113)	+107406 (+101915)	+533105 (+532033)	+425699 (+430118)	+424950 (+440920)
<b>Females</b>					
Agriculture	-169074 (+268949)	-131516 (-541246)	-225479 (+107748)	-93963 (+648994)	-394553 (+376697)
Non-agriculture	-21817 (+7356)	-2476 (-9228)	+17022 (+69802)	+19498 (+79030)	-4795 (+77158)
Secondary	+3174 (+16526)	-13042 (-21150)	+15123 (+11886)	+28165 (+33036)	+18297 (+28412)
Tertiary	-31098 (-613)	+20156 (+11922)	+11638 (+59583)	-8518 (+47661)	-19460 (+58970)
<b>Persons</b>					
Agriculture	-380515 (-112731)	+504495 (-38953)	-275483 (+12751)	-779978 (+51704)	-655998 (+125482)
Non-agriculture	+49082 (+98764)	+590323 (+561509)	+599627 (+638723)	+9304 (+77214)	+648709 (+737487)
Secondary	+193870 (-211249)	+478643 (+454117)	+69685 (+48698)	-408958 (-405419)	+263555 (+259947)
Tertiary	-139253 (-41731)	+127562 (+113837)	+544743 (+591616)	+417181 (+477779)	+405490 (+499890)

- Note: 1. Usual Principle and subsidiary status figures are given in brackets.  
2. Absolute figures have been derived from NSS ratios, using mid-round population estimates derived by interpolation for the year before 1991 and by projection for subsequent years (Population figures got from Bhalla, S.)  
3. Absolute figures for thin sample year 1990-91 should be interpreted as indicative of qualitative trends only thin sample.

**Table 2.15: Labour Productivity in Different Sectors in Haryana**

Sector	Basis	1983	1987-88	1993-94
Agriculture	UPSS	5331.87	5529.34	8160.65
	UPS	6559.75	8068.14	13403.39
Mining & Quarrying	UPSS	2825.72	1188.06	6333.45
	UPS	2832.85	1409.10	5910.16
Manufacturing	UPSS	11439.69	15867.88	23570.19
	UPS	12705.76	17219.89	26165.89
Construction	UPSS	7340.17	7751.25	4780.24
	UPS	7657.59	8251.77	4795.76
Electricity, Gas and Water	UPSS	32576.58	24210.81	40866.66
	UPS	31940.62	25503.70	37907.05
Trade, Testaurants & Hotels	UPSS	13746.73	15225.56	18301.53
	UPS	14158.36	16081.20	19581.38
Transport, Communication & Storage	UPSS	9137.30	13742.48	10588.80
	UPS	9127.76	13989.93	10693.25
Services	UPSS	6210.55	5975.74	4830.01
	UPS	6258.29	6238.66	5193.71
Non-agriculture	UPSS	9268.69	13302.68	21316.23
	UPS	9638.91	14150.09	22681.47

**Note:** Labour Productivity is calculated as GSDP by sectors at constant 1980-81 prices/NSS employment figures. The latter is shown on both the NSS "Usual principal and subsidiary" status and the "usual principal status basis".

## CHAPTER III

### DYNAMICS OF RURAL ECONOMY

#### A Field Survey

Four issues are going to be addressed in this chapter. First, in chapter two, it emerged that in the nineties poverty increased concurrently with increasing real wage rates and person days of employment in Haryana. The question raised by this combination of events is, obviously, why? Who are the new poor? Second, there is substantial evidence that cultivators have shifted to the hired farm labour force in large numbers (Unni, 1996, 1997). Is this phenomenon widespread in Haryana also? Third, persons who identified themselves as landless agricultural labourers are reported (Bhalla, 1997) to be earning more from non-farm activities than from farm labour in many parts of Haryana. The question is: is this a general phenomenon? Fourth, the secondary data indicates that there are two new and prominent residual sectors - construction and services. Who are the new

residual sector employees? Are they self-employed or are they engaged in these activities as hired workers? To analyse these issues a field survey was conducted in village Jatai in south-west Haryana.

The Village: Jatai, a village in district Bhiwani was chosen to be surveyed. This village is approximately 23 k.m. away from Bhiwani on the Bhiwani to Jind road. This village does not lie on the main road. A link road goes to the village which is 2 k.m. long. There are nine wards in the village. According to the 1991 Census the total population of the village is 2148, and there are 1305 voters. There is a panchayat ghar, an anganwari, three community halls, one primary school and one health centre. People in the village belong to at least nine castes, of which three are scheduled castes.

