

Wage Disparities In Rural Sector In India - An Intrinsic Analysis

Lijina Vayalambbron¹ and Sishina O C²

1. Assistant Professor in Economics, Government Arts and Science College Nadapuram, Kozhikode, 673504
2. Assistant Professor in Economics, Government Arts and Science College Nadapuram, Kozhikode, 673504

Keywords:	Abstract
Rural labour, wage disparity, unskilled workers, farm, non-farm.	The rural areas in India, home to most of the population, rely heavily on agriculture for their livelihoods. However, disparities in the types and availability of employment, as well as wage differentials, lead to unequal living standards. Kerala, a standout in India, is known for its generous wages to its labour force. The state's robust labour unions play a pivotal role in ensuring that workers are paid at least minimum wages, demonstrating the state's proactive approach to labour rights. This article explores the wage gaps in rural India, particularly in the agricultural and non-agricultural sectors. Many countries exhibit significant wage gaps between farm and non-farm workers. Kerala, however, leads the way in ensuring high wages for both agricultural and non-agricultural workers in rural areas. Factors such as a high level of education, favourable social and political conditions, knowledge of labour laws, and the presence of labour welfare boards contribute to high wages for workers in Kerala. The government, particularly in Kerala, implements various programs to enhance productivity, build skills, guarantee minimum wages for a satisfactory standard of living, ensure workplace security, and provide insurance schemes for workers. The Kerala government undertakes several initiatives to secure social security, safeguard wages, and advance the overall welfare of workers.

Introduction

The employment scenario in India has seen limited transformation over the years, with agriculture continuing to be the primary source of employment in rural regions. Nonetheless, there is a growing aspiration among educated and skilled professionals for high-paying jobs that offer better working conditions. Kerala, renowned for its substantial social and human development indicators, has emerged as a sought-after destination for such professionals. It's worth noting that workers in various states of India receive varying compensations based on their occupations, with agricultural workers typically receiving lower wages than non-agricultural workers. According to the International Labour Organisation, several Indian states stand out for their consistently high wages in both the farm and nonfarm sectors in rural areas. Kerala, Jammu & Kashmir, Tamil Nadu, and Himachal Pradesh have been identified as having higher wages. In contrast, Gujarat, Madhya Pradesh, and Maharashtra have lower wages for farm and non-farm workers in rural areas. Kerala, in particular, has distinguished itself with solid labour organizations that work to protect workers' rights. The state has also implemented various labour welfare schemes, robust labour rules, and social security measures, contributing to the higher wage rates. This combination of factors has made Kerala an attractive destination for labourers from other regions.

The government of Kerala has implemented comprehensive health insurance schemes tailored explicitly for migrant workers, further elevating the state's appeal as a destination. The state government promotes inclusive economic growth driven by employment opportunities in rural and urban areas. Kerala's Labour welfare boards are dedicated to providing social and financial security to workers in the unorganized sector, resulting in a significant influx of migrants to the state. Historically, before 2001, migrant workers in Kerala primarily originated from neighbouring states such as Tamil Nadu, Karnataka, and Maharashtra. However, there has been a noticeable shift in the labour market, with a

substantial increase in migrant workers from West Bengal, Assam, and Bihar opting to relocate to Kerala.

Review of Literature

In a study conducted by Hertz et al. (2008), wage inequalities were analyzed across gender, location (urban and rural), and occupation (farm and non-farm). The findings indicated a consistent pattern of discrimination against female workers in both rural and urban areas. Additionally, the study observed a high migration rate from rural to urban areas, which was attributed to the non-farm sector offering more favourable wages.

Binswanger-Mkhize (2013) highlighted that revitalizing non-agricultural activities in rural areas contributes to heightened productivity. The majority of workers in the agricultural sector are women. Research revealed that individuals in agriculture transition to more stable employment opportunities, offering improved pay and additional perks.

