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**Minimum Wages and Mode of
Payment: The Case of Punjab**

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I. INTRODUCTION

In India, the policy on wage determination has been to fix minimum wages in sweating employments and to promote fair wage agreements in the more organised industries. To facilitate the former, i.e., to fix minimum rates of wages for those employments which are outside the domain of collective bargaining, the Minimum Wages Act, 1948 was passed. This Act recognises that the role of the market and the law of supply and demand cannot be allowed to determine wages of employees in scheduled employments. The Minimum Wages Act provides for fixation and enforcement of minimum wages in respect of scheduled employments to prevent sweating or exploitation of labour by payment of low wages. According to the provisions of this Act, once the minimum wage is fixed, the employer is bound to pay the said wages to his employees, irrespective of his capabilities to pay the wage. In other words, once the minimum wage is notified under the Act, the obligation of the employer to pay the said wage is absolute.

In India, where majority of the workforce even today is dependent on agriculture and its related activities for its livelihood, an understanding as whether the Act has been successful in meeting its objectives is required. In this regard it may be noted that Section 11(1) of the Minimum Wages Act categorically states that "minimum wages payable under this Act shall be paid in cash". Though the Act envisages payment of all wages in cash, the appropriate Governments are also authorised, under Section 11 of the Act, to permit payment of minimum wages, either wholly or partly, in kind, if in their opinion, such payment has been customary

and its continuance is necessary in the existing circumstances. This provision was made keeping in mind that the agrarian economy at that time which was not monetised to a considerable extent and it was the feudal mode of farming which was dominant in which the customary practice was to pay wages in kind. Thus the Act acknowledging this fact, made a saving clause by way of Section 11(2), wherein it is provided that "whether it has been the custom to pay wages wholly or partly in kind, the appropriate Government being of the opinion that it is necessary in the circumstances of the case may, by Notification in the official Gazette, authorise the payment of minimum wages either wholly or partly in kind".

Over the years, majority of the States have taken a recourse to Section 11(2) and have made payment of wages in kind as well. Even where such notification has not taken place, there has been a practice of making payment in kind. Moreover, there have been widespread complaints about the mode of computation of the cash value of wages in kind, which is in utter violence of Section 11(4) of the Act, which provides that "the cash value of payment in kind and of concession in respect of supplies of essential commodities at concessional rates authorised under sub-sections 2 and 3 shall be estimated in the prescribed manner". Rule 20 of the Central Rules provides for the mode of computation of cash value of wages in kind. Accordingly, the retailed price at the nearest market shall be taken into account in computing the cash value of wages paid in kind. Thus, it is seen that in spite of providing strict measures for compliance, in reality such a practice hardly exists.

The National Commission on Labour (1969) had made specific reference to the poor enforcement of the various provisions under this Act. However, in a country like India where majority of the workforce is in the unorganised sector, the task of enforcing minimum wages becomes difficult. This is more so in case of enforcing minimum wages in agriculture.

There are several reasons for the poor implementation of minimum wage legislation. Employees do not report about payments lower than the minimum wage for fear of losing their job. Sometimes, they are even forced by their employers to certify payment of minimum wages. The extended family labour is also used to evade payment of minimum wages. Above all, lack of awareness of minimum wage provisions is a major reason for its ineffectiveness. This is particularly true in remote areas and in areas where there is no organisation of labour force.

Moreover, the scope and coverage of minimum wage legislation are often too ambitious for administrative and financial resources available with the enforcement machinery. The number of inspectors are inadequate to cope with the task of implementation. Besides, an important explanation that is often cited for the poor enforcement of the legislation in developing countries is, the concern felt by governments over the fact that strict application may increase unemployment and make workers redundant (Watanabe, 1976, p. 437; Glinding, 1995, pp. 1446-47). It is often seen that the unions and employers enter into agreements for fixing wages lower than the statutory rates. Unions apprehend that strict application of minimum wages may force enterprises out of business and make workers redundant.

It needs to be realised here that the labour market in India is highly heterogeneous, and this is more so in the rural areas. It is characterised by wide differences in the level of wages across regions within a state. There are different rates in different states and even in different districts in a state. This indicates a wide variation in minimum wage rates in different employments in the state. Besides, the employers often belong to the same socio-economic category as the labourers.

In a developing country like India, where there are several limitations for the enforcement of the various provisions of the Act, lack of awareness amongst the workers about the minimum

wage rates and their entitlement, it becomes difficult to give the workers their right wages, especially in the unorganised sector.

II. OBJECTIVES OF THE STUDY

This study in Punjab, which is part of the larger study taken up in the states of Bihar, Maharashtra and Tamil Nadu, seeks to examine the implementation of the provisions related to the payment of minimum wages in cash or kind or both. The study also looks into the preference of the labourers as well as the employers regarding the mode of payment of wages.

The present study will therefore, study in Punjab the relative merit and demerit of the system of:

- (i) Payment of minimum wage wholly in cash {Section 11(1)}; and
- (ii) Payment of minimum wage wholly in kind {Section 11(2)}.

