

Rural Labor Market: Insights from Village Dynamics Studies

Changes in Rural Economy and Labor Market

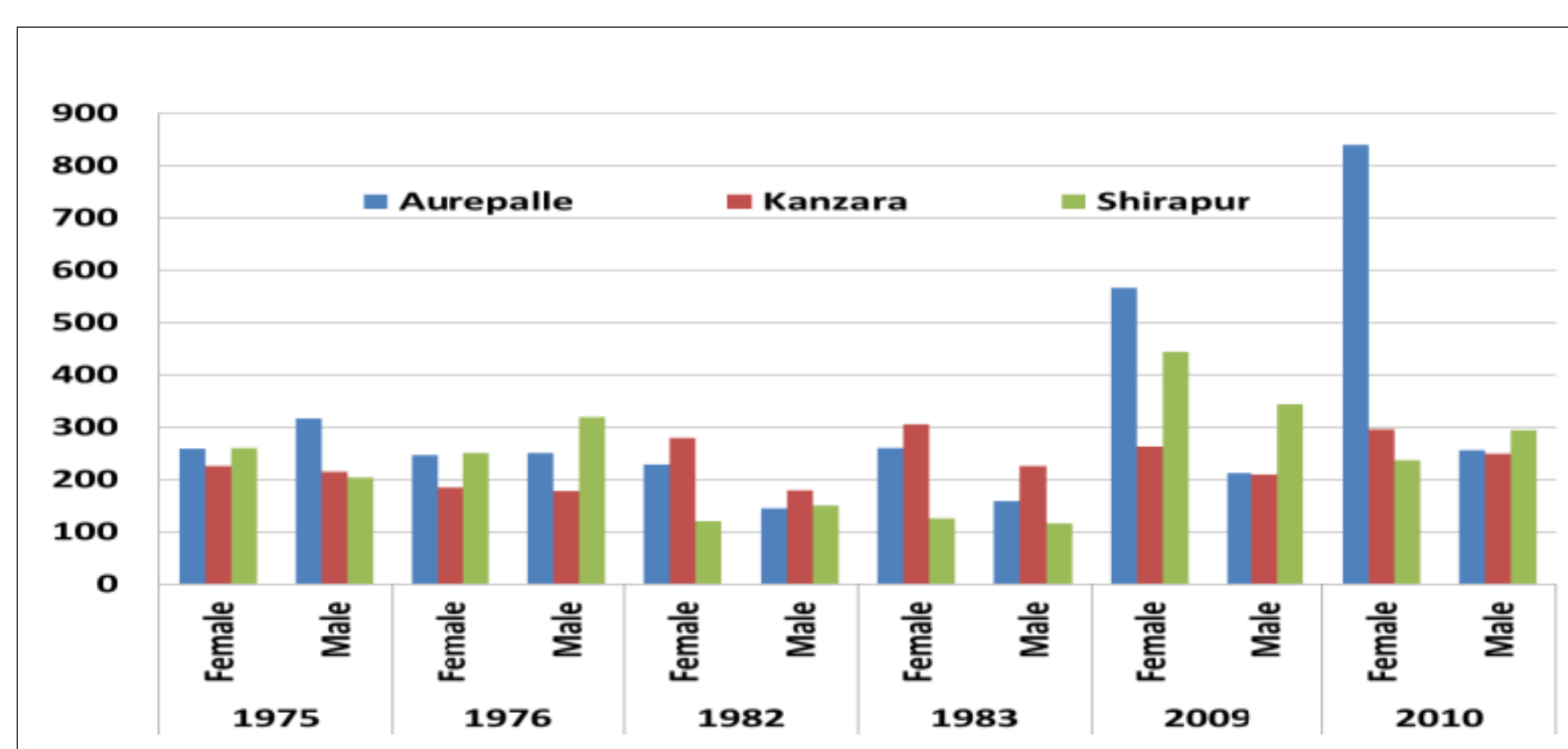
- Diversification of rural economy accompanied by rapid growth in both farm and non-farm sectors were observed in the recent years in the study villages of Maharashtra and Telangana
- There has been a steady decline in labor use for some of the crops like paddy (by 20-30%), soybean (30-40%) and pigeon pea (by 30%) after MGNREGA implementation
- Despite shortage of labor, the productivity of some of the crops is showing an increasing trend in the study villages like paddy (40%)



