



# **THE INDIAN SOCIETY OF LABOUR ECONOMICS**

**56th Annual Conference**

**18-20 December, 2014**

## **SUMMARIES OF THE CONFERENCE PAPERS**

*Organised by*



**Department of Management  
Birla Institute of Technology (BIT)  
Mesra, Ranchi**



**INSTITUTE FOR  
HUMAN DEVELOPMENT**  
Eastern Regional Centre

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envisaged. A structured questionnaire is administered to a panel of twenty five experts across the nation of which twenty one experts responded with their detailed inputs. The panel of experts consist of a retired judge of a High Court, retired Chief Secretary (IAS officer) who has managed various portfolios at central and state levels, renowned researchers, thought leaders from the realms of managements, economics, history and culture, senior bankers who have managed MSME credit and also seasoned MSME entrepreneurs across the nation including representation from the business communities. Qualitative analysis of the inputs is conducted and the results of the analysis are then used to validate Hofstede's cultural framework for the Indian context.

**WHETHER MGNREGS HAS AFFECTED AGRICULTURAL  
WAGE RATE IN ANDHRA PRADESH STATE OF INDIA?  
A PANEL MODELING ACROSS 23 DISTRICTS FROM 2000 TO 2011**

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The impact of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) on agricultural labour supply and agricultural wage rate is a popular policy concern in India. The available literature on the issue provides mixed findings which motivated the authors to carry out this study. In 2011-2012, about 12 per cent of the national annual budget of MGNREGS was spent in Andhra Pradesh (AP); therefore, we have chosen AP for this study. Panel data from 23 districts of AP for 2000 to 2011 were used in fixed effect form of panel model, with weighted least square regression model to correct for heteroskedasticity errors across the districts. We have analyzed impact of MGNREGS on both agricultural and non-agricultural wage rates (carpenter wage rate), and also separately for male and female agricultural wage rate. This is done taking into account the marginal impact of other major determinants of agricultural wage rates. Our study shows that the wage rates for men are consistently higher than that of women labour force in Andhra Pradesh; instead of convergence, the divergence trend has further widened 2006 onwards. The results from panel model suggest that agricultural wages are positively impacted by rise on non-farm sector wage (proxy as carpenter wage rate); irrigation intensity, number of households covered by the MGNREGS program, and increased per capita income level in a district. Even though MGNREGS contributions to rise in male agricultural wage rate is positive and statistical significant, its size of economic impact (elasticity) is weaker than many other

factors like skill non-farm wage rate level. The study suggests that the agricultural wage in a place in India influenced more by growth on non-farm sector activities (measured by carpenter wage rate) than many other conventional factor determinants of wage. The study findings contribute on improved empirical evidences on important policy debates on recent hike on agricultural wage rate in India.

### **MAPPING LINKAGES BETWEEN 'FORMAL' AND 'INFORMAL' EMPLOYMENT AND ROLE OF PUBLIC PROVISIONING IN INDIA**

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Employment growth in India has remained limited to informal economy as the share of employment in formal economy is continuously declining. The informal workforce which constituted 91.2 per cent of the total in 1999-2000 increased to 92.2 per cent in 2011-12. The process of informalisation is happening through two ways: firstly, through shrinking size of the formal sector (declined from 8.8 per cent in 1999-2000 to 7.7 per cent in 2011-12) and secondly, the share of formal employment is declining within the formal sector (declined from 62.2 per cent in 1999-2000 to 45.5 per cent in 2011-12).

The informal economy has remained more dynamic in terms of output, employment and earnings. Informal sector holds a crucial role in Indian economy; it provides employment to more than 90 per cent of total workforce and contributes about 50 per cent to the national product. The high levels of growth of the Indian economy during the past two decades are accompanied by increasing informalisation. The sector has always remained in distressed nature and unsuccessful in providing the minimum basic standard of living to the population dependent on it. A large proportion of disadvantaged section of society is also dependent upon informal economic activities. The data also reflects the signs of discrimination on the basis of caste system in India; the share of informal workers remained higher among disadvantaged groups (SC, STs and OBCs) (94 per cent informal out of their total workforce) compare to upper castes (87 per cent informal out of their total workforce).

Formal sector having larger production capacity and better technical knowhow requires lesser labour force; further most of their production chains belongs to informal labour through sub-contracting and other arrangements that involves decisive policies to neutralize the effects of labour-laws. Under the changing circumstances, where informal sector is increasingly interlinked with the formal, and plays a pervasive role in the economy and in the livelihoods of the people, it is imperative to examine the various channels of linkages between these two sectors. The Inter-linkages are established through outsourcing by manufacturing firms for industrial products to small units, labour outsourcing for different services by organised firms, linkages between informal sector products and marketing and