The specific objectives within the framework of the above broad objectives for the study are:

1. Whether the payment of wages in kind in a particular employment is customary or not, justifying such payment as stipulated under Section 11(2)?
2. Whether the payment of wages in kind is authorised by the appropriate Government or it is practised unauthorisedly?
3. Was the practice of payment in kind customary or a later development?
4. How the cash equivalence of the wages paid in kind is determined and whether such determination is scientific or not?

5. What are the different items/different cereals which are paid as wages in kind?
6. Whether a particular mode of payment is gender-specific, age-specific or it is uniform?
7. Whether the payment in kind satisfies the minimum nutritional requirements?
8. What are the different forms of cheating, if any, in the event of wage being paid in kind?
9. In the case of payment of wages in kind, do the households suffer from cash crunch, which adversely affects their other interests like child education, health care, etc.
10. Is it a case that in the event of payment in cash, there is a higher degree of the appropriation by the male members of the household for unnecessary and unproductive expenses.
11. Taking into account three situations :(i) where prescribed wage is paid, (ii) where wage being paid is the below prescribed wage (iii) the wage is above the prescribed wage, the study will try to find, if these three different situations signify any situation-specific mode of payment
12. Is there any relationship between a particular mode of payment and a particular class of employers, i.e., landlord, rich peasants, middle peasants and poor peasants (poor peasants may also sometime hire in and hire out)?
13. Whether a particular mode of production like capitalist mode of production signifying tractorisation and feudal mode of production signifying largely leaving off rent has any relation with a particular mode of wage payment ?
14. Is a particular mode of payment signified a particular season of agriculture ?

15. Does the size of wage packet influence a particular mode of payment, viz. does payment in bulk attract a different mode of payment ?
16. Since occupational distribution of workers in the rural area indicates a large mass of workers, not constituting a single set, but finding place in the sub-sets or overlapping zones of the different sets, the study will also take into the account off- farm practices.
17. What are the views of employers and employees, their perceptions, their acceptability?

III. MINIMUM WAGE LEGISLATION IN INDIA

Labour income is a major source of income for the vast majority of the people and the wages influence the life of the workers and their family to a great extent. Thus, the operation of the labour market becomes important. In the organised sector, there is some kind of understanding between the workers and the employers with regard to the wages and other benefits of the workers. However, in the unorganised sector often there is no such understanding. It is in this context that it becomes important for the government to intervene by fixing and enforcing minimum wages.

There is a common belief that in labour surplus developing countries, an increase in minimum wages reduces employment opportunities owing to its supposed effect of forcing up the wage level. This argument is supported by findings of negative elasticities of demand for labour, i.e., an increase in wage gives rise to a fall in employment in different parts of the world (Watanabe, 1976, p. 345). Most of these findings are based on studies in the industrialised countries, and are supported by the standard neo-classical labour market model, which predicts that minimum wages reduce employment. However, recent studies in the nineties have shown that a small increase in minimum wages does not have a

negative effect on employment (Katz and Krueger, 1992; Card and Krueger, 1995). Though these findings are based on empirical evidences from the industrialised countries, they have a major implication for the developing countries. In a country like, it is difficult to find even a single model which can explain all aspects of labour markets. Although there are many rural labour market theories, yet most of them are not adequate to account for all aspects of empirical evidences of rural labour market in India (Dreze and Mukherjee, 1987, pp. 28, 35). Therefore, although we cannot conclude directly from these discussions that minimum wages in the developing countries will have a similar effect on employment, but they certainly raise doubts regarding the validity of the conventional argument that minimum wages have a negative effect on employment.

The Minimum Wages Act, 1948

In India, where most workers work in the informal sector, the minimum wage legislation is the main legislation for the welfare of workers in this sector. The Minimum Wages Act, 1948 does not define “minimum wage”, nor does it prescribe any guidelines for its quantification. The Committee on Fair wages (GOI, 1949) was constituted with the objective of defining the minimum wage. The Committee observed that “the minimum wage was to ensure not merely the bare subsistence of life but the preservation of the efficiency of the workers by providing some facilities for education, medical requirements and amenities”. It should be higher than the wage corresponding to poverty level.

The Minimum Wages Act, 1948 was passed in order to fix minimum wages for employments covered by the Schedule to the Act. The items in the Schedule are those where sweated labour was considered to be most prevalent or where there is a chance of exploitation of labour. The intention of the Minimum Wages Act was to assign duties on the State to fix minimum rates of wages for those employments which were outside the domain of

collective bargaining. This is evident from the fact that the original schedules of employment, i.e., Part I and Part II of the Act included those segments which are unorganised and informal.

