

Discrepancies in Labour Remuneration in India's Rural Sector: A Comprehensive Analysis

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Abstract

The countryside in India, where a large portion of the population resides, depends significantly on agriculture for income. Nonetheless, differences in employment types and availability, along with varying wages, result in unequal living conditions. Kerala, a notable exception in India, is recognized for the high wages provided to its workforce. 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. Vigilant trade unions ensure that minimum wages are enforced and workers are provided care and safety. The government 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.

Keywords: Rural labour, wage disparity, unskilled workers, farm, non-farm

Introduction

The job market in India has experienced minimal change over the years, with agriculture remaining the main source of employment in rural areas. However, educated and skilled individuals increasingly aspire to secure high-paying positions that provide enhanced working conditions. Kerala, known for its impressive social and human development metrics, has become a popular choice for such professionals. It is important to observe that wages differ among workers in various Indian states, with agricultural laborers generally earning less than those in non-agricultural jobs. According to the International Labour Organisation, several Indian states stand out for their consistently high wages in both the farm and non-farm 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 strong labour organisations 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 disparities were examined based on gender, geographical location (urban versus rural), and type of occupation (agricultural and non-agricultural). The results revealed a persistent bias trend against female employees in rural and urban settings. Furthermore, the research noted a significant migration flow from rural to urban regions, linked to the non-farm sector providing better wage opportunities.

Binswanger-Mkhize (2013) highlighted that revitalising 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 emphasised 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 real 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.

