



ILO's India Wage Report

According to the recently released report by International Labour Organisation, India needs to improve its wage policies to promote inclusive growth even as low pay, gender wage gap and informality remain pervasive.

Key Findings

Positives

- Based on the Employment and Unemployment Survey (EUS) of the National Sample Survey Office (NSSO), the report estimates that **real average daily wages have almost doubled** between 1993-94 and 2011-12, increasing more rapidly in rural than in urban areas and increasing more rapidly for casual than for regular workers.
- **Average wages have increased faster for women** than for men and rose faster in the unorganized sector than in the organized sector.

Negatives

- Only a limited number of regular/salaried workers, mostly in urban areas, and highly skilled professionals earn substantially higher average wages.
- Although overall wage inequality in India seems to have stabilized or even declined somewhat since 2004-05, **wage inequality remains very high**.
- The **gender wage gap also remains very high** by international standards, although it has marginally declined from 1993-94 to 2011-12.
 - This gender wage gap can be observed among all types of workers: regular and casual, urban and rural.
 - Of all worker groups, the average daily wages of casual rural female workers is the lowest (INR 104 per day).
- Because average labour productivity (as measured by GDP per worker) increased more rapidly than real average wages, **India's labour share has declined**.
 - Labour share refers to the proportion of national income which goes into labour compensation, as opposed to capital or landowners.
 - Wage levels and distribution of wages are, to a large extent, influenced not only by skills and productivity levels but also by the role of labour market institutions, particularly minimum wages and collective bargaining.

Recommendations

- In its report ILO also recommends other complementary actions to comprehensively address how to achieve decent work and inclusive growth.
- These include fostering accumulation of skills to boost labour productivity and growth for sustainable enterprises, promoting equal pay for work of equal value, formalizing the informal economy and strengthening social protection for workers.