- The shortage of male labor for farm work is getting more prominent in Telangana, whereas the increased participation of female labor in some of the major crops confirms the feminization of labor
- The labor cost formed a significant proportion (50-60%) of the total cost and it is surpassing the material input cost for most of the crops
- The scarcity of labor is largely due to higher non-farm wage (Rs.207 in Telangana and Rs.284 in Maharashtra-2012-13). This has also contributed migration of labor from agriculture to non-agriculture

Participation of Women in Rural Labor Force

- Strong evidence on feminization of labor and agriculture in the study villages in Maharashtra (Kanzara in Akola district and Shirapur in Solapur district) and Telangana (Aurepalle in Mahbubnagar district)
- Cause and extent of feminization varies across regions
- Between 1975 to 2011, progressive feminization of labor and agriculture occurred in the study villages (Padmaja and Bantilan 2013)



Trends in participation (hours per hectare) of male and female workers in selected villages of Maharashtra and Telangana, 1975-2010. Source: Padmaja and Bantilan (2013).

Abolishment of Bonded Labor and Child Labor

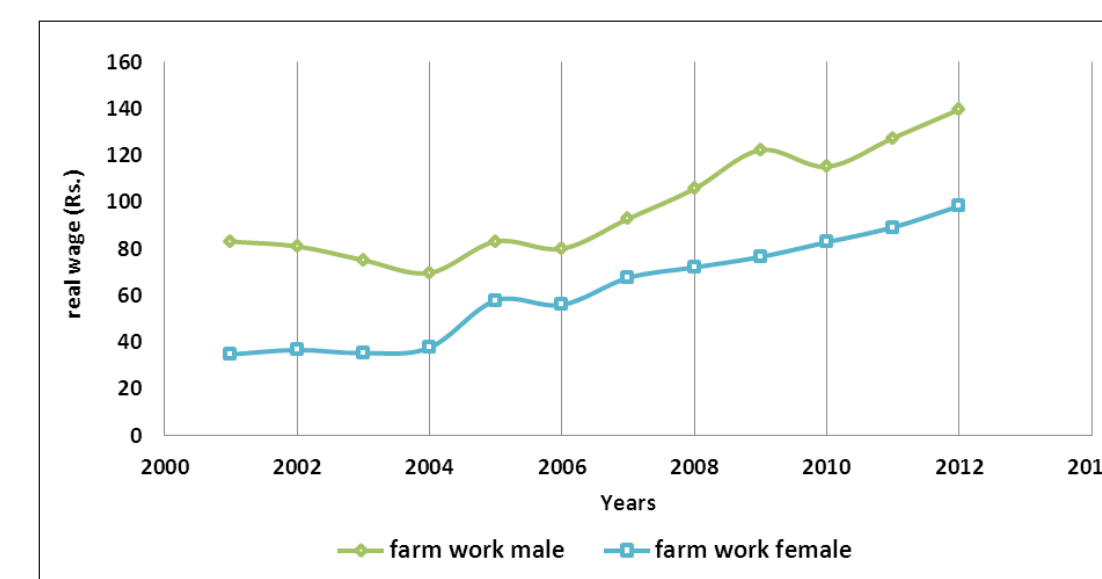
- Attached and bonded labor abolished in the study villages of Maharashtra and Telangana
- Child labor has been abolished in agriculture. In 2012, only 3 children (5% of children aged between 11 and 14 years) participated in caste based non-farm occupation.

