

**A REVIEW :**

## Agriculture labour market in India

■ **P. Anbarasan**

**ARTICLE CHRONICLE :**

**Received :**

23.03.2019;

**Accepted :**

23.05.2019

**SUMMARY :** The share of agricultural labour force to total workforce has increased over the years despite a decrease in the share of total cultivators and agricultural workforce to the total workforce. However, increased dependence on the agricultural sector has led to the decrease in the productivity of the sector. As a result, reduction in the share of agricultural GDP to total GDP and increased dependence on the primary sector has decreased the level of income available to the rural agricultural workers. MGNREGA has witnessed a positive impact on improving the standards of the rural labourers. But, it has imposed a negative impact on the farmers by increasing the daily wage rates which are not affordable by the landlords.

How to cite this article : Anbarasan, P. (2019). Agriculture labour market in India. *Agric. Update*, **14**(2): 183-186; DOI : 10.15740/HAS/AU/14.2/183-186. Copyright@ 2019: Hind Agri-Horticultural Society.

**KEY WORDS:**

Agriculture, Labour, Workforce, Market

### **BACKGROUND AND OBJECTIVES**

Agriculture is the mainstay of Indian economy. India's total cultivated land area is about 153.51 mha which is second highest in the world after USA. India is the leading producer of meat and milk in the world and holds second rank in case of rice, wheat, vegetables, fruits and sugarcane. Agriculture sector contributes about 11 per cent of the total exports and its contribution to total GDP is about 13.9 per cent with a growth rate of 4.1 per cent in the last five years till 2013-14. About half of the country's population depends on agriculture for their livelihood and it provide raw materials for secondary and tertiary sectors. So, agriculture sector is the most important sector in India where much attention is needed to increase the productivity, which would ultimately lead to the overall economic

development of the country. As we know, India has a population of about 1.21 billion, which is 17.28 per cent of the total world population. However, the labour force participation rate is only 56 per cent which is very low when compared with the developed countries. Among the total workforce, nearly 90 per cent of the workforce is engaged by the unorganized sectors like agriculture and other small business firms. Moreover, about 50 per cent of the labour force is engaged by agriculture sector alone. It should be noted that, a public sector employee is earning 7 per cent more income than a rural casual labour. Besides, the ratio between the wage earnings of agriculture and non-agriculture employee is widening, which is about 1:6 at present. Labour in India is 4 per cent more productive in industrial sector and 6 per cent more productive in service sector than agriculture

**Author for correspondence :**

**P. Anbarasan**

Department of  
Agricultural Extension,  
School of Agricultural  
Sciences and Advanced  
Learning (VAIAL) Vellore  
Institute of Technology,  
Vellore (T.N.) India  
Email: arasan005@  
rediffmail.com

sector Goldman Sachs (2014).

## RESOURCES AND METHODS

The compound growth rates in wage rates under MGNREGA were estimated from the time series data for the period from 2006-07 to 2016-17, collected from various journals and e-resources.

The following analytical tool was used to estimate the growth rates (Nethrayani, 2013).

$$Y_t = A B^t V_t \quad \dots (1)$$

where,

$Y_t$  = Wage rate under MGNREGA in the year t

A = Intercept indicating Y in the base period (t = 0)

B = 1 + g

t = Time period

$V_t$  = Random disturbance term

Eq. (1) was converted into the logarithmic form as follows to make it in a linear form:

$$\ln Y_t = \ln A + t * \ln B + \ln V_t$$

This is of the following form

$$Q_t = a + bt + U_t \quad \dots(2)$$

where,

$Q_t = \ln Y$

a = ln A

b = ln B

$U_t = \ln V_t$

The values of 'a' and 'b' were estimated by using ordinary least squares estimation technique. Later, the original 'A' and 'B' parameters in eq. (1) were obtained by taking antilogarithms of 'a' and 'b' values as:

A = Antilog (a)

B = Antilog (b)

Average annual compound growth rate (%) was calculated as follows:

$$g = (B - 1) * 100$$

## OBSERVATIONS AND ANALYSIS

The distribution of agricultural workforce in India from 1961 to 2011 has been depicted in Table 1. It reveals that there is a tremendous increase in the total population of the country from 1961 (43.9cr) to 2011 (121cr). On the contrary, the percentage of total agricultural workers to total workforce has shown a decline from 72.36 in 1961 to 52.6 per cent in 2011, respectively. Besides, the percentage of total cultivators to total work force has also been declined from 52.8 per cent in 1961 to 22.60 per cent in 2011. However, in case of total agricultural labourers there is an increase in the share from 19.56 per cent in 1961 to 30 per cent in 2011. It could be observed that, share of agricultural labours to the total workforce has increased despite the reduction in the share of agricultural work force to total workforce. This is