The rural wage trends in India were examined, revealing that many male labourers transition from the agricultural to the non-agricultural industry. Farm wages have experienced higher growth compared to non-farm wages. The significance of providing social security and improved wages for agricultural workers was emphasized in the study (Venkatesh P. 2013),

Singhari and Madheswaran's (2017) research uncovered significant wage gaps between the formal and informal sectors. They found that gender wage inequality is more pronounced in the informal than in the formal sector. Their study specifically examined women earning below the country's mandated minimum wage, highlighting the need for the Indian government to enforce minimum wage policies.

A study by Nath B.K. (2018) examined wage disparities between different sectors and states. The findings indicated that the agricultural industry's wages are growing slower than those in the non-farm sector. Additionally, the research showed that the northeastern region of India experiences a lower degree of wage inequality than the rest of the nation.

Analysis and Discussion

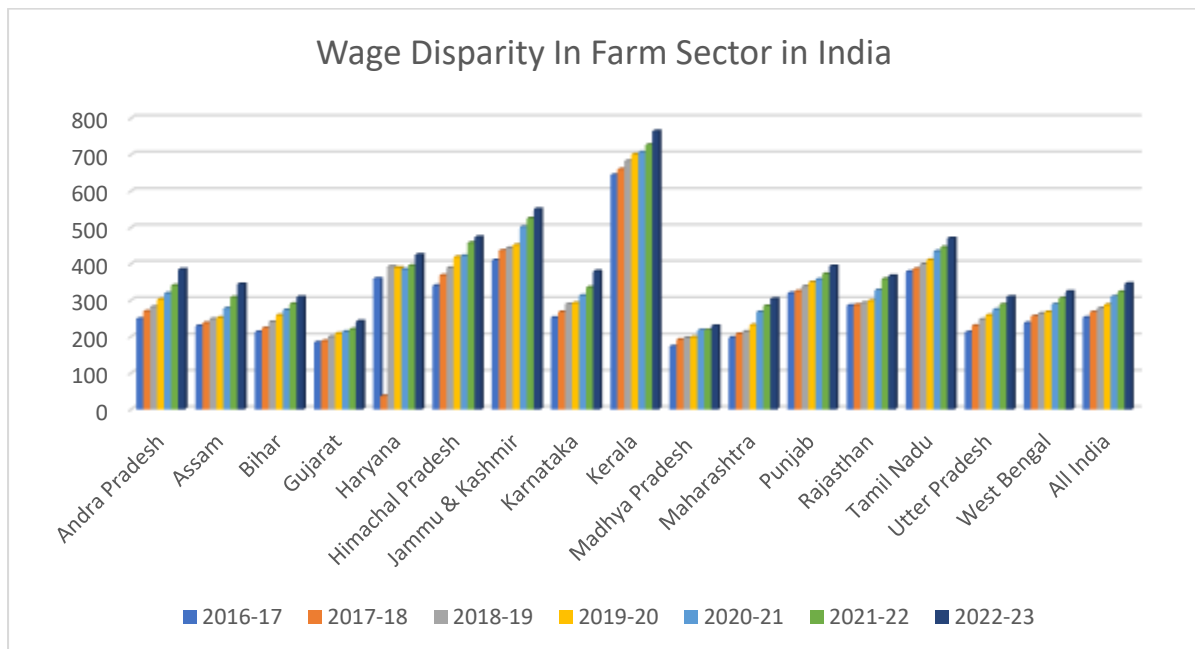
The current research is founded on secondary sources of information. It encompasses the utilization of data on wage rates in rural India, specifically drawing from the information released by the Labour Bureau for the years spanning from 2016 to 2023.