Occupational Mobility

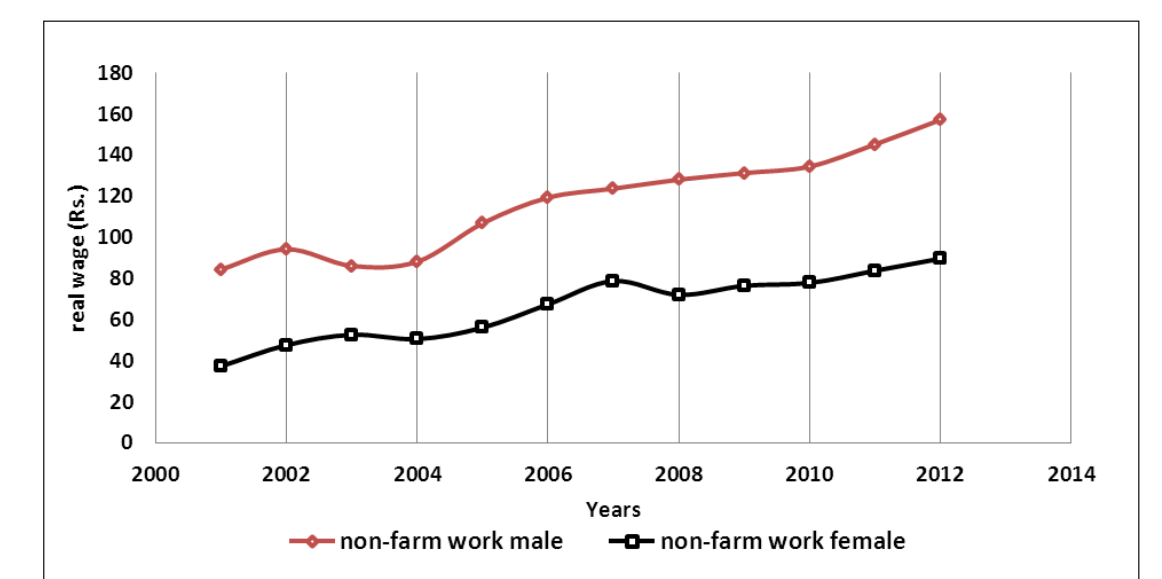
- Between 2005 and 2012, high level of occupational mobility was observed among the sample households in Telangana and Maharashtra.
- Two thirds of the farmers in 2005 remained in farming in the later year
- Seventy percent of the labor households remained as wage laborers although about one-fourth of them have moved from agriculture to non-agriculture labor.
- About 60 percent of businessmen remained in business in the later year

Real Wages

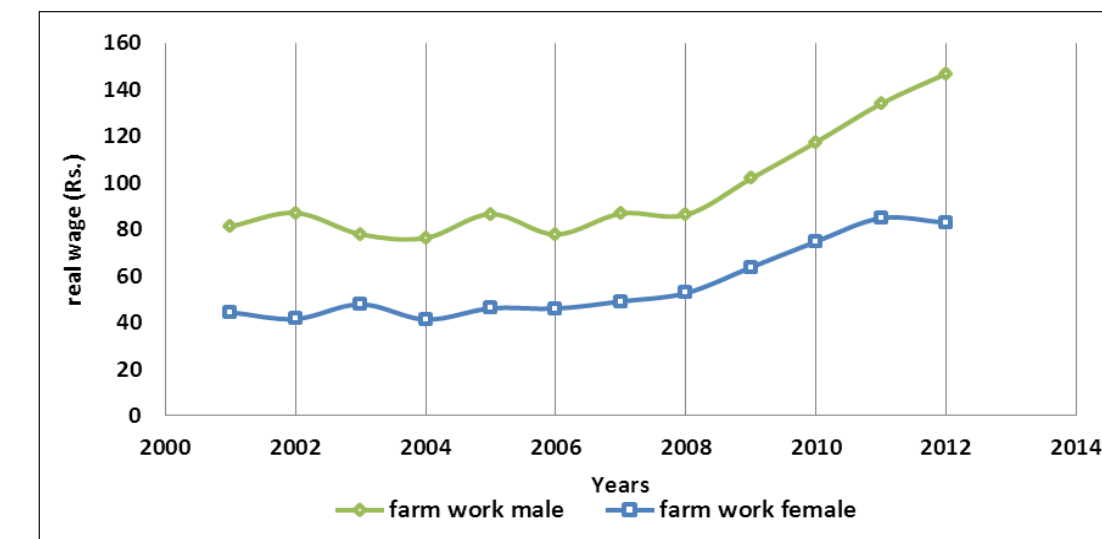
- Increased real wage (Rs. 2009-10 equivalent) for both farm and non-farm activities
- Increased wage for both male and female workers
- Gap between male and female wage rate reduced but still substantial gap exists