The village economy is mainly agriculture based. Two categories of workers, the cultivators and landless farm

labourers dominate the village economy. Although people are engaged in other economic activities also, (services, construction, trade and so on) but their share in the total population is very small-about 15 percent.

### **Methodology**

As village Jatai consisted of 468 households as on 15th June, 1997, it was decided to take every alternate household in the listing schedule, thus making 234 households to be listed. Of these 113 were cultivating households, 86 were farm labour households and 35 were engaged in other sectors.

( A copy of the listing schedule, and of the questionnaire, is presented as Appendix I).

The sample was selected randomly from the listing schedule using the proportionate sampling method for the combined set of 199 cultivating and farm labour households and a census was done of the listed households engaged in other sectors. The interval for the combined set of 199 cultivating and farm labour households was four. Thus 50

agricultural plus farm labour households and 35 households engaged in other sectors were selected for the detailed survey.

When the actual survey was conducted, it was found that the head of one cultivating household expired in between preparation of the listing schedule and the conduct of the actual survey. The head of another cultivating household refused to respond to questions. Thus 48 cultivating and farm labour households were actually surveyed. Of the census of 35 households engaged in other sectors only 24 were available for survey as the heads of 7 households, being members of an orchestra party, were out of the village on an assignment. Further, the heads of two households are military personnel and were away from home. The heads of two other households of which one is a construction contractor and another is a railway employee were also not available to respond. Constraint of time did not permit a replacement sample of other households.



As some households selected in the sample were not available, proposed weights assigned to different categories of households were adjusted accordingly as given in the table 3.1.

### **The Farm Labour Households**

All the farm labourers in village Jatai are casual labourers who work for cash payment on a daily basis. As the availability of agricultural work is not enough in the village, they go to neighbouring villages for additional agricultural work. Even then they are getting on an average only 90 days of farm work per worker in the year (Table 3.7).

The break-up of workers according to the number days of employment in agricultural work is given in table 3.8. About 57 percent of workers get between 50 to 100 days of work, 32 percent get between 100 to 150 days of work and only 11 percent get fewer than 50 days of agricultural work per year.

To supplement their income farm labourers engage in supplementary activities such as livestock/dairying, Feri (mobile shop), orchestra party and labour in other sectors such as construction. Nearly two thirds of the surveyed farm labour households are engaged in supplementary activities (Table 3.6).

In response to a question to farm labourers almost everyone denied any discrimination with respect to wage rate or employment on the basis of caste.

#### **The Cultivating Households**

Cultivators in this village mainly belong to upper castes. Most cultivators own small landholdings and survive with the returns from supplementary activities, in particular livestock and dairying. All the cultivators are engaged in some supplementary activity along with cultivation.

The main crops grown are wheat and cotton and three fourths of the total cultivating households use hired labour at their farms. In peak seasons all the members of the family contribute in farm work. Work related to livestock and dairying is also shared by most of the members of family.

Livestock is kept mainly for sale and milk and other livestock products are consumed domestically.

One finding regarding cultivating households is that their children are going to schools and colleges, but they are not finding jobs in the secondary and tertiary sectors and are forced to take up agricultural work against their will, thus increasing population pressure on agriculture. Another aspect that came to light is that members of scheduled castes are relatively more aware about their rights, and specifically about government's schemes of employment generation and poverty reduction than cultivating households which belong to higher castes. However, both

types of households complain about the indifferent behaviour of authorities in granting loans and providing other guidance to make government's schemes a success.

### **Other Households**

This category consists of households engaged in mining, manufacturing, construction, electricity and water supply, trade, transport and services. About 15 percent of total households in the village are engaged in "other" activities. Out of these 15 percent of total households, 60 percent are engaged in services and the remaining are engaged in manufacturing, construction, electricity and water supply, trade and transport. About 30 percent of the "other" households surveyed are self employed.

In the "other" households set, most households engaged in government jobs accept that economic conditions have improved in the last five years, while most self employed households deny any such improvement. Thus the findings from

the secondary data to the effect that household industry is declining and the argument that the self-employed are becoming worse off due to new market oriented and liberalisation policies of the government is consistent with the findings of this field survey.