Table 1.1 State-Wise Average Daily Wage Rates in Rural India (Agricultural Labourers)

State/Union Territory	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Andra Pradesh	249.1	269.5	282.0	302.6	318.6	340.5	384.4
Assam	229.3	237.5	248.5	252.1	277.4	307.6	344.1
Bihar	212.7	223.0	240.3	258.4	272.6	290.3	308.7
Gujarat	184.0	187.9	199.3	208.6	213.1	220.3	241.9
Haryana	359.3	36.4	391.9	389.5	384.8	395.0	424.8
Himachal Pradesh	339.8	368.3	388.6	419.0	421.7	457.6	473.3
Jammu & Kashmir	409.8	436.0	443.6	451.6	501.1	524.6	550.4
Karnataka	251.9	267.3	288.7	292.0	312.5	335.2	379.5
Kerala	644.0	659.8	682.4	700.9	706.5	726.8	764.3

Madhya Pradesh	173.1	191.3	196.3	198.6	217.6	217.8	229.2
Maharashtra	196.8	207.4	213.7	231.8	267.7	284.2	303.5
Punjab	319.3	324.6	337.7	349.2	357.0	372.5	393.3
Rajasthan	285.5	287.1	292.9	298.1	327.1	358.3	366.4
Tamil Nadu	378.7	385.9	398.7	410.4	434.2	445.6	470.0
Utter Pradesh	211.8	229.8	247.1	258.8	274.5	288.0	309.3
West Bengal	237.6	255.9	263.1	267.5	288.6	305.3	323.7
All India	252.6	267.1	277.4	287.1	309.9	323.2	345.7

Source: Labour Bureau, GOI



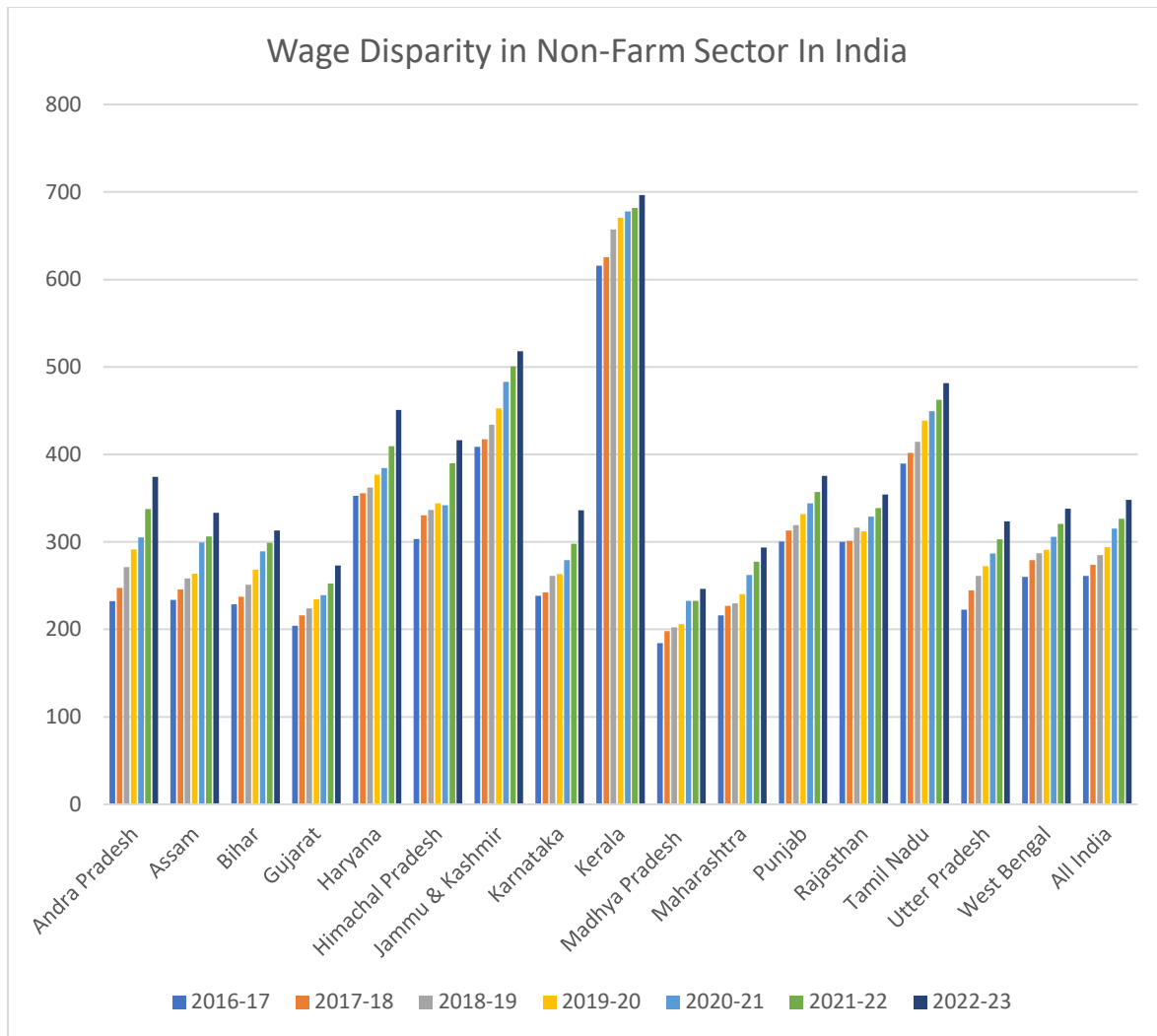
Compared to other Indian states, rural Kerala has higher wage rates for non-farm sector workers. According to the International Labour Organization, Kerala, Jammu & Kashmir, Tamil Nadu, and Himachal Pradesh consistently have high wages for farm sector workers in rural areas. On the other hand, Gujarat, Madhya Pradesh, and Maharashtra have the lowest wages for farm workers in rural areas. The average daily wage rate for farm workers in Kerala was Rs. 764, while in Madhya Pradesh, it was Rs. 229 in 2022-23. The national average wage during this period is Rs. 346. This illustrates the significant wage disparity among agricultural workers in India.