**Table 1: Distribution of agricultural workforce in India, during 1961- 2011**

Year	Total population (Crore)	Total agricultural workers (%)	Total cultivators (%)	Total agricultural labours (%)
1961	43.9	72.36	52.8	19.56
1971	54.8	70.12	43.14	26.98
1981	68.3	68.35	42.33	26.02
1991	84.4	67.01	39.85	27.16
2001	102.7	58.40	31.71	26.69
2011	121.0	52.60	22.60	30.00

Sources: Census of India 1961 to 2011

**Table 2 : A comparison with GDP**

Year	Total GDP (crore)	Agrl GDP (crore)	% Contribution of AGDP to total GDP	% Agrl labours
1951	286,147	147,216	51.45	18.93
1961	423,011	195,647	46.25	19.56
1971	595,741	241,087	40.47	26.98
1981	843,426	298,130	35.35	26.02
1991	1,347,889	397,971	29.53	27.16
2001	2,472,052	554,157	22.42	26.69
2011	5,243,582	739,495	14.10	30.00

Source: [www.data.gov.in](http://www.data.gov.in)

mainly due to the lack of industrial development which would provide employment opportunity to the exploited community. In addition, improvement in the standard of living has forced the cultivators to sell their land which does not support for their livelihood and descended them as agricultural labourers.

Table 2 represents a comparison between total GDP, agricultural GDP, share of agricultural GDP to total GDP and share of agricultural labours to total labour force. The data revealed that, both total GDP and agricultural GDP has increased over the years from 1951 to 2011, but the share of agricultural GDP to total GDP has decreased. In contrast, the share of agricultural labour force to total labour force is increasing. The increase in productivity of the industrial and service sectors has paved the way for a rapid growth in total GDP over the years. But, lack of advancement and increased dependence by the people on agricultural sector has made it to contribute less than the other two sectors to the total GDP.

MGNREGA is an important scheme for the development of the standards of the rural lives. Wage rate under MGNREGA from the year 2006-07 to 2016-17 has been displayed in Table 3. It is obvious that the wage rate under MGNREGA has hiked from 69 rupees in 2006-07 to 224 rupees in 2016-17. It has shown a compound annual growth rate (CAGR) of 12 per cent. Though agricultural labour force has been increasing since 1961, the agricultural sector is facing a serious labour crisis after the implementation of this scheme. This is the result of the provision of assured employment for the rural masses, which attracts them towards the

public works offered under MGNREGA.

### Suggestions:

Suitable measures should be taken to reduce population growth which is the prime factor for increase in the dependence on agriculture. Programmes for alternative skill development for rural work force and vulnerable lot should be promoted and should be implemented effectively. Encouragement of farm mechanization can reduce the problem of labour scarcity during peak seasons. Major reason for the very low labour participation rate in India is due to lack of female participation in economic activity. This must be taken away by shifting women labour away from agriculture. Capital must be invested in manufacturing and service sectors for enhancing the labour absorption capacity especially locally (non-farm/off-farm). Introduction of advanced technologies and improved varieties will help in increasing the agricultural productivity and there by the socio-economic condition of the rural households who depend upon agriculture. Similar work related to the present investigation was also carried out by Murthy and Indumati (2011); Narayanamoorthy and Bhattarai (2013) Nethrayani (2013); Prabakar *et al.* (2011) and Niranjana *et al.* (2017).

### Conclusion:

Agricultural labourers are the most exploited community in India. As the economy develops, a great portion of the labour force tends to move towards the secondary and tertiary sectors where the productivity of labour is comparatively very high than primary sector.

**Table 3 : Wage rate under MGNREGA**

Year	Wages (Rs./day)	Per cent change	CAGR
2006-07	69		12%
2007-08	74	7.25	
2008-09	82	10.81	
2009-10	82	0.00	
2010-11	100	21.95	
2011-12	125	25.00	
2012-13	155	24.00	
2013-14	174	12.26	
2014-15	190	9.20	
2015-16	203	6.84	
2016-17	224	10.34	

Source: [www.nrega.nic.in](http://www.nrega.nic.in)

But in a developing country like India, the manufacturing and service sectors are not in a position to absorb the growing labour force. So, a huge labour force is left unemployed or pushed to work in a less productive agricultural sector as agricultural labourers. On the other hand, agricultural laborers being highly scattered and without technical skills lack bargaining power. So, they are highly exploited by the landlords. Women, whose contribution is more than 80 per cent in agriculture, lack decision making ability due to lack of education and by the male dominant society. Many of the household works and other works done by women in farms are not considered as economic activities. Government has initiated many schemes to improve the socio-economic condition of the rural households but still they are ineffective at many aspects. Decline in the share of agricultural GDP and increase in the agricultural labour force reduces the efficiency of the sector.

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