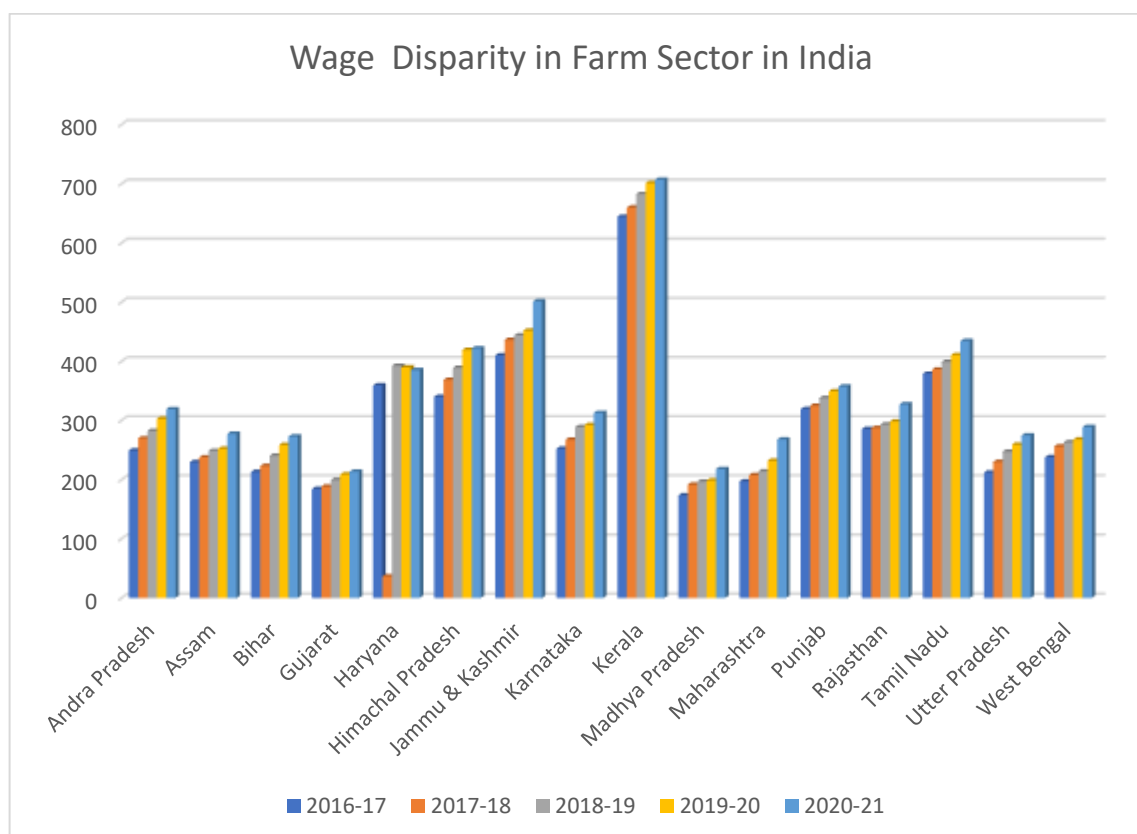
Analysis and Discussion

The present study is based on secondary information sources. It uses wage rate data from rural India, particularly from the Labour Bureau's reports covering the years 2016 to 2021.

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
Andra Pradesh	249.1	269.5	282.0	302.6	318.6
Assam	229.3	237.5	248.5	252.1	277.4
Bihar	212.7	223.0	240.3	258.4	272.6
Gujarat	184.0	187.9	199.3	208.6	213.1
Haryana	359.3	36.4	391.9	389.5	384.8
Himachal Pradesh	339.8	368.3	388.6	419.0	421.7
Jammu & Kashmir	409.8	436.0	443.6	451.6	501.1
Karnataka	251.9	267.3	288.7	292.0	312.5
Kerala	644.0	659.8	682.4	700.9	706.5
Madhya Pradesh	173.1	191.3	196.3	198.6	217.6
Maharashtra	196.8	207.4	213.7	231.8	267.7
Punjab	319.3	324.6	337.7	349.2	357.0
Rajasthan	285.5	287.1	292.9	298.1	327.1
Tamil Nadu	378.7	385.9	398.7	410.4	434.2
Utter Pradesh	211.8	229.8	247.1	258.8	274.5
West Bengal	237.6	255.9	263.1	267.5	288.6
All India	252.6	267.1	277.4	287.1	309.9