Table1.2

State-Wise Average Daily Wage Rates in Rural India (Non - Agricultural Labourers)

Source: Labour Bureau, GOI

State/Union Territory	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Andra Pradesh	232.4	247.5	271.2	291.3	305.3	337.7	374.5
Assam	233.8	245.5	258.3	263.6	299.3	306.4	333.3
Bihar	228.6	237.2	250.9	268.5	289.3	299.1	313.1
Gujarat	204.3	216.1	224.1	234.5	239.3	252.5	273.1
Haryana	352.7	355.5	362.3	376.9	384.4	409.3	451.0
Himachal Pradesh	303.4	330.4	336.4	344.1	342.1	389.8	416.3
Jammu & Kashmir	408.8	417.3	433.9	452.8	483.0	500.8	517.9
Karnataka	238.5	242.4	261.1	263.4	279.2	297.9	336.2
Kerala	615.6	625.6	657.2	670.4	677.6	681.8	696.6
Madhya Pradesh	184.4	198.1	202.4	205.9	232.6	232.8	246.3
Maharashtra	215.9	226.7	229.6	240.2	262.3	277.2	293.7
Punjab	300.5	313.1	319.2	331.9	344.2	356.9	375.3
Rajasthan	300.1	301.2	316.3	312.1	329.0	338.6	354.3
Tamil Nadu	389.6	401.7	414.3	438.6	449.5	462.3	481.5
Uttar Pradesh	222.7	244.7	261.1	272.3	286.8	302.9	323.6
West Bengal	259.9	279.3	287.0	291.1	305.8	320.7	338.0
All India	261.3	273.8	284.8	293.9	315.3	326.6	348.0

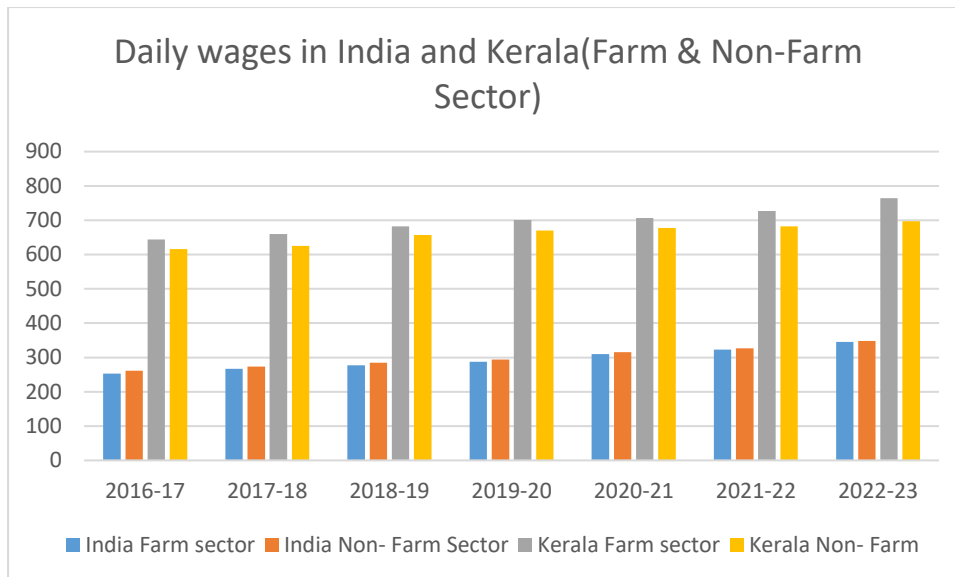


Compared to other Indian states, rural Kerala has higher wage rates for non-farm sector workers. As per the International Labour Organisation, Kerala, Jammu & Kashmir, Tamil Nadu, and Himachal Pradesh consistently have high wages for non-farm sector workers in rural areas. On the other hand, Gujarat, Madhya Pradesh, and Maharashtra have the lowest wages for non-farm workers in rural areas. The average daily wage rate for non-farm workers in Kerala is Rs. 682, while in Madhya Pradesh, it is Rs. 246 in 2022-23. This highlights the significant wage disparity among non-farm workers in India.

Table 1.3 Daily Wages in India and Kerala

Years	India		Kerala	
	Farm sector	Non- Farm Sector	Farm sector	Non- Farm
2016-17	252.6	261.3	644	615.6
2017-18	267.1	273.8	659.8	625.6
2018-19	277.4	284.8	682.4	657.2
2019-20	287.1	293.9	700.9	670.4
2020-21	309.9	315.3	706.5	677.6
2021-22	323.2	326.6	726.8	681.8
2022-23	345.7	348.0	764.3	696.6

Source: Labour Bureau, GOI



The preceding table displays the daily payment rates for agricultural and non-agricultural work in rural areas of India. Kerala exhibits considerably higher daily wages in farming and non-agricultural fields than the average national rate. According to the 2022-23 approximations, the compensation rate in Kerala for agricultural and non-agricultural work stands at Rs. 764 and Rs.697, respectively. On a nationwide scale, the rates stand at Rs. 346 and Rs. 348, respectively.

Conclusion

The diverse states of India exhibit significant variations in regional, geographical, social, and cultural aspects, leading to distinct wage gaps among labourers. These disparities are especially pronounced among rural labourers, with substantial wage differences across states. As a result, labourers from lower-wage states often seek opportunities in higher-wage states, leading to significant labour migration. The reasons for these disparities are multifaceted and include factors such as the abundance of unskilled labour as well as the lack of strong trade unions. Kerala, in particular, stands out with its comparatively high rural wage rate, prompting labourers from states such as West Bengal, Bihar, Uttarakhand, Rajasthan, and Odisha to migrate for better opportunities. Kerala's high literacy and education levels have led to a preference for white-collar jobs over agricultural and rural work, further contributing to the labour shortage in the rural sector and subsequently driving up wage rates.

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