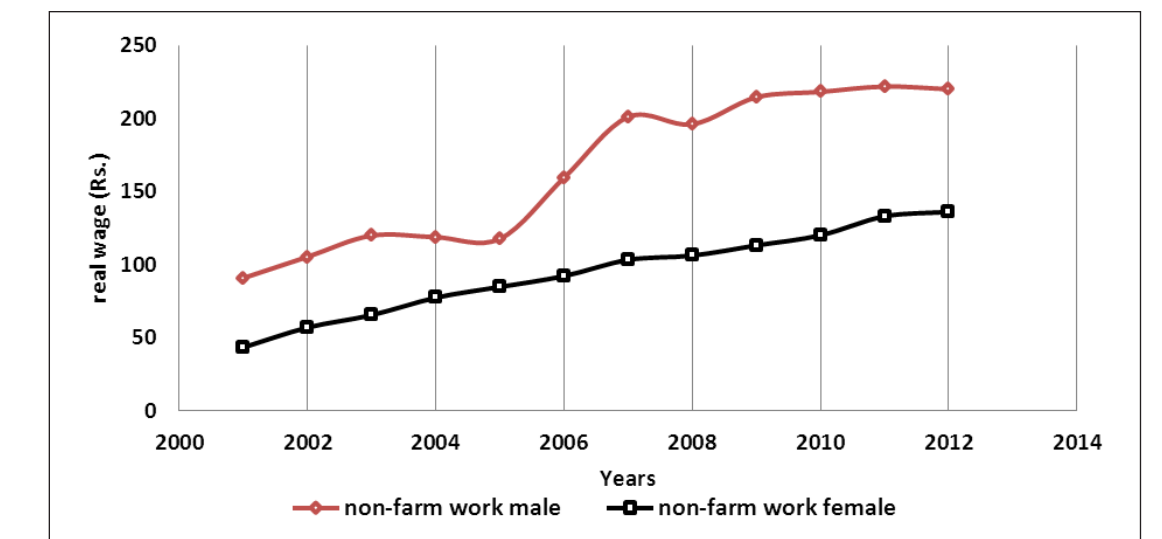
Trends in Real wage per person day across gender in Telangana for Farm work (2001-2012).



Trends in Real wage per person day across gender in Telangana for Non-Farm work (2001-2012)



Trends in Real wage per person day across gender in Maharashtra for Farm work (2001-2012)



Trends in Real wage per person day across gender in Maharashtra for Non-Farm work (2001-2012)



Rapid Mechanization in Response to Scarcity of Labor, Draft Power and Rising Wages

- Use of mechanical power has been doubled for some of the major crops like paddy (from 3 to 10 Mach. Hrs/ha.) due to labor scarcity
- Mechanization increased labor productivity significantly, but the growth rates in wage rates are not commensurate with labor productivity growth