People belonging to the "other" households group are engaged in supplementary activities also. The main supplementary activities are livestock & dairying and cultivation. Livestock is kept to fulfill the domestic requirement of milk and milk products.

Another important aspect of the "other" group is that most households engaged in "other" activities were farm labourers and cultivators in the recent past.

## **Analysis**

Let us take the first issue mentioned in the beginning of the chapter. The specific issue to be addressed is: who are becoming poor and what are the factors behind increasing poverty?

When asked whether economic conditions have improved or not in the last five years, 84 percent of cultivating households, 91 percent of farm labour households and 33 percent of 'other' household denied any improvement in economic conditions (Table 3.2). Thus dissatisfaction appears to be widespread. Respondents were also asked about the reasons behind any improvement or deterioration in their economic conditions. Their responses are recorded in Table 3.3.

The factors that have contributed to improvement in the economic conditions of some people are the availability of more work, increased wages, the availability of supplementary

work, and others, including the leasing in of more land. (Table 3.3).

Economic conditions remained unchanged or deteriorated due to production side factors such as poor returns from the sale of agricultural produce, increased prices of inputs, and lack of any supplementary activity; demographic and social factors such as large size of family, old age and widowhood; and other economic factors such as inflation. Most cultivators complain about the increased prices of fertilizers, pesticides, seeds and irrigation. Another finding of the survey is that most cultivators and farm labourers are denying any improvement in economic conditions despite the fact that substantial percentage of them accept that they got sufficient work to sustain the household in the last six months and that it was more than in the preceding six months. (Table 3.4 and 3.5).

The explanation for this phenomenon is quite simple. Although households are getting enough work to sustain themselves, it is not enough to improve their economic condition. This explanation is consistent with the related finding that most of the respondents are ready to take up more work if it is forthcoming.

The secondary data results reported in chapter 2 reveal that both person days of employment and real wage rates are increasing. The same is the case in village Jatai. Four months back money wage rates for farm labour in this village were Rs. 80/- per day per worker, and now it has gone up to Rs. 100/- per day per worker, that is an increase of 25 percent within the short time span of four months. In Jatai male and female workers are paid the same wage rate. Regarding the availability of employment, a substantial percentage of respondents say that more work was available in the last six months than in the preceding six months. Although increased availability of work in the last six



months compared with the preceding six months may be a seasonal phenomenon, the other finding that most of the households do not cite availability of less work as a factor behind their stagnant or deteriorating economic conditions in last five years implies that the availability of work is at least not decreasing.

Now, if the above trends are seen in light of some household level demographic realities the picture becomes clear. Respondents from the village and evidence from labour households in particular told the following story. With increasing population, economic compulsions have forced cultivating and farm labour households to live in a joint family because cultivating households can not sustain themselves as a nuclear family due to fragmentation of land, and farm labour households do not have the resources to set up a nuclear family. Moreover, economic security which the joint family provides is another incentive to live as a joint family.

Further, it is clear from the survey that the economic classes of farm labour and cultivators, especially marginal cultivators are becoming poorer. This is due to two factors.

First, although persondays of employment are increasing for these economic classes, but the growth of the labour force (active plus idle) in these classes is greater than increase in persondays of employment in Jatai. This implies that per worker availability of work must have decreased. But the respondents in the survey say that more work has become available. This paradox has two explanations. First, last year in many areas of Haryana, including this village, crops were destroyed by flood and therefore the availability of work was affected. In the next crop season the usual level of employment was restored, giving the impression that the availability of work has increased. (Table 3.4). Second, only already employed workers are getting the benefit of any increase in days work available. Recent entrants into the

labour force are not finding employment. Survey results substantiate this interpretation.

The second factor behind the increasing poverty of farm-labour and cultivating households is the large size of their families. While the average size of households is 5.8 persons, a very small number of persons (1.8 persons per household) are economically active. Especially in farm labour households and "others" households many members of families are simply idle. Whatever extra work is offered is taken up by these already employed workers as they themselves are underemployed and the persons who are idle remain so. Although they are sustaining themselves due to joint family system and engagement in supplementary activities combined with the increase in real wage rates, the idleness of so many is certainly contributing to their poverty.

Thus with increasing real wage rates and persondays of employment a high and rising dependency ratio accounts for part of the increase in poverty.

