

GENDER DISPARITIES IN WAGE RATES AND EMPLOYMENT IN INDIA

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Abstract

Different wage rates for men and women are still observed in many economies especially under developed and developing, though there are many legal frameworks for equality for both sexes. The discrimination and biases against women witnessed in social spheres gets mirrored on to economic spaces not only through direct, legitimate routes but also via the resilience in perceptions and mindsets among the agents of the labour markets that reconfigure to retain elements of gender imbalances. The space for unbiased consideration and gender based comparison is not only constricted by data inadequacies but is nullified due to the perceptions derived from the patriarchal role stereotyping that precedes any deliberation on women's contribution to the economy. These differences results in lower wages for women. Using secondary data provided by various NSSO rounds, this study aims to examine the gender employment structure and wage differentials in India Labour Market.

Keywords: Faminist, Human Capital, Unorganized Sector, Informalisation.

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Introduction

Treatment of women differently in the labour market is widely observed in the world, even in developed countries: Many women are allocated into certain kinds of occupations, paid less than their male counterparts and face problems in promotion.^{[1][2]} This unequal treatment of men and women in the labour market results in inefficient use of human resources.

As in many parts of the world, women in the India Labour Market are also divided into occupations, some of them are considered to be more convenient for females and on average, receive fewer wages than men.

Theories on Labour Market Discrimination:

There are various theories on the differences in labour market outcomes for men and women, which could be classified in three main categories: neo-classical theories, institutional and labour market segmentation theories, and feminist (or gender) theories.

Neoclassical (human capital) theories assume that workers and employers are rational and that labour markets function efficiently. According to this theory, workers seek out the best paying jobs after taking into consideration their own personal endowments, constraints, and preferences. Employers, on the other hand, try to maximise profits by maximising productivity and minimising costs to the extent possible. Thus the differences in the labour market payments results from the equilibrium forces of supply and demand. Wage differences are viewed as a consequence of the quality of the different offerings of men and women in the labour market. It is stressed that females have lower human capital in terms of what they bring to the labour market (e.g. they have less education, less relevant fields of study) and what they acquire after joining to the labour market (e.g. they have less experience than men as a result of intermittent or truncated labour market participation because of marriage or household/child-care responsibilities).^{[3][4]}

According to the institutional and labour market segmentation theories, labour market is divided into segments such as primary and secondary sectors, static and progressive jobs, formal and informal sectors.^[5] These theories have three propositions^[6]: Identical individuals are rewarded differently depending on the segment they are in; access to better paying jobs is not equal; and

the segment that the worker is in influences the worker's cognitive abilities and imposes additional limits to mobility. The best known of these theories is the dual labour market theory, which divides the market as primary and secondary sectors. Jobs in the primary sector are defined to be relatively better in terms of payment, security, promotion, and working conditions whereas secondary sector jobs tend to be poorly paid with few promotion prospects and worse working conditions. It is stated that for the most part, the primary market is predominantly male, whereas the secondary market is predominantly female. A supply side argument for women's employment in the secondary sector jobs comes from the 'Cambridge Group'.^[7] The economists in this group argue that women are not expected to earn a primary wage because of their position in the family. Hence they are more prepared than men to accept a secondary wage, which lowers their supply price.

Feminist theories, on the other hand, are mainly concerned with non-market variables. These theories often stress that the disadvantaged position of women in the labour market and the processes that maintain this structure is caused by the patriarchy and women's subordinate position in the society and the family.

Gender wise Growth of employment over the time in India

Female employment, which accounts for around one-third of all employment, grew less than male employment during the past three decades as shown by Table 1. During the period 2005-12, the available estimates indicate a steep decline in the growth of employment. But the pattern of employment growth has an important gender dimension; there was an absolute decline in employment for rural females. In this period, for males, in both rural and urban areas, a slowdown in employment growth has occurred; but the sharp absolute decline for rural female warrants further investigation. India has the lowest participation rate for women in the workforce when compared to all its South Asian neighbours except Pakistan.

Table 1: Growth of Employment (UPSS)

Years	Rural			Urban			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
1983-94	1.92	1.39	1.72	3.14	3.38	3.19	2.21	1.64	2.02
1994-2005	1.40	1.54	1.45	3.10	3.30	3.14	1.86	1.81	1.84
2005-2012	1.06	-2.76	-0.22	2.54	1.07	2.23	1.51	-2.04	0.44

Source: Computed from unit level data of various NSSO rounds and various decadal census reports.

A number of experts and commentators have attributed it to the marginalization of women in the labour market because of the absence of suitable jobs for them. Others have termed it as a healthy development indicating rising enrolment of women in schools and colleges as well as withdrawal of a large number of women from work due to rising income (called income effect in economic discourse).