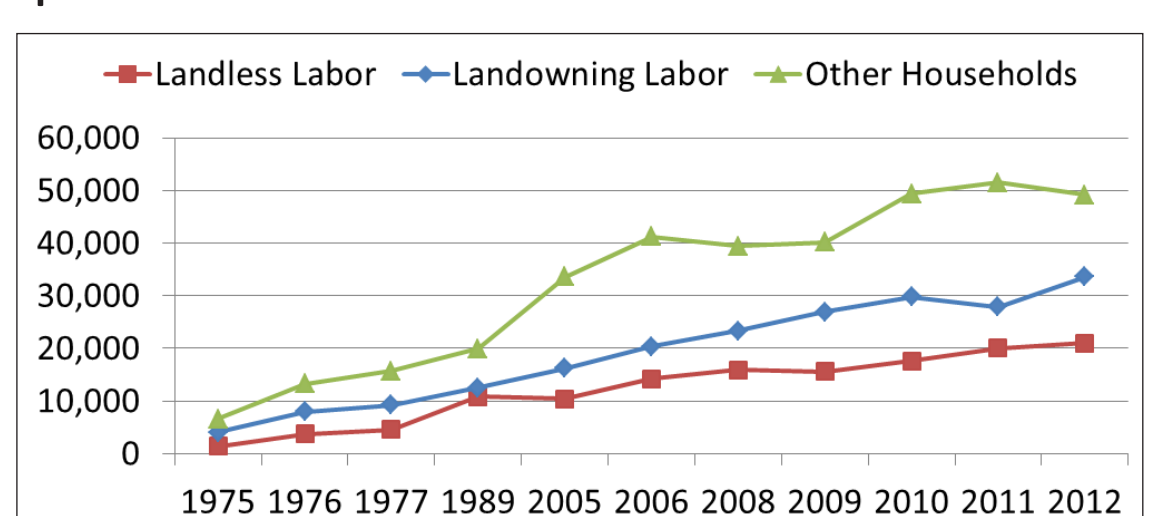


MGNREGA and Rural Labor Market

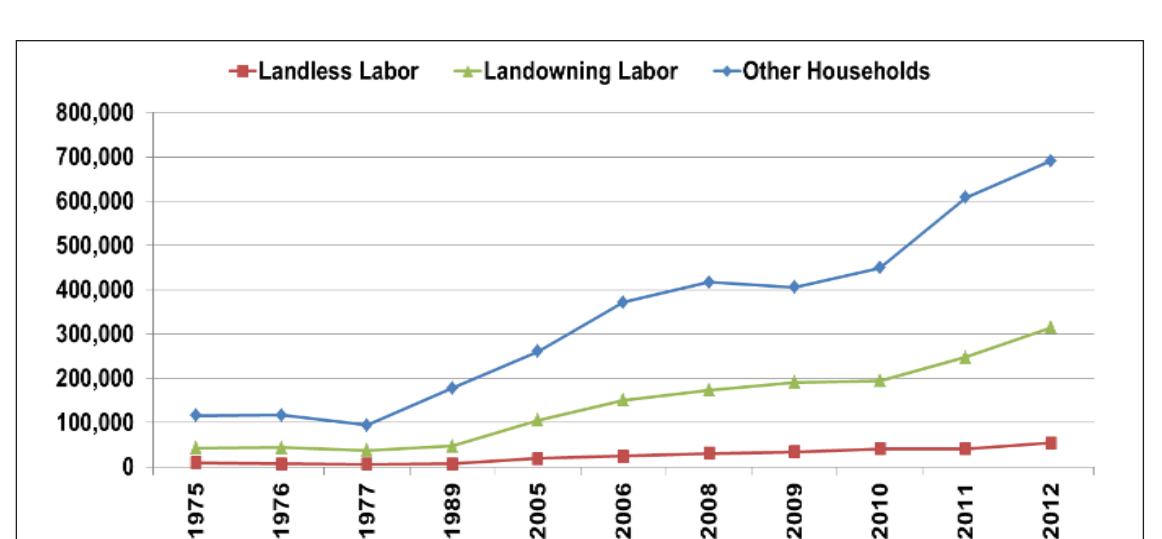
- Real wages both for farm and nonfarm works exhibited upward trend especially after implementation of MGNREGA
- Disparity in labor wage still exists- wages for female labor are lower than wage for male labor both on-farm and off-farm
- MGNREGA has helped to reduce debt burden of poor households in SAT India. The debt to asset ratio of the MGNREGA participant households reduced from 20% in 2009 to 10% in 2011
- The level of farm mechanisation has increased after the implementation of MGNREGA, but its spread across the country is uneven

What has Happened to the Rural Labor Class over Time?

- Condition of the labor households has improved over time –
 - Increased per capita income
 - Higher level of per capita asset ownership
 - Better access to education for girls and boys
- Condition of the land owning labor households (0.2 ha and above) improved more than the functionally landless labor households (having no land or less than 0.2 ha)
- Improvement in wellbeing of other households, compared to the labor households was larger and much faster, which is quite natural
- For all types of households, increase in per capita income and asset accumulation was faster during 2005-2012 than in the 1970s



Trends in per capita real income (2009-10 equivalent Rs) of labor households in Maharashtra and Telangana villages: 1975-2012. Source: Deb, Bantilan and Khan (2014).



Trends in per capita Asset ownership (2009-10 equivalent Rs) by labor households in Maharashtra and Telangana villages: 1975-2012. Source: Deb, Bantilan and Khan (2014).