The second issue to be addressed in this chapter is related to the shift of cultivators to the hired farm-labour force. Findings from the survey of village Jatai refute this statement. Although economic compulsions in the future may force cultivators to enter the hired labour force, but at present social factors are preventing them from doing so. Generally the farm labour needs are catered to by the work force from scheduled castes. Owing to their low social status the work performed by them is also considered lowly - a work to which the cultivators who hail from the upper castes will not stoop.

Now the question that arises is how cultivators are surviving in the face of adverse conditions such as continuous fragmentation of land and their disinclination to

work as hired farm labourers. Obviously, they must be shifting to other options such as supplementary activities like livestock and dairying. Here the residual sectors construction and services, come into picture.

Although the number of persons shifting to construction is not very large in village Jatai, but it is considerable in the case of service sector during the nineties. The finding of the field survey that most of the people engaged in the service sector were cultivators in the recent past supports this interpretation, which is consistent also with the findings reported in chapter two.

Now let us focus attention on the third issue mentioned in the beginning of the chapter, that is, whether the landless agricultural labourers earn more from non-farm activities than from farm activities. Here, it is important to note that though the workers might be spending comparatively more time on the non-farm activities such as

livestock rearing and orchestra party in the case of some farm labourers in village Jatai, yet the major part of their earnings come from farm labour activities. For instance a farm labourer is getting, on an average, ninety days of work in a year and money wage rate is Rs. 100/- per day per worker. Thus on an average his/her earnings from farm labour activities come to be Rs. 9000 per annum. On the other hand, average income from non-farm labour activities, as discovered in the survey comes out to be about Rs. 4000 per year per household.

Thus, in village Jatai the main source of income for farm labour households is farm labour activities and non-farm activities merely supplement their income.

The fourth issue mentioned in the beginning namely the role of residual sectors has been dealt with already in the preceding pages of the chapter.

## **Conclusion**

This chapter began with a list of four propositions to be tested by means of the village survey.

The first issue confronted was the paradox of rising poverty in circumstances when real wage rates and person days of employment have risen. The field survey revealed that one reason is a high and rising dependency ratio in households where a significant number of persons failed to get any work at all. Further, households have educated family members who, having failed to get non-farm employment, have been forced to join the family farm occupation, mainly in such marginal cultivating households and agricultural labour households who report having become poorer.

The second proposition, to the effect that cultivators have shifted to hired farm labour force, was refuted in the case of village Jatai by survey results. Social factors are

preventing cultivators from shifting to the hired labour force. Instead cultivators faced with adverse economic conditions are shifting to services and this confirms the third hypothesis, regarding new residual sectors.

The fourth proposition, that the main source of income of farm-labourers is now non-farm activities does not hold good in the case of village Jatai. Although farm-labourers might be spending more time on activities relating to animal husbandry, the major chunk of their earnings comes from farm labour activities.

**Table 3.1: Weights Used**

	Proposed	Actual
Cultivating plus farm labour households	8	8.30
Others	2	2.92

**Table 3.2: Direction of Change in Economic Conditions of Households in the Last 5 Years**

	(percent)			
	Cultiva- to- -r	Farm Labou- -r	Others	All
Improve- -me -nt	16.0	9.1	66.7	31.0
No Improve- -ment	84.0	90.9	33.3	69.0



**Table 3.3: Reasons for Change in Economic Conditions Reported  
by Household Type**

(Percent)

Economic Conditions	Reasons	Cultivators	Farm labour	Others
Improved	1. Availability of more work	75	100	68.75
	2. Better Returns from sale of Agri- produce	-	-	-
	3. Increase in wages	-	100	93.75
	4. Availability of Supplementary Work	50	50	-
	5. Others	75	-	-
Not improved	1. Availability of Less work	4.76	45	25
	2. Poor returns from sale of Agri- produce	95.24	-	12.5
	3. Increase in prices of inputs	95.24	-	-
	4. Decrease in Wages	-	-	-
	5. Others	19.0	55	87.5

**Table 3.4: Adequacy of Availability of Work in the Last Six Months**

(percent)

	Cultivators	Farm Lab- our	Others	All
Sufficient	96	77.3	91.67	88.7
Not suffi-cient	4	22.7	8.33	11.3

**Table 3.5: Availability of Work in the Last Six Months in Comparison to Preceding Six Months**

(Percent)