Source: Labour Bureau, GOI

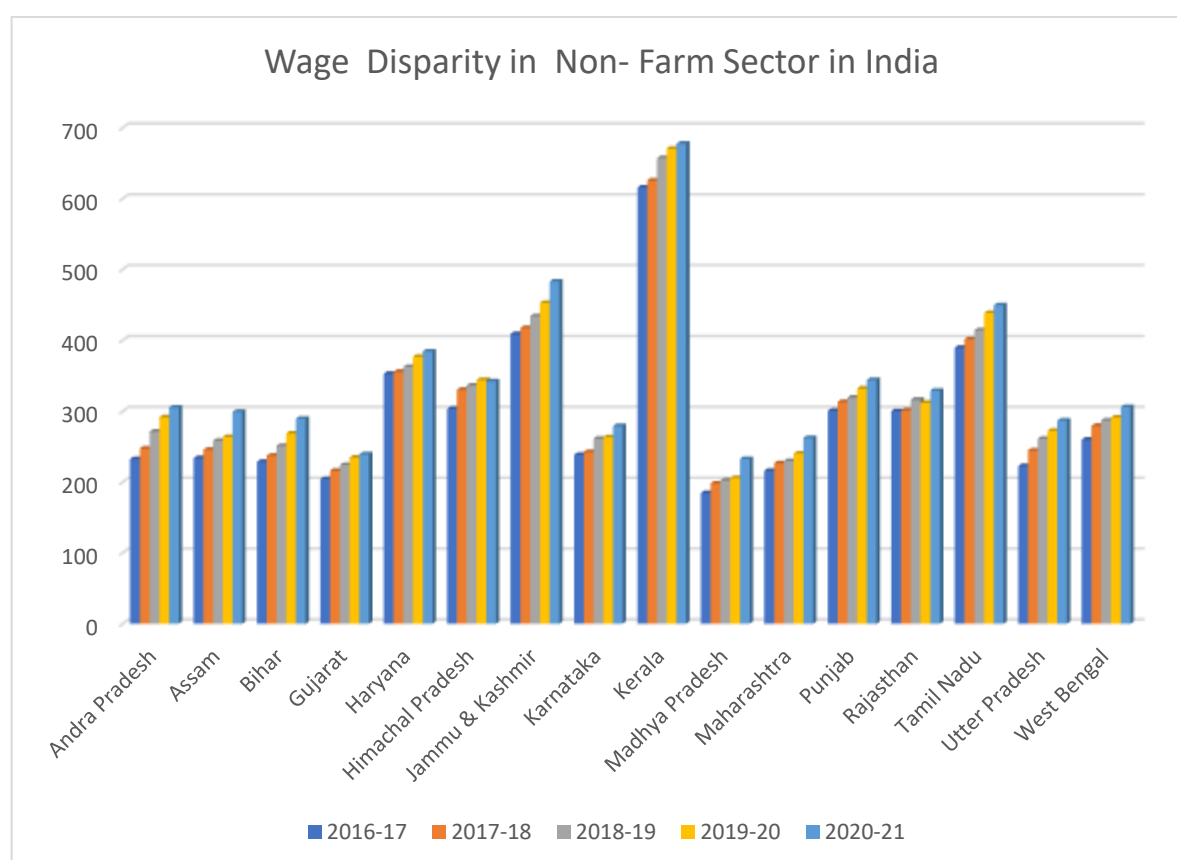


In comparison to other Indian states, rural regions in Kerala offer higher wages for workers in the non-farm sector. The International Labour Organization indicates that Kerala, along with Jammu & Kashmir, Tamil Nadu, and Himachal Pradesh, consistently provides elevated wage levels for rural farm sector workers. Conversely, states like Gujarat, Madhya Pradesh, and Maharashtra report the lowest wages for agricultural workers in rural settings. In 2020-21, the average daily wage for farm workers in Kerala was Rs. 707, whereas in Gujarat, it was only Rs. 213. During the same period, the average salary across the country stood at Rs. 310. This highlights the significant wage inequalities among agricultural workers in India.

Table 1.2 State-Wise Average Daily Wage Rates in Rural India (Non - Agricultural Labourers)

State/Union Territory	2016-17	2017-18	2018-19	2019-20	2020-21
Andra Pradesh	232.4	247.5	271.2	291.3	305.3
Assam	233.8	245.5	258.3	263.6	299.3
Bihar	228.6	237.2	250.9	268.5	289.3
Gujarat	204.3	216.1	224.1	234.5	239.3
Haryana	352.7	355.5	362.3	376.9	384.4
Himachal Pradesh	303.4	330.4	336.4	344.1	342.1
Jammu & Kashmir	408.8	417.3	433.9	452.8	483.0
Karnataka	238.5	242.4	261.1	263.4	279.2
Kerala	615.6	625.6	657.2	670.4	677.6
Madhya Pradesh	184.4	198.1	202.4	205.9	232.6
Maharashtra	215.9	226.7	229.6	240.2	262.3
Punjab	300.5	313.1	319.2	331.9	344.2
Rajasthan	300.1	301.2	316.3	312.1	329.0
Tamil Nadu	389.6	401.7	414.3	438.6	449.5
Utter Pradesh	222.7	244.7	261.1	272.3	286.8
West Bengal	259.9	279.3	287.0	291.1	305.8
All India	261.3	273.8	284.8	293.9	315.3