As per the provisions of Section 3 of the Act, the appropriate government can fix the minimum rates of wages payable to employees employed in an employment specified in Part I or Part II of the Schedule and review fixation of minimum wages within a period not exceeding five years. The minimum wage may be fixed at "time-rate, piece-rate, guaranteed time-rate and overtime-rate". It can consist of a basic wage and an allowance linked to the cost of living index and is to be paid in cash, though payment of wages fully or partly in kind may be allowed in certain cases. The government can also fix the number of hours of work, provide for weekly days of rest, payment of remuneration in respect of such days of rest, payment of overtime wages and for work on the day of rest at a rate equal to the overtime rate.

Fixing of Minimum rates of wages

Section 3 of the Act states that in fixing or revising minimum rates of wages under this section:-

- (a) different minimum wages may be fixed for-
 - (i) different scheduled employments;
 - (ii) different works in the same employment;
 - (iii) adult, adolescent and children;
 - (iv) different locations;
- (b) minimum rates of wages may be fixed by any one or more of the following wage-periods, namely:
 - (i) by the hour,
 - (ii) by the day,
 - (iii) by the month, or
 - (iv) By such other larger wage- period as may be prescribed;

Minimum rate of Wages

As per the section 4 of this Act –

- (1) Any minimum rate of wages fixed or revised by the appropriate Government in respect of the scheduled employments under Section 3 may consist of –
 - (i) a basic rate of wages and a special allowance at a rate to be adjusted, at such intervals and in such a manner as the appropriate Government may direct, to accord as nearly as practicable, with the variation in the cost living index number applicable to such workers (hereinafter referred to as the “cost of living allowance”); or
 - (ii) a basic rate of wages with or without the cost of living allowance, and the cash value of the concessions in respect of supplies of essential commodities at concession rates, where so authorised; or
 - (iii) an all-inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any.
- (2) The cost of living allowance and the cash value of the concessions in respect of supplies of essential commodities at concessional rates shall be computed by the competent authority at such intervals, and in accordance with such directions as may be specified or given by the appropriate Government.

Procedure for fixing and revising minimum wages

The section 5 of the Act prescribes two different procedures for fixation and revision of minimum wages- the committee method and the notification method. The notification method involves publication of the proposals by a notification in the official gazette for the information of persons likely to be affected. The government

then considers the representations received from different individuals, associations or unions, consults the advisory board and fixes or revises the rates by notification in the Official Gazette. The advisory board is tripartite in nature and consists of representatives of the government, trade unions and associations of employers.

Wages in kind

Section 11 of the Act deals with the payment of minimum wage in kind. As per the Act-

- (1) Minimum Wages payable under this Act shall be paid in cash;
- (2) Where it has been the custom to pay wages wholly or partly in kind, the appropriate Government being of the opinion that it is necessary in the circumstances of the case may, by notification in the Official Gazette, authorise the payment of minimum wages either wholly or partly in kind;
- (3) If the appropriate Government is of the opinion that provision should be made for the supply of essential commodities at concessional rates, the appropriate Government may, by notification in the Official Gazette, authorise the provision of such supplies at concession rates; and
- (4) The cash value of wages in kind and of concession in respect of supplies of essential commodities at concessional rates authorised under sub-section (2) and shall be estimated in the prescribed manner.

Mode of computation of the cash value for wages in kind

As per the Act, for the mode of computation the wholesale prices at the nearest market should be used as a basis for computing the cash value of wages paid in kind.

Fixing hours for a normal working day

The number of hours of work for an adult on a normal day is nine hours. The working day of an adult should not exceed more than twelve hours, inclusive of the period of rest. When a worker works for more than three quarters of a normal working day, he/she is entitled to get the wages for the full day.

Overtime

As per Section 14 of the Act, works on any day in excess of the number of hours constituting a normal working day, the employer shall pay him for every hour, or for part of an hour so worked in excess at the overtime rate fixed under this Act or under any law of the appropriate Government.

IV. METHODOLOGY AND STUDY AREA

Background of Punjab

According to the 1991 census the population of Punjab is 20,281,969. This land, which is bordered with Pakistan on its west Jammu & Kashmir and Himachal Pradesh, has an area of 50,362 sq.km. Punjab has a long connection with rivers and water. It is the most irrigated state of India, having 50 per cent of the irrigation from rivers and another 50 percent from irrigation pumps. The Bhakra dam, which was built in the fifties has made Punjab a totally irrigated state. Irrigation, along with hard work and enterprise of the farmers have helped Punjab to usher Green Revolution. Punjab contribute as much as 62 percent of the wheat to the central pool of surplus grains and 50 percent of the rice. Besides wheat and rice, maize gram and pulses, as well as oilseeds like mustard seed are important food crops. Cotton, sugarcane and sunflower are also produced in large number.

Workforce Structure

Table 1
Workers and Non workers in Punjab by Sex, 1991

	Male	Female	Total
Main Workers	58,32,852	2,65,522	60,98,374
Marginal workers	10,491	1,53,124	1,63,615
Non Workers	49,34,691	90,85,289	1,40,19,980

Source : Director, Census Operation, Punjab.

