

Labour-Market Intermediaries in Madhya Pradesh: An Overview

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Abstract - *With various historical and cultural characteristics Madhya Pradesh is known as a 'labour surplus state' as well. It has the largest population of Scheduled Tribes and subsequently relatively higher population of Scheduled Castes and has been supplying mainly the unskilled and semi-skilled labour force to urban and industrial areas within the state and to the nearby states i.e. Gujarat, Maharashtra, Haryana, Delhi, Rajasthan etc., particularly since early 1990s the process of labour movement, termed as 'migration' or 'commuting', has been increasing gradually. The migrants or commuters are amongst the poorest and most vulnerable groups of the village society. Their recruitments are done, in a way facilitated, by these labour market intermediaries. They often belong to the communities that they recruit from, i.e. from the village or tribal communities. Also, they are slightly better experienced about the wage work opportunities with relatively bigger social networks. As non-farm works are overlapping farming works in the country's development sectors, their roles are gradually being diverted towards the non-farm sectors i.e. for telephone cable work, road construction, canal construction, building construction, sugar mill work, brick kiln work etc. In spite of the fact that they have been playing multiple roles regarding labourers and contractors/employers they are generally ignored at by and large. It hampers the overall positive outcomes for the labourers and the process of development as well. The present research paper tries to explore the ground realities regarding labour contractors and tries to suggest few realistic ways to make the process of migration 'migrant friendly' within and out from Madhya Pradesh.*

Key Words: Labour Market , Intermediaries, Migration, Development & Skilled Labour.

1.INTRODUCTION

With more than twenty three percent of the total population Madhya Pradesh has the largest population of Scheduled Tribes in India and a high proportion of Scheduled Castes as well. Twenty three out of total forty five districts are are predominantly tribal. *Gond, Baiga, Bhil, Oraon, Kork and Kol* are the major tribal communities of the state, living mostly in forest, hilly and countryside areas. As an estimate, around 50 percent of tribal population of about fifteen million in the state is classified under 'landless' category. Also, about five million households, with an average farmed area of five acres per household, data for 2005-2006

shows that about sixty one percent of landholdings in the state belong to marginal and small farmers.¹

In spite of the government efforts to provide employments and livelihood opportunities to the people living in rural and forest areas this has emerged as an unavoidable fact that migration, whether within and out of the state, has been increasing particularly since 90s of the previous century. The governments functioning at the state and central levels are the largest development agencies and invest substantial part of their budget to augment social and economic empowerment of the population. Therefore, effective implementation of the development programmes run and sponsored by various agencies become very important. Unfortunately, few significant issues, like migration, concerned with at least forty percent of the population of Madhya Pradesh, is not looked at the policy level in general. Apart from having its own process, 'migration' involves various stakeholders as well. 'Labour contractors', mostly functioning as 'labour intermediaries' are the most important element playing in labour management at various levels in the labour market. However, Instead of being recognized at policy and planning levels by the government they are somehow forced to operate in hidden ways. In a development scenario where demand for different types of labour force has been increasing, several gaps also are emerging regarding the demand for different types and number of labour force, i.e. regarding skills, suitability for the work and the overall quality of performances. Labour contractors seem to be capable to play effective roles regarding the requirements of the process of development and towards the betterment of the moving labour force of the state.

1.1 An Overview of the Wage Works and Employment Scenario in Madhya Pradesh:

The nature of rural and industrial employment situation in Madhya Pradesh is largely unorganized. According to the National Sample Survey indicates, roughly 75 percent of rural workers depend on agriculture in 2009-2010 but agriculture contributes for less than 35 percent of the state GDP. As per the

¹ PACS programme Background paper for MP. *Livelihood challenges and opportunities in Madhya Pradesh*

Census-2010 shows that around 26.00 percent of the workers in Madhya Pradesh are agricultural labourers who have maximum concentration in the southern tribal and forested districts, along with Sheopur district (in and around the MPRLP districts at by and large). Since the late 80s of the previous century, rural non-farm employment in Madhya Pradesh has almost stagnated, particularly in tribal districts, which have relatively higher migration. About 16 districts in the state have less than 20 percent of the workforce has been getting livelihood opportunities in the non-farm sector. As studies conducted by the NRI on rural non-farm employment (RNFE)² indicate, Madhya Pradesh has the lowest share of rural non-farm employment to total rural employment in the country.³

Migration situation in Madhya Pradesh:

Migration has been an important source of livelihood opportunities for most of the poor ST, SC and OBC households living in countryside and forest areas in the state. Although rural to rural migration still covers a significant proportion of migration within the state as well as inter-state migration, rural to urban migration and its impacts, both positive and negative, have become more important since early 1990s. According to the Census 2010, more than 30 percent of the population of the state, roughly 310 million people are classified as migrants in India. Similarly, as estimated by the NSS in its 55th Round, the number of short-term migrants⁴ is about 13.00 millions. Because of decreased per-capita landholdings, increased financial and other socio-economic factors like partition of joint families into nuclear families, youths' inclinations to experience city life, migration has continued despite of several efforts made by the government in various directions. According to the findings of a recent ODI research in Madhya Pradesh⁵ the majority of migrants from the state, about 70 percent, are circular migrants. This creates a big scope for the emergence of *the labour contractors* and their services to meet emerging demands for labour in various development works in and out of the state. Certain development programmes

² Kleih, Ulrich, Richa Som, Yogesh Kumar, Surendra K Jena, Amitabh Singh and Leena Singh Household Access to Rural Non-farm Livelihoods Synthesis of Participatory Rural Appraisals and Questionnaire Surveys in Four Blocks of Madhya Pradesh. NRI Report No: 2378. May 2003

³ Human Development Report, 2002.

⁴ Short-term migration: Staying away from residence for two to six months in a year.

⁵ Livelihood Options Project, Overseas Development Institute-2000-2001

i.e. JRY, EAS, FFW, PMGSY, SGSY and NREGS etc. are implemented to provide livelihood opportunities to people living in rural and forest areas but because of certain operational loopholes, disparities in wage payments people are forced to migrate out of their villages. It has been evident that the local politics plays an important role in selecting beneficiaries and determining wages and its payments.

2. Labour Market Intermediaries:

There have been certain informal labour management systems in almost every state of the country to implement development programmes in the areas of construction and industrial works in a timely manner. In most of the cases, this is managed through the PRA officials, persons having good social networks and potential contractors from the village or community and having work related experiences and good contacts with local labourers. As labour contractors or labour market intermediaries they used to play key roles in different types of wage works i.e. agriculture works, telephone cable works, road, canal and building construction works, unskilled industrial works, sugar-mill and brick kiln and bamboo cutting works etc. In most of the cases, they provide the labourers some cash wage advances, which migrant labourers repay through mutually agreed wage deductions between the laborers and labour contractor. They also take care of other needs of the migrant laborers i.e. small health and travel expenses, shelter and communication with the family members living behind in their native village.

Based on the nature of work, market connections etc. the labour contractors or labour market intermediaries can be classified in the following broad categories:

1. Labour market intermediaries in the farming sector: The labour market intermediaries in the farming sector have good and old connections with labourers at the village level and employers at Hawely level. Most of them are experienced wage laborers for few years at the beginning of their career. As an estimate, around 60 percent of the migrant labour management in the farming sector is done by them. For instance, there are at least five labour-groups in Partala village in Mandla district who migrate to Hawely regions in Rabi and Kharif seasons at regular basis every year. Their migration and labour management is largely done by the labour market intermediaries only. In recent ten-twelve years the proportion of such intermediaries has been declining gradually because of

financial attractions in the fast growing construction and industry sectors within and out of Madhya Pradesh (i.e. in Maharashtra, Gujrat, Chhattesgarh, Delhi, Haryana etc) and also as the migrants have been establishing and using direct market connections potential employers with enhanced communication through mobile phones and improved road connectivity.

