

# ILO REPORT FLAGS WAGE INEQUALITY IN INDIA

Relevant for: Indian Economy | Topic: Issues relating to Employment

Real average daily wages in India almost doubled in the first two decades after economic reforms, but low pay and wage inequality remains a serious challenge to inclusive growth, the International Labour Organization warned in its India Wage Report published on Monday.

The ILO has called for stronger implementation of minimum wage laws and strengthening of the frameworks for collective bargaining by workers. This is essential to combat persistent low pay in some sectors and to bridge the wage gaps between rural and urban, male and female, and regular and casual workers.

Overall, in 2009-10, a third of all of wage workers were paid less than the national minimum wage, which is merely indicative and not legally binding. That includes 41% of all casual workers and 15% of salaried workers.

In 2011-12, the average wage in India was about Rs. 247 rupees a day, almost double the 1993-94 figure of Rs. 128. However, average labour productivity (as measured by GDP per worker) increased more rapidly than real average wages. Thus, India's labour share — or the proportion of national income which goes into labour compensation, as opposed to capital or landowners — has declined.

## Yawning gap

The rise in average wages was more rapid in rural areas, and for casual workers. However, these groups started at such a low base that a yawning wage gap still remains. Thus, the average wage of casual workers — who make 62% of the earning population — was only Rs. 143 a day.

Daily wages in urban areas (Rs. 384) also remain more than twice as high as those in rural areas (Rs. 175), the report said. Regional disparities in average wages have actually increased over time, with wages rising more rapidly in high-wage States than in low-wage ones.

The gender wage gap decreased from 48% in 1993-94 to 34% in 2011-12, but still remains high by international standards. And of all worker groups, the average wages of casual rural female workers was the lowest, at just Rs. 104 a day.

The ILO also highlighted the lack of timely data as a hindrance, pointing out that its analysis — and the decisions of Indian policy makers — was dependent on 2011-12 data from the Employment and Unemployment Survey (EUS) of the National Sample Survey Office (NSSO), as that was the last year in which the survey was done. State-specific and comparative studies on wages are needed, said the ILO, urging collaborative work between government agencies, academic institutions and expert organisations.

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