Out of the total 60,98,374 main workers it is seen that 33,70,038 workers (55 per cent) are either cultivators or are working as agricultural labourers in Punjab. This shows that majority of the population in Punjab is involved in agriculture or related work. Besides, a large number of people (49,295) are also involved in work related to livestock, fishing, plantation orchards and other similar activities.

Table 2
Working Population in different industrial categories, 1991

Occupation	Male	Female	Total
Cultivators	18,94,061	23,149	19,17,210
Agricultural Labourers	13,88,159	64,669	14,52,828
Livestock, Forestry, Fishing, Hunting, Plantation, Orchards and allied activities	46,345	2,950	49,295
Mining and Quarrying	561	3	564
Manufacturing, Processing in household industry	72,640	8,444	81,084
Manufacturing other than household industry	6,50,095	17,957	6,68,052
Construction	1,53,317	2,728	1,56,045
Trade and Commerce	6,30,803	12,451	6,43,254
Transport and Communication	2,31,298	2,489	2,33,487
Other Workers	7,65,573	1,30,682	8,96,255

Source: Director, Census Operation, Punjab.

Cropping Pattern

Out of the total 5,036 thousand hectares of land in Punjab, eighty five percent is used for agriculture, and therefore sown.

A study of the cropping pattern in Punjab shows that the two major crops in Punjab are wheat (Rabi crop) and paddy (Kharif crop). These two crops are grown in Punjab on a rotation basis every year. Although rice is not consumed in the state to any appreciable extent, yet it is seen that out of the total 4,266,000 hectares net sown area, 2,152,000 hectares grow paddy. Since wheat is the major crop and also consumed to a appreciable extent in Punjab, therefore on about 90 percent of the total net sown area wheat is cultivated.

Methodology of the Study

The study is mainly based on primary data collected through a participatory technique by the researcher and two investigators who were given a brief training on the PRA techniques. Besides PRA techniques, information was also collected through FGDs (Focus Group Discussion) with different interest groups and also through case studies. Besides primary data, secondary information was also collected, mainly from the State Labour Department and other secondary sources such as Director of Land Records, Punjab; Director of Agriculture, Punjab; and Economic and Statistical Organisation, Punjab.

In order to collect the primary data, to begin with the different agro-climatic zones of Punjab were identified. In each of these zones certain districts were identified representing the specific nature of that particular agro-climatic zone. The sampling procedure adopted for the study was purposive sampling as the study restricted itself to only a specific strata of the total population.

The state of Punjab is divided into three agro climatic zones, viz. North-eastern zone, Central zone and South-western zone

(Gopal Krishan, 1986). For the purpose of the study, from each of the zones certain districts have been chosen representing various types of socio-economic conditions, which will help in identifying the varying perception of the labourers with reference to wages and their preference of the type of wage. Further, the enquiry was narrowed down to cover certain villages from each of the chosen districts on the bases of cropping pattern and the likelihood of payment of wages in kind. Certain districts such as the Ludhiana district, which is the hub of agricultural development – was purposively not selected for the study because the predominant tendency in the district is to pay on cash as wages, without food.

The Study Area

North-eastern Zone :

The agriculture in the North-eastern Zone is least developed, which can be attributed to various factors, such as, dissected and undulated topography, small size of agricultural holdings, lack of adequate irrigation and inadequate infra-structure. From this zone, the districts that had been selected for the present study were:

- (i) Rupnagar
- (ii) Hoshiarpur
- (iii) Gurdaspur

Central Zone:

This is the most developed area of Punjab in terms of agriculture, industry, means of communication and transport. From the Central Zone the selected districts were:

- (i) Patiala
- (ii) Jalandhar
- (iii) Amritsar

South-western Zone:

Though the size of the operational holdings is relatively larger yet it is a late starter and is in the process of catching up with the Central Zone. A peculiar feature of this zone is that, unlike the other two zones, in this zone the major part of the land is concentrated in the hands of 10 percent of the farmers. Over the past couple of years it has been seen that the farmers unable to cope up with the pest problem in their cotton fields are switching over to paddy cultivation. From the South-western Zone, the districts that were selected were:

- (i) Bathinda
- (ii) Mukatsar
- (iii) Sangrur

Profile of the Study Area

Rupnagar District:

This district which is situated in the eastern part of the state has a total area of 2,085 sq.km. The total population of the district as per the 1991 census is 9,15,603 persons comprising of 4,89,671 males and 4,25,932 females. Rural population of the district is 6,83,286 persons (3,65,445 males and 3,17,841 females) the district is mainly covered by forest and hillocks and a sizeable area in the district is either under the river or rainy season streams. About two-thirds of the total area of the district is under cultivation and most of it is unirrigated. The percentage of irrigated area to the total cultivable area is 38.6. Canals, wells and tube-wells are the main sources of irrigation. The principal crops of the district are wheat, maize, rice and sugarcane. More than half of the cultivated area is under wheat.