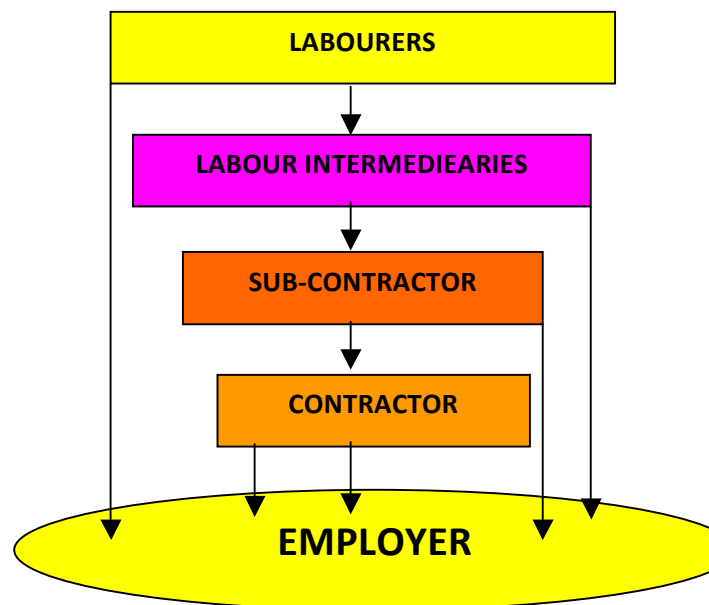
2. Labour market intermediaries in the non-farm sector: These labour market intermediaries are active in the sectors like construction, industry, PWD, irrigation and forest etc. and work in collaboration with concerned employers. Cities like Jabalpur, Indore, Bhopal, Surat, Ahemdabad, Pune and Mumbai are the main destinations for labourers migrating with them. The average daily earnings for labourers are about Rs.150-250/day while masons get Rs.300-400/day. This kind of migration occurs in agriculturally off-seasons while rainy season is not suitable in this regard. As average, labourers are able to do wage works in cities through with labour intermediaries for three to six months in a year period. This is a fast growing sector in Madhya Pradesh and other States in India and has become an important source of migratory earnings.

This study reveals that about fifty to seventy five percent migrant labourers work in construction sector out of which about fifty percent get wage works through labour intermediaries since it is quite difficult for them to search for works by roaming around work-sites by spending own time and money. Bilateral trust is another significant reason behind the emergence of the labour intermediary system as they have been succesful in making a bridge between employers and labourers regarding establishing labour links, facilities at work sites, determing wages and payment of wages, medical facilities, remittances, police related dealings and searching for new wage opportunities once the work is finished. The PWD and irrigation works are also similar to the construction works while industry works have various kinds of involvement of manual or unskilled labourers. The forest works are done on manual basis and has become limited now for last 10 years.

3. Labour market intermediaries work in both the sectors on seasonal basis: A small proportion of on-farm labour intermediaries have been working in off-farm sector as well on seasonal basis. After managing farming wage works, they tend to move towards off-

farm works in agriculturally off-seasons, for a period of four to five months every year. They get connections with such works through their employers in farming sector who either hire their services for their own construction and contract business or introduce them to contractors/employers in their social circle. Though not significant but this is a newly emerging trend in Madhya Pradesh that shows the gradual shift of labourers' priorities and choices from farming sector to non-farm sector jobs available in and around urban areas.

Structural relationships of labourers and Mukkaddams with employers:



Roles and responsibilities of labour market intermediaries: Labour intermediaries play important roles regarding managing labourers for employers at

various levels. They assure wage work opportunities for labourers seeking wage works with cash earnings, particularly in agriculturally off-seasons. Those, who are semi-skilled or skilled i.e. masons, carpenters, plumbers, electricians etc. but not able to earn according to their skills locally, also find them useful as they manage the right kind of work with better wages i.e. Rs.200-300/day in cities against Rs.80-120/day locally. Few major roles and responsibilities of the labour intermediaries are summarised as below:

1. Managing labour at village level and link them with employers in cities,
2. Providing cash advances up to Rs.2000-10000 through the employer (s), if and when needed and demanded by labourers,
3. Determining daily or piece rate wages for labourers on mutual basis,
4. Assuring appropriate shelter, sanitation and other facilities at the work site,
5. Negotiating with employers for hassle free work environment for labourers,
6. Watching labourers output and assuring quality of the work from employers' side,
7. Taking care of health and related problems (i.e. accidents etc).of labourers and minors,
8. Assuring an exploitation free work atmosphere for women labourers,
9. Communicating with household members of labourers at their native place in need,
10. Making remittance transmission safe, and
11. Bringing back labourers safely to their native places at the end of the work.

Labour intermediaries are considered successful in the overall performance of above mentioned roles and responsibilities. Because of their managerial contribution in the labour market they have gained a great acceptance from the both sides i.e. from the labourers and the employers. Though there have been many negative incidents as well in form of cheating, less payments against promised wages at the end of work, exploitation of women and no assistance during illness and accidents but most of such cases are related with outsider labour market intermediaries who do not have a long association and strong bondage with labourers.