	Cultivators	Farm Labour	Others	All
More	52	95.5	41.67	61.97
Less	-	4.5	4.17	2.82
Same	48	-	54.16	35.21

**Table 3.6: Proportion of Households Engaged in Supplementary Activities**

(percent)

Activity -----Type of Household	Cultivation	Farm Labour	Livestock/ dairying and O activities
Cultivators	-	16	100
Farm labour	-	-	63.63
Other househo- ld	8.3	8.3	29.17

**Table 3.7: Days Worked by Agricultural Labourers**

	Male	Female	Total
Total Person days of work	2736	452	3188
Total No. of Workers	30	7	37
Average person days of work for each workers	91.2	64.57	86.16

**Table 3.8: Distribution of Wrokers According to Number of Days of Employment in Agriculture**

(percent)

Days of Employment	%age of Workers
Below 50	11
50-100	57
100-150	32



**DETAILS OF HOUSEHOLD**

1. Household No.

2. Name of head of household.

3. House hold Category Code

4. Household size      M                  F                  C  
                                   

5. No of persons economically active

          M                  F                  C  
                                   

6. Details of economically active persons

SR.NO	NAME	SEX	AGE	OCCUPATION	OCCUPATION CODE
1					
2					
3					
4					
5					
6					

M- Male    F- Female    C -Child

Comments

Household No. \_\_\_\_\_ Name of head of household \_\_\_\_\_

Name of Workers \_\_\_\_\_ Worker's activity status \_\_\_\_\_

1. Whether economic condition has improved during last five years or not?

(a) Yes  (b) No  (c) Same

2. If (a) in 1, what factors are responsible?

- a) Availability of more work
- b) Better returns from agricultural produce
- c) Increased Wages
- d) Availability of supplementary work
- e) Others, specify .....

3. If (b) in 1, why?

- a) Availability of less work
- b) Poor returns from sale of agricultural produce
- c) Increasing prices of inputs
- d) Decrease in wages
- e) Others, specify .....

4. Whether got sufficient work to sustain the household in last six months?

(a) Yes  (b) No

5. If (a) in 4, whether it was more than in preceding six months or less than that ?

(a) More  (b) Less  (c) Same

6. If (b) in 4, why?

- (a) Bad Harvest  (b) Caste Discrimination
- (c) Others, specify .....

7. Whether engaged in any supplementary activity in last six months?

(a) Yes  (b) No

8. If (a) in 7, what type of activity ?

- (a) Farm Labour  (b) Cultivation
- (c) Others, specify .....

9. Whether involved in supplementary activity ?

(a) Only in last six months

(b) Also in preceding last six months and before that

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Comments

### CULTIVATORS ONLY

10. Whether use only family labour or hired labour also ?  
(a) Only family labour  (b) Hired labour also
11. If (b) in 10, whether hired permanetally or temporarily ?  
(a) Permanent  (b) Temporary
12. Whether use more hired labour in the last six months than in preceding 6 months  
(a) More  (b) Less
13. If (a) in 8 ,than do you work for ?  
(a) Cash payment  (B) On exchange basis  (c) Others , specify.....
14. If (c) in 3,which input costs more now ?  
(a) Farm labour  (b) Physical input ,specify.....
15. If (c) in 8 is animal husbandry ,then give details on attached sheet.  
Sheet no.....
16. Labour use in agriculture in different activities on attached sheet.  
Sheet no.....

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Comments

**FARM LABOURERS ONLY**

17. Are you casual or permanent or attached labour ?  
 (a) Casual  (b) Permanent  (c) Attached
18. What was your labour status last year ?  
 (a) Casual  (b) Permanent  (c) Attached
19. If SC, is there any discrimination in wage rate and employment?  
 Wage Rate: (a) Yes  (b) No   
 Employment: (a) Yes  (b) No
20. If (a) in 19, explain .....
21. How many people contribute to the family income ? .....
22. How much time did you spend in different agricultural activities?  
 (Details on attached sheet) Sheet no. ....
23. Do the members work on individual basis for cash or as part of gang contract labour ?  
 (a) On individual basis  (b) As part of gang contract labour
24. Do you go to neighbouring villages/districts also, say during peak times?  
 (a) Yes  (b) No
25. Would you be willing to take up more agricultural work, if it is forthcoming?  
 (a) Yes  (b) No
26. Why ? explain (after answering 25) .....
27. Whether cultivator also ?  
 (a) Yes  (b) No
28. If (a) in 27, details of landholdings (In Acres/Cents)