Hohiarpur District:

The district has a total area of 3,403 sq. kms. As per the 1991 census, the population of the district is 12,99,261 persons

comprising of 10,77,123 persons in rural areas and 2,22,138 persons in the urban areas. The principal crops in the district are wheat, rice and maize. Besides, sugarcane, groundnut and cotton are also grown in large quantity. The introduction of package programme in agriculture has popularised high yielding varieties of seeds, chemical fertiizers, pesticides and effective water management etc. which have helped the district in increasing agricultural production appreciably.

Gurdaspur District:

It is the northern most district of Punjab and is situated between the rivers Beas and Ravi. The total area of district is 3,562 sq. kms. As per the 1991 census the total population of the district is 17,56,732 persons comprising 9,23,343 males and 8,33,389 females. The rural population of the district is 13,70,320 persons (7,19,477 males and 6,50,843 females). The principal crops of the district are wheat, rice and maize. Besides these crops, sugarcane is also extensively cultivated, especially in the Gurdaspur and Batala tehsils. The major portion of the districts gets irrigated from the Upper Bari Doab Canal, which has been taken out from Ravi river. Besides, irrigation is also done from tube wells and wells.

Patiala District:

The district Patiala has a total area of 3,444 sq.kms. The total population of the undivided district of Patiala, according to the 1991 census, is 18,96,242 persons comprising of 10,08,576 males and 8,87,666 females. Rural population of the district is 13,29,269 persons (7,09,313 males and 6,19,956 females). The district has vast fertile land and it is well irrigated, thus yielding bumper crops especially, rice and wheat. The total irrigated area of the district is 79.8 per cent of the total cultivated land. More than 50 per cent of the people in the district are engaged as cultivators and agricultural labourers. The main crops of the district are wheat, paddy, barley, maize and sugarcane.

Jalandhar District:

The district is bounded by Hoshiarpur district in the north-east, Kapurthala and Nawashahr in the east, Kapurthala district in the west and Firozpur and Ludhiana districts in the south. The total area of the district is 2,639 sq. kms. According to the 1991 census, the total population of the district is 16,47,954 persons comprising of 8,68,609 males and 7,79,345 females. The rural population of the district is 9,77,599 persons (5,12,575 males and 4,65,024 females) and urban population is 6,70,355 persons (3,56,034 males and 3,14,321 females). The total area of the district under cultivation is 85.73 per cent and 80.76 per cent of the cultivated area is irrigated. The main sources of irrigation in this district are canals and tube-wells. Wheat, maize, rice and sugarcane are the principal crops of the district. More than half of the cultivated area in this district has wheat cultivation.

Amritsar District:

The total population of the district according to the 1991 census is 25,04,560 persons comprising of 13,37,503 males and 11,67,057 females. The rural population of the district is 16,50,729 persons (8,82,328 males and 7,68,401 females). Besides the three rivers Ravi, Beas and Sutlej, canals are the principal source of irrigation, followed by wells, tube-wells and pumping sets. Since the district was one of the first to receive irrigation by canals, the water table has gone up quite appreciably in the district. Due to this factor, tube-wells and pumping sets were found more suitable as a counter check for increasing water table.

Bhatinda District:

The total area of the district is 3,359 sq.km. As per the 1991 census, the total population of the district is 9,79,566 persons of which 5,19,887 are males and 4,59,679 are females. The rural population of the district is 7,13,776 persons (3,78,007 males and

3,35,769 females). The decennial growth rate of population of the district as a whole is 19.19 per cent in relation to that of the state which is 20.26 in the period 1981 and 1991. The percentage of area under cultivation is 91.30. There has been a decrease in the uncultivated area and cultivable waste, as compared to 1981 census figures, indicating necessary catching up with green revolution activities in the state. The state canals – Sirhind and Bhakara and deep tube-wells, systematically dug, are main source of irrigation in the district. The principal crops of the district are wheat, gram, maize, pulses, bajra, jowar and mustard. The commercial crop cotton is also extensively cultivated and the district is known as the textile centre.

Muktsar District:

This district lying in south-western portion of Punjab state, has a total area of 2,596.5 sq. kms. and as per the 1991 census, the district has a total population of 6,53,079 persons comprising of 3,47,421 males and 3,05,658 females. The rural population of the district is 4,99,962 persons (2,66,341 males and 2,33,621 females). Three-fourths of the population is engaged in agriculture and the district produces surplus food grains, specially wheat and rice.

Sangrur District:

This district which comprises of four tehsils has a total area of 5,107 sq. kms. The total population of the district, according to the 1991 census, is 17,10,120 persons, comprising of 9,14,361 males and 7,95,759 females. Rural population of the district is 12,92,126 persons (6,92,162 males and 5,99,964 females). The economy of the district is agriculturally oriented and the principal crops of the district are wheat, paddy, maize, bajra, groundnut, cotton and sugarcane. More than half of the cultivated land is under wheat cultivation. Sugarcane also accounts for a substantial portion of the cultivated land.