Inter-State Labour Act of Madhya Pradesh: As per the labour laws and acts the labour intermediaries must be registered and avail a labour license in case of he/she is managing a labour-group of five or more

laborers at a time for a particular person, contractor, factory, principal employer or work. In case of 'direct employment' this type of registration and license is not required. A registered labour intermediary has to pay the following things to concerned laborers in case of labour management and/or movement from one place to the other:

1. Transportation fair,
2. Wage for the transportation period,
3. Bank account,
4. Identity card,
5. Wage slip, and
6. Medical facilities.

These legalities can be fulfilled by following a simple formality by *labour intermediaries* but because of their own wasted interests, manipulative tendencies and instructions from contractors and employers they have been 'willingly avoiding' to follow the legal formalities. There are certain manipulations made by them, contractors and employers as well as the exploitations of labourers in different ways but in most of the cases it remains the matter of 'proof' and 'mutual cooperation' that always lacks in the existing system. Labour market intermediaries, contractors and employers avoid to be registered since they feel uncertain about future prospects of the labour markets.

Registration of Labourers: Like the labour market intermediaries, migrant labourers also need to be registered by paying a refundable security fee of Rs.200 if they work for any registered labour intermediary, contractor or employer. This opens a gateway for them to avail facilities and entitlements from the Government and employers in case of accident and other tragic situations. The Labour Department needs only a certificate from the Gram Panchayat so the amount could be released in the name of labourer. However, non-cooperation from migrant laborers is the biggest obstacle in helping them according to the rules and regulations. Most often they use to change their identities also to avoid any sort of enquiry on the way to their destinations.

Problems faced by labour market intermediaries at 'source and destinations': The labour market intermediaries have been facing a number of challenges as well while operating in the labour markets. Few major problems being faced by them are as below:

1. Lack of identity cards make them suspicious at the destinations,
2. No written agreements are done between them and employers. This creates a big space for low wage payments, wage cheatings, violation of promises made by employers at the beginning of the work, laws are helpless in such cases,
3. They have to bribe police and labour inspectors if traveling with labourers in group,
4. Many of them get threats from the police in case they refuse to pay bribe,
5. Maintaining communications with migrants' families in native villages is a big problem,
6. Without having any ID proofs at the destination and bank account managing remittances is a tough job for most of them, and
7. They do not have any effective mechanism to identify possible ways to stop exploitation of labourers of their groups, particularly the sexual exploitation and harassment of female labourers.

Conclusion:

After being classified as a lagging or "BIMARU" state for a number of years, rapid improvements have been noted recently in Madhya Pradesh especially in relation to agriculture and infrastructure⁷ but as the state planning statistical estimates indicate, about one million new jobs need to be created every year to absorb the growing labour force in the State. This is almost the same figure that is applicable to the states like Bihar, Uttar Pradesh and Rajasthan as well. In a

⁶ BIMARU is the term used for the erstwhile backward states of Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh. The literal translation of this term in Hindi is sick. But in 2006, the Union Minister of State for Commerce Jairam Ramesh said that BIMARU is passe, because of the progress of Rajasthan and M.P. on account of better governance. He coined BU, the new sobriquet for the backward States of Uttar Pradesh and Bihar (The Hindu 9th Sept 2006).

⁷ A recent India Today survey called "The state of the states" identifies MP, UP and Orissa as the fastest movers i.e. those where the most rapid improvement has been seen over the last year in certain areas. MP was the fastest mover in - agriculture (area under cash crops, farm GDP divided by rural population, per capita farm power consumption, farm loans, food grain productivity, % of irrigated area) and infrastructure (% of hh with electricity, LPG, % villages with pucca roads, per capita road length, bank branches, density of post offices and teledensity). This contrasts with other states such as Bihar, Assam and Jharkhand that have not performed that well.

situation in which both the agriculture and the rural non-farm economy have been stagnant, migration stands as an important source for wage work related livelihoods. Migration becomes almost a compulsion when the majority of the people have little or no education and are broadly in the category of unskilled workers. They need assistance and direction what *labour market intermediaries* have been offering to them. Although few migrants would be absorbed in new jobs which are being created in the agriculture sector in emerging 'green belts' where high value crops are being grown and also in developing towns, many others will have to find jobs in other states where there is a demand for unskilled workers. *Labour intermediaries* appear as more relevant and needed in the changing development dynamics. Migration is going to remain as reality and integral part of livelihood strategies of poor, countryside and tribal people. Hence, instead of wasting precious time, efforts, energy and resources there is an urgent need to make the migration concerned system effective. An effective system will lead 'quality migration' replacing 'forced and compulsory migration'. If happens so then it would bring better life standards for millions of migrants and their family members.

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