	Owned	Leased in	Leased out	Area Operated
Irrigated				
Unirrigated				
Total				

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Comments



**OTHERS**

- 29. Describe your occupation.....
- 30. Any assets \equipment owned.....
- 31. Whether (a) self employed  or (b) hired
- 32. IF self employed ,are you better off than hired labourers in the occupation ?  
(a) Yes  (b) No
- 33. Why ? explain( after answering 32).....
- 34. From which sector have you migrated in the present sector?  
Specify.....
- 35. If hired , whether ( a) permanent  or (b) temporary
- 36. Number of years in occupation.....
- 37. Whether work on family farm in peak season or not ?  
(a) Yes  (b) No
- 38. If (a) in 31 ,details of labour use on attached sheet  
Sheet no.....

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Comments

## LIVESTOCK AND DAIRYING

1. How long have you been engaged in raising livestock\dairying?.....
2. Do you raise stock with a view to selling it ?  
(a) Yes  (b) No
3. Which of the family member look after cattle?.....
4. How many hours each man engaged in the activity spends daily ?  
(a) Family member: 1.                    2.                    3.  
(b) Hired:                    1                    2                    3.
5. Do you hire out draught power ?  
(a) Yes  (b) No
6. Who accompanies draught animal , when hired ?  
(a) Family member  (b) Any other, specify.....
7. For how many days draught animal is hired in a month?.....
8. Any other information.....

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Comments







## CHAPTER IV

### CONCLUSION

Haryana has come a long way on the path of economic development since its formation in 1966. Being a hub of green revolution, per capita income has continuously increased in the last three decades in Haryana. Although per capita income has increased and the economy of the state has diversified, employment generation has been adversely affected by farm mechanisation.

In the 1980s the rate of employment growth and real wages increased concurrently with a decline in poverty. But the scenario changed in early 1990s. Although the UPSS employment growth rate fell in the 1990s the number of persondays of employment kept on increasing. Real wages also continued to rise, but poverty, which was on the decline in the 1980's, paradoxically rose sharply in the 1990s.

Secondary data indicate that the UPSS employment growth rate in the farm sector was marginal in the decade 1983 to 1993-94. One important finding regarding the farm employment is that the absolute number of rural plus urban male workers usually employed declined, while the absolute number of rural plus urban female workers shot-up in this sector in the decade under study.

Employment growth rates in the secondary sector have been very erratic, specially in the mining & quarrying, and manufacturing subsectors during the decade 1983 to 1993-94.

The employment growth rate in the tertiary sector was negative during 1983-1987-8. However, after 1987-88 this sector absorbed more and more of the workforce.

Three subsectors, construction in the secondary sector; transport communication & storage, and services in tertiary sector, have played the role of residual sectors during the

nineties. Although, productivity in transport, communication and storage sector has fallen after 1987-88, it is more than that in 1983. But in construction and services productivity has fallen sharply and in 1993-94 it was even less than that in 1983. Thus, the role of construction and services as residual sectors is more prominent than transport, communication and storage. In the third chapter which is based on the results of a field survey the role of construction and services as residual sectors is considered in some detail.

Another important finding from the analysis of secondary data concerns the sectoral distribution of the workforce. The share of the farm sector in the total workforce has either increased or remained constant in India as a whole in the late eighties and early nineties, but it has declined in the case of Haryana leading to a decrease in the population pressure on land in the state which is conducive to its further economic development.



Besides the search for explanations for the paradoxical increase in poverty with increasing persondays of employment and real wages, three hypothesis were tested by means of a field survey. Regarding the increase in poverty, it was found that a high dependency ratio was a part of the reason behind increasing poverty in the village surveyed. A substantial number of adults in many households were mainly idle. Regarding the second hypothesis that cultivators are shifting to the hired farm labour force, it was found that social factors are preventing them from shifting to the hired farm labour force. Instead cultivators faced with adverse economic conditions are shifting to services and this confirms the third hypothesis which was that the service sector is playing the role of residual sector.

The fourth hypothesis, that the main source of income of farm-labourers is now non-farm activities, does not hold good in the case of the village surveyed. Although farm

labourers might be spending more time on activities related to animal husbandry, the major chunk of their earnings still comes from farm labour activities.

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