Table 3**The villages chosen from each of the study area**

Zones	District	Villages
North-eastern Zone	Rupnagar	Fatehpur
	Hoshiarpur	Sahari
	Gurdaspur	Dera Baba Nanak
Central Zone	Patiala	Mardanpur
	Jalandhar	Nur Mahal
	Amritsar	Chohla Sahib
South-western Zone	Sangrur	Duggan
	Bathinda	Guniana Kalan
	Muktasar	Kotla Sanghar

Taking into consideration the specific nature of the study, the technique that was applied for data collection was Participatory Research Appraisal (PRA). This was cross-checked by Focus Group Discussions and discussions with different target groups at the village, block and district level.

The discussions that were held during the course of the study, covered mainly the following groups:

1. Labourers- agricultural and labourers in off-farm activities
2. Farmers-both big farmers and peasant farmers
3. Women labourers
4. Village elders, who are currently not in the workforce
5. Trade union leaders
6. Any other labour identified during the course of the study

A set of questions were prepared for the discussion with the different interest groups which is as follows:

1. Awareness about the existence of any statutory minimum wages.
2. Awareness about any norm(s) used for fixation of this minimum wage.
3. Awareness about the concept of minimum wages and that there exists a law related to the payment of minimum wages.
4. Present level of wages- both peak and slack season wages (at least in case of agricultural labour).
5. What is the existing custom of mode of payment of wages? How has it evolved over the years? (Get an idea of the changing patterns over the last 50 years).
6. Discuss matters related to the forms of wages received in kind- what are its various components (for different operations/activities). What is/are the mechanism/s of imputation of value to wages received in kind?
7. Are the labourers forced to accept any particular mode of payment of wages? Have there been any such instances in the recent past? What was the pattern in the last Rabi harvest season? Do the labourers envisage any change in this, in the coming sowing season?
8. Does the form of wage payment vary with the mode of operation-even within agriculture? How?
9. What is the normal ratio of wages in cash to wages in kind? Have there been any efforts on the part of the labourers to alter this ratio? What was the basic reason, if any, to demand such a change? Examine this for a period of time- at least during the last ten years.

10. How are the ratios arrived at- is it collective or individualistic? Which is the preferred way of negotiation?
11. What is the average size of the family of the agricultural labour? Does the size of the family affect the preference for accepting a particular form of wage payment- regardless of the nature of the product-perishable or relatively durable?
12. Ask the target groups to recall any situation when there was a glut in the market or even shortage. How did this situation affect their preference for mode of wage payment? What were the compulsions and constraints? What is the general strategy to resolve such crisis situations?
13. What percentage of the wages received in kind enter the open market and at what rates? Are these rates generally depressed than the open market rate for the non-distress sellers?
14. Given that the prices generally come down in the period after the harvest is over, what are the options for the wages received in kind? Does it enter the open market or is it utilised for final consumption needs?
15. How do the labourers see the overall payment of wages in cash and kind- in the context of the changing economic scenario? What can be done by the government to live up to the expectations of the labourers in this regard?

Besides information from the field, information from secondary sources was also collected from the State Labour Department which is as follows:

1. Latest notification of the state government regarding the fixation of minimum wages. Does it provide for payment of wages in kind? Who is involved in imputing value to the wages received in kind?

2. Present method of implementation.
3. How does the state labour department feel about the law? Does it think that a better mechanism could be evolved in consultation with other partners? Who are these potential partners with whom an effective decision can be taken, so that it is practically feasible to implement and monitor, as well as it is largely acceptable to the labouring class? Is there any matter related to this on its agenda at present? How does the department seek to handle it?

The information that was collected, was analysed using both quantitative and qualitative PRA techniques.

IV. THE STUDY

The State of Punjab is the most irrigated state of India. Fifty percent of the irrigation comes from its rivers and the other fifty percent from pumps. The Green Revolution has made deep inroads into the social and economic order of rural Punjab. The commercialisation of agriculture has largely transformed the traditional mode of kind wage payments to the cash wages, based on the market principle of liberal economy. In other words, the tradition of engaging Siri (Siri's status was more closer to attached agricultural labourer whose 'wages' equaled to the fifth share of the produce) which was prevalent even a few years ago is almost gone out of use. And so is the traditional mode of leasing out on share cropping basis. Even the character of tenancy has radically changed. The workers, now even if they do not get agricultural work, seek non-agricultural work in the nearby construction sites and brick-kilns.

The role of massive migrant labour in the rural areas of Punjab can hardly be underestimated. Since migrant labour hail from the far away places like Uttar Pradesh, Bihar, and Orissa they are not interested in kind wages. They ask for cash wages, but invariably

along with food, during their working in Punjab agriculture. During the first phase of the Green Revolution, the influx of migrant labour filled the void in the labour market, especially during the peak agricultural season. Slowly some of the major labour intensive agricultural operations have been taken over by the machines such as tractors, seed drills and combine harvesters. The commercialisation of agriculture has brought another major change in the cropping pattern and the cropping intensity. Production for immediate use no more influences the decision. It is the profit, which guides the decision in choosing the type of crops to be grown. Consequently, multiple cropping pattern has narrowed down to a few commercially viable crops, such as, wheat, sugarcane, paddy, cotton, and sunflower. This shift in cropping pattern has two effects on the labour utilisation pattern: (i) the demand for labour has narrowed down to a few peak periods, and (ii) the number of crops being grown has come down, which has made possible to mechanise those agricultural operations, such as, sowing and harvesting.

Besides, there has been a shift not only in the mode of wage payment from kind to cash, but also a change from time rate wages to piece rate wages. The shift from time to piece rate wages favours employers who save their time of supervision and also can squeeze the per acre rate by holding back wage rate over time.

Commercialisation of agriculture during post-Green Revolution period has decreased the total number to days work available in agriculture. The employment available concentrates at only a few peak periods of agricultural operations, which means that the local labour is seriously affected.

As mentioned earlier, a large number of the labour intensive agricultural operations, such as, ploughing, sowing, hoeing (weeding) and harvesting, have been taken over by the machinery. Only those agricultural operations are left to the manual labour, where mechanisation either is not possible or is not economical.

In Punjab, there are two types of labourers working in the rural areas, that is, migrant workforce and the local labourers. It is estimated by various sources that not less than 5 lakh of migrant workers work in the fields of Punjab during the peak agricultural operations. It means that the local labour have to compete for wage rates with migrant labour. Since migrants are comparatively cheaper to hire, the local labourers opt out of the labour market except for some of the operations, such as, wheat harvesting, peeling off maize cobs, and also rarely paddy harvesting-cum-threshing.

Wage rate and mode of payment

The findings of the study revealed that the wage rate is almost uniform in all our study areas. However the mode of wage payment differed from one area to another.

The table-4 shows that the tradition of engaging local agricultural labourers as attached labourers, is almost extinct. This is because of mechanisation in farming along with other developments such as improved fertilizers, pesticides etc. which has made farming much easier than the pre-green revolution days.

The findings of the study revealed that on an average, there were three attached labourers per village, who were mostly migrant in origin. While the local labourers used to be engaged on annual basis, the migrants are on monthly basis. In either case, food is offered by the employers. The attached labourers (adult) are paid a sum of Rs.15,000.00 to Rs.18,000.00 annually and children are paid Rs. 10,000.00 annually along with food thrice a day. The amount given to the attached labourers varies according to the experience of the workers.

However, many labourers complained of not getting regular work in the village. They got work for about three months in a year which many a times forced them to work as attached labour because of its security of employment. Discussion with different levels of target groups revealed that the landowners usually preferred small children as attached labour as they can be paid less. The study revealed that in all our study areas, there were more children working as attached labour as compared to adults.

Table 4

Wage rates and mode of wage payment for agriculture and non-agriculture sector

Name of the operation	Migrant labour	Local Labour	Machine
Wheat harvesting	Rs. 550-600/- acre (+three times food and two cups of tea)	105-110 kgs grain + 1qtl Bhusa/acre with 2 cups of tea, no food.	Combine harvester @ Rs. 350/- acre (no food).
Wheat threshing	Rs. 100/- daily (with ration of ½ kg. rice + potato and cooking oil).	Two tins of wheat grains (of 15 kg each)/acre + (2 cups of tea only, no food)= in cash is Rs. 165/-.	Thresher owner charges rent of machine @ 16th to 20th part of the wheat threshed.
Paddy transplan-tation	Rs. 450/- acre (+3 times food and 2 cups of tea); food = Rs. 70-75/-.	Nil	Nil
Paddy harvesting cum-threshing	Rs. 850/- acre with food and 2 cups of tea) Straw worth Rs. 1000/- acre.	Rs. 1200/- acre (no food, 2 cups of tea).	Rs. 350-400/- acre.
Maize harvesting	Rs. 350/ acre (with food and teas) re-quire 5 mandays.	Nil	Nil
Maize cobs peel-ing off and threshing		Female Labour: @ ³ / ₄ th - 1 kg cobs per bundle; net grains 10 kg = Rs. 55/- day (No food).	Threshing: 25th-30th share of the grains shelled.
Fodder cutting	Rs. 6-8/- per qtl of fodder harvested.		Nil
Non-agriculture sector	Rs. 60/- daily (with food)	Construction : Rs. 75/- daily (with food) Rs. 85/- daily (without food)	
Attached agricul-tural labour	Rs. 500-600 month (with food; only four in number.		

Bachan Singh of Gunia Kalan village in the Bathinda district, and his son Gurbachan Singh who is 13 years old, work as an attached labourer. Bachan Singh gets an annual payment of Rs. 17,000/- and his son gets an annual payment of Rs. 10,000.00 plus food thrice a day. When asked the reason for working as an attached labourer, Bachan Singh conveyed that work is not available all throughout the year in the village because of mechanisation of agricultural activities. Work is available for about three months in a year for which it is better to work as an attached labour as it gives security of employment.