The two indicators for assessing the employment situation in Indian economy, that is, labour force participation rate and worker population ratio, occupy the crucial importance in determining the extent and structure of available human resources. For the overwhelming majority of the Indian bourgeoisie (those who own and control the means of production in the society), attached in some way or the other to the countryside, caste considerations usually govern political affiliation either directly or indirectly.^[8] The government of India has commenced the affirmative action on the basis of Mandal Commission report by providing employment through reservations in various political and economic sectors by increasing quota from 22.5 per cent to 49.5 per cent for scheduled castes, scheduled tribes and further to other backward castes.^[9] Difference in male and female employment situation of India is clear from the Table 2.

The table reveals that overall the labour force participation rate and worker population ratios have shown negative growth both among males and females with the exception of LFPR among males where there is no change in this indicator. There has been great gender inequality regarding annual growth in LFPR and WPR. Both these components are more among males as compared to females.

Table 2: Employment Situation in India by Social Status

Year	LFPR			WPR		
	Males	Females	Total	Males	Females	Total
1993-94	55.6	29	42.8	54.5	28.6	42
1999-00	54.1	23.3	38.7	52.7	25.9	39.7
2004-05	55.9	29.4	43	54.7	28.7	42
2009-10	55.7	23.3	40	54.6	22.8	39.2
2011-12	55.6	22.5	39.5	54.4	21.9	38.6
CAGR	0.00	-1.40	-0.44	-0.01	-1.47	-0.47

Source: NSSO Reports, 50th, 61st, 66th & 68th Rounds

There is almost no change in the labour force and worker population ratio of males but, these have declined nearly 1.4 per cent per annum in case of females. Some research suggests that the qualifying reason for this gender inequality in employment among social groups in rural India is the mechanization of agriculture and continued development in India which has served to worsen rather than improve their employment situation.^[10]

Gender Wage Discrimination in India

The distinguishing feature of labour market duality in India can be located in the wage structure of the workers.^[11] This dualism is widely perceptible through the wage differentials among casual and regular workers, across different sectors and regional and gender based wage differentials. Table 3 explains this duality of Indian labour market.

No doubt, the average daily wages have increased with the passage of time, but, there is very high inequality in the average daily wages across various segments of labour market. In the rural areas, the daily wage of regular workers has increased from Rs. 55.1 per day to Rs. 299 per day from 1993-94 to 2011-12 whereas, for the casual workers, the wage per day has increased from Rs. 20.54 to Rs. 138.6 during the same period. As compared to this, in urban India, the daily wage rate has increased from Rs. 75.80 to Rs. 450 among regular employees and it has increased from Rs. 28.80 to Rs. 167 among casual workers during 1993-94 to 2011-12. This is due to the fact that informalization of labour market and hiring and firing policy generate huge wage difference between informal and formal wage worker.^[12]

Table 3: Average daily Wages of Males and Females in Different Categories

Year		Regular			Casual		
		Males	Females	Persons	Males	Females	Persons
Rural	1993-94	58.5	34.9	55.1	23.2	15.3	20.54
	1999-00	127.32	114.01	125.31	44.84	29.01	39.64
	2004-05	144.9	85.3	133.8	55.1	34.9	48.9
	2009-10	249.15	155.87	231.59	101.06	68.66	92.56
	2011-12	322.3	201.6	299.0	149.3	103.3	138.6
Urban	1993-94	78.1	62.3	75.8	32.4	18.5	28.8
	1999-00	169.71	140.26	165.05	62.26	37.71	56.96
	2004-05	203.3	153.2	193.7	75.1	43.9	68.7
	2009-10	377.16	308.79	364.95	130.66	75.53	120.37
	2011-12	469.9	366.2	450.0	178.8	108.8	167.0

Source: NSSO Reports, 50th, 61st & 68th Rounds

During this time period, daily wage rate in urban areas is one and half times more as compared to rural areas, but, this regional difference is very less among casual workers. According to the Todaro model, rural migrants may not find employment immediately upon arrival in the city, and when they do, there is a high likelihood that their wages will be lower than they expected, resulting in lower than expected income.^[13] Among rural males and females, the difference in daily wage rate has increased from Rs. 23.60 to Rs. 120.70 among regular workers whereas; this difference has increased from Rs. 7.90 to Rs. 36 among casual workers during 1993-94 to 2011-12. In urban India, the wage differential among regularly employed males and females has increased from Rs. 15.80 to Rs. 103.70 and from Rs. 13.9 to Rs. 70.00 among casual workers during the same time period. Thus, when one looks at the comparative analysis between rural and urban areas, it becomes evident that