

RELATIVE MOVEMENTS OF AGRICULTURAL WAGE-RATES AND CEREAL PRICES: SOME INDIAN EVIDENCE

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THE OBJECT of this note is to examine with the help of available data the relative trend in agricultural wages and the prices of staple cereals over years, in certain parts of India.

It is generally believed that not only salaries, but also wages are stickier than commodity prices during periods of inflation and deflation, and, therefore, than the cost of living of the working-class. While the proposition has received attention in respect of urban and industrial wages, not much work has been done in regard to agricultural wages in India in this respect. The problem is of particular interest in agriculture where labour is not unionized. Normally, the longer contractual period of employment of most salarieds and urban workers would be considered one of the factors leading to the slower movement of salaries and wages. In agriculture, on the other hand, most employment is on a casual, daily basis. This might lead one to expect a faster adjustment of wage-rates to changes in the commodity price-level, in agriculture.

It would be more appropriate to compare the changes in the cost of living of wage-earners with the changes in their total earnings (income), rather than with the daily wage-rates, as total earnings are a product of daily wage-rates and the number of days for which employment is found. Again, this latter factor is also likely to fluctuate more in the case of agricultural labour, than in the case of urban, industrial labour with which it is, more often, either full employment or unemployment. For obvious reasons, however, attention will be devoted, in this paper, to daily wage-rates rather than average earnings of agricultural labourers.

A systematic examination of the question of relative movements of wages and cost of living of agricultural labour requires long-period time-series data on both, which are neither plentiful nor of good quality.

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