The study revealed that in Punjab, kind payment (wholly in kind) is made only for the harvesting and of wheat, which involves work for only thirty days in a year. In all other activities the payment is made in cash. The migrant workers, as already mentioned, prefer cash payment along with food. They try to survive on the food given to them by their employer and save the cash. The wheat harvesting activities are generally carried out by the local labourers. The local labourers who work during the harvesting of wheat prefer to get payment in kind, as the payment in kind ensures their food supply for the season. They work during the harvesting season to collect some minimum amount of grains for the consumption of the family and do not sell it in the market to meet their cash needs.

The employers (landlords) prefer to give payment in kind during the harvest season, as the grains are readily available with them. Payment in cash would mean selling their grains in order to make the payment to the workers. However, it was found out during the course of this study, that at times if the workers demanded cash payment (especially if the migrant workers are involved in the harvest related work), then the employers made them payment in cash.

The usual practice in Punjab for payment in kind is to give 110-120 kilograms of wheat and 2 quintals of fodder for harvesting one acre of land which is done by 7-8 persons in one day. Thus,

each worker gets 15 to 17 kgs. of wheat and 25 – 28 kgs. of fodder. As the local cost of wheat is Rs.5.00 approximately, therefore, a calculation of the kind payment reveals that the workers get their minimum wage through payment in kind. As the grains that are given to the workers are freshly plucked from the field, therefore one does not see any discrepancy in terms of the quality of grains that is given to the workers.

The cash need of the workers are met from cash wages by working in other agricultural activities all throughout the year and also by working in the non-agricultural sector. They work on construction (building and roads), brick-kilns, petty trade like vegetable vending, wood cutting, picking iron and coal from industrial waste from a tractor factory near the village, collection of grass for rope making, etc. A substantial number from the backward and Scheduled caste households have also managed jobs in organised sector.

It has been seen that for wheat harvesting activities, there is often a competition between migrant labour, local labour and combine harvester. In the recent years, there is a strong tendency to switch on to combine harvesters as they are not only quick but also available at much lower rates compared to the manual harvesting. The combine harvester can be hired at Rs.350.00 per acre, while an employer has to pay at the rate of Rs.550.00-600.00 per acre (with food) to the migrant labour and 105-110 kg. of wheat grains per acre (without food) to the local labour. However, the farmers engage labourers for manual harvesting because they can save wheat *bhusa* (chaffed wheat straw) worth of Rs.1500.00 acre which is not possible to save in case of combine harvesters. Farmers use this *bhusa* as cattle fodder and same is also shared as part of kind wages by the local labourers. The computation of wages to daily cash wages comes out to be Rs.100.00 (with food) for the migrant workers and Rs.115.00 (without food) for the local labourers. This is also evident from the daily wage rates for the

migrant workers in the wheat threshing operation which is Rs.100.00 (with food).

Paddy transplantation is not only fully manual, it is also entirely performed by the migrant labour, primarily from the state of Bihar. Since the paddy transplantation prolongs over one month and there is no hurry, unlike the wheat harvesting operation, the abundant supply of cheap migrant workforce suppress the wage rates. Our calculation shows that if we compute piece rate wages to daily wage for the purpose of comparing with the statutory wage rates, it comes out to be Rs.75.00 (with food), which is higher than the statutory minimum wage rate of Rs.63.25.00 day (with food).

In case of maize, the peeling off maize cobs is one such operation which is performed by the local female labour on piece rate basis. Here again, the wages given to the local labourers are in kind as they are in need of maize grains for the consumption of the family members. The kind wages when computed to daily cash rates comes out to be Rs.55.00 (without food), which is below the statutory minimum wages. Threshing of cobs is done on kind rates which is 25th to 30th share of the maize threshed.

During the lean season, the most common casual wage rate in the village was Rs.50.00 day (with food) which is Rs.13.25 less than the prescribed minimum wage.

As per the study, the payment in construction and other off-farm activities where a large number of local labourers are also absorbed, the daily wage workers are paid Rs.50.00 - Rs.55.00, which is much lower than the minimum wage. It has been seen that there is a discrimination towards female labourers as per as the wages in the off-farm activities are concerned. They are frequently not able to earn the minimum wage in spite of putting in a whole days labour. This also applies to the migrant labourers who have very little bargaining capacity.

V. CONCLUSION

The study reveals that the payment for paddy crop is generally made in cash, as most people in Punjab are not rice eaters. However, for wheat-related activities, the payment is generally made in kind, except to the migrant labourers who prefer payment in cash. It has been seen that the customary mode of payment for wheat related work has been payment in kind.

The workers prefer payment for activities related to harvesting of wheat crops in kind, as this ensures their food supply for the rest of the season. As work in the village is usually not available all throughout the year, the workers usually go out to work in the nearby brick-kilns and construction sites. The cash needs of the workers are met by working in the non- agricultural activities. However, one can see that the wages in the non-agricultural sector are usually lower than the minimum wages.

With the monetisation of village economy, payment in cash has also become prevalent to some extent, even in the agricultural activities and at some places there has been demand by workers for contract system of wages, which is gaining ground slowly.



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