Source: Labour Bureau, GOI

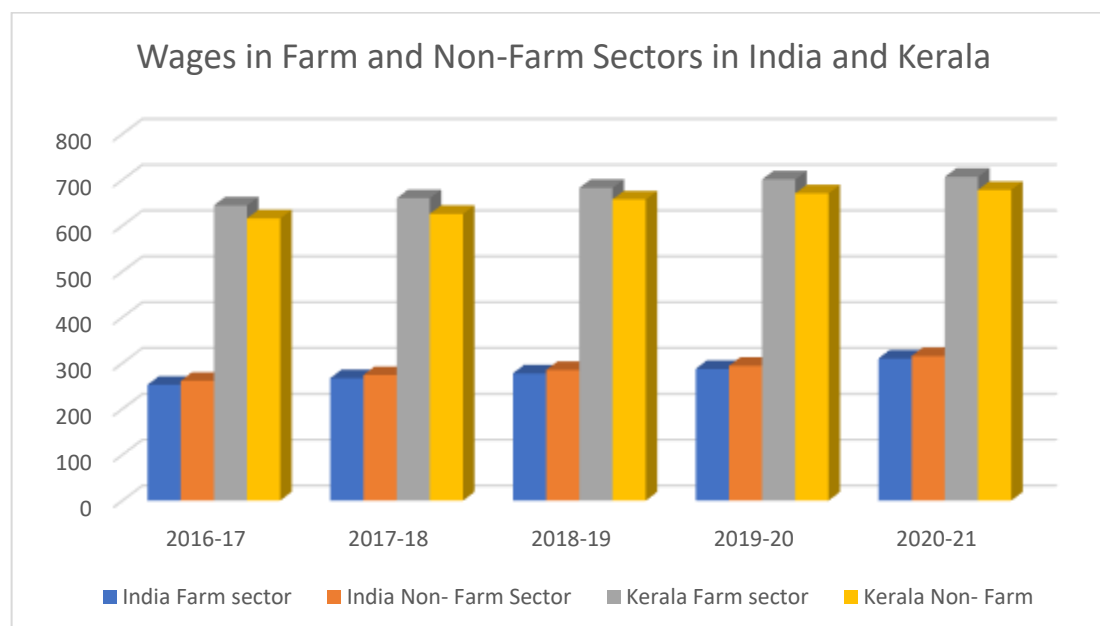


In comparison to other Indian states, rural Kerala offers higher wage rates for workers in the non-farm sector. According to the International Labour Organisation, Kerala, Jammu & Kashmir, Tamil Nadu, and Himachal Pradesh regularly provide elevated wages for non-farm sector employees in rural regions. Conversely, Gujarat, Madhya Pradesh, and Maharashtra exhibit the lowest wages for non-farm workers in rural areas. The average daily wage for non-farm employees in Kerala stands at Rs.

678, whereas in Madhya Pradesh, it is Rs. 233 for the year 2020-21. This underscores the notable wage inequality among non-farm workers across India.

Table 1.3 Daily Wages in India and Kerala

	India		Kerala	
Years	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



The table above illustrates the daily wage rates for both agricultural and non-agricultural employment in rural regions of India. Kerala demonstrates significantly higher daily earnings in both agricultural and non-agricultural sectors compared to the national average. Based on the approximations from 2020-21, the wage rates for agricultural and non-agricultural labor in Kerala are Rs. 707 and Rs. 678, respectively. On a national level, these rates are Rs. 310 and Rs. 315, respectively.

Conclusion

The various states of India display considerable differences in their regional, geographical, social, and cultural characteristics, resulting in notable wage disparities among workers. These differences are particularly evident among rural workers, with marked wage variations between states. Consequently, labourers from states with lower wages frequently pursue employment in states offering higher pay, resulting in significant labour migration. The causes of these wage gaps are complex and include factors like the surplus of unskilled labour as well as the absence of robust trade unions. Kerala is particularly noteworthy for its relatively high rural wage rates, which attract labourers from states like West Bengal, Bihar, Uttarakhand, Rajasthan, and Odisha in search of better job prospects. The state's elevated levels of literacy and education have created a preference for white-collar occupations over agricultural and rural employment, which in turn has contributed to a labor shortage in the rural sector, leading to increased wage rates.

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