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Stagnation in Rural Wage Rates

The Government of India's most authoritative source of data on wage rates for major rural occupations reports a sharp deceleration in the annual rate of growth of daily real wage rates in recent years. Data from Wage Rates in Rural India (WRRRI), a publication of the Labour Bureau, show that while real daily wage rates for major agricultural and non-agricultural occupations in rural India grew at more than 6 per cent per annum from 2007–8 to 2014–15, the growth of real wage rates from 2014–15 to 2017–18 was less than in the previous period in most States.

The results are based on changes in nominal or money wage rates adjusted for inflation using the Consumer Price Index for Agricultural Labourers (CPI-AL), with 2009–10 as base.

The wage data are reported for three groups of agricultural operations: ploughing, sowing/transplanting/weeding, and harvesting/winnowing/threshing (henceforth harvest and post-harvest operations). Ploughing is a task undertaken mainly by male workers. The wage rates for ploughing grew at 6.4 per cent a year between 2007–08 and 2014–15 but by only 1.5 per cent per annum between 2014–15 and 2017–18, a clear deceleration.

Operations where female participation are high include sowing/transplanting/weeding and harvest and post-harvest operations. Wage rates for sowing/transplanting/weeding for females grew at 7 per cent per annum between 2007–08 and 2014–15. The rate of growth declined to 2 per cent per annum from 2014–15 to 2017–18.

To put it differently, in absolute terms, the wage rates for sowing/weeding/transplanting increased in real terms (after adjusting for inflation) by a mere eight to ten rupees from 2014–15 to 2017–18. Similarly, wage rates for females for harvest and post-harvest operations grew at 7.6 per cent per annum between 2007–08 and 2014–15, but by only 1.4 per cent per annum between 2014–15 and 2017–18.

There is, of course, variation across States. In both periods, in States belonging to low wage rates regions, such as Assam, Bihar, and Uttar Pradesh, agricultural wage rates recorded faster growth (4 to 6 per cent per annum) than in high-wage States. In States with higher wage rates such as Tamil Nadu, Kerala, Haryana, and Rajasthan, agricultural wage rates recorded a negative growth rate in the recent period.

Another important finding is that male-female wage disparities have persisted and have not declined over the last three years. For all major agricultural occupations, wage rates for female workers were four-fifths of male wage rates at the all-India level. For sowing/transplanting/weeding, the male-female wage disparity rose between 2014–15 and 2016–17. The male-female wage gap remained unchanged for harvest and post-harvest operations. Again there are State level variations. The male-female wage gap was relatively high in southern Indian States including Andhra Pradesh, Karnataka, Kerala, and Tamil Nadu, while it was relatively low in Bihar, Uttar Pradesh, Haryana, Manipur, and West Bengal.

Kerala is a special case, as it has the highest wage rates among all States. In 2017–18, for example, wage rates at current prices for sowing/transplanting/weeding occupations were Rs 718 and Rs 509 for men and women, respectively, in Kerala. By comparison, the wage rates for the same agricultural operations in the same year were Rs 208 for men and Rs 190 for women in Madhya Pradesh, Rs 227 for men and Rs 220 for women in Gujarat, Rs 239 for men and Rs 213 for women in Uttar Pradesh, Rs 249 for men and Rs 176 for women in Maharashtra, and Rs 226 for men and Rs 184 for women in Odisha. Even in the neighbouring south Indian State of Tamil Nadu, wage rates were half those of Kerala, Rs 370 for men and Rs 237 for women. The all-India average daily wage rates in the same year and for the same operations were even lower: Rs 275 for males and Rs 228 for females. Further, while the male-female wage gap exists in Kerala as well, the gap narrowed in sowing/transplanting/weeding occupations.

The picture is slightly different for non-agricultural occupations. Wage rates for all non-agricultural occupations grew at 4 per cent per annum between 2006–07 and 2014–15 and grew at less than 2 per cent per annum from 2014–15 to 2016–17. Specifically, wage rates for carpenters grew at 4.2 per cent per annum between 2006–07 and 2014–15 and 1.8 per cent between 2014–15 and 2017–18. The trend was similar for workers in other non-agricultural occupations, such as masons, construction workers, and blacksmiths.

State-wise analysis shows that, between 2014–15 and 2017–18, real wage rates for non-agricultural occupations grew rapidly in Odisha, at more than 8 per cent per year, whereas real wage rates for non-agricultural occupations recorded negative growth in Karnataka, Tamil Nadu, Punjab, and Haryana.

It is known that the proportion of females working in non-agricultural occupations is lower than the proportion of males working in non-agricultural occupations. Data on wages for specific non-agricultural occupations are also not available for female workers. Taking the general category of unskilled labour, the male to female wage gap increased at the all-India level over the last three years. Further, the wage disparity for non-agricultural occupations was higher than for agricultural occupations.

There is growing evidence of rising unemployment among rural manual workers and of an inadequate number of days of employment available to them. In this context, the sharp deceleration in the growth of real wage rates for agricultural and non-agricultural occupations in the last three years, after seven to eight years of relatively high growth, can lead to large-scale distress, especially among rural landless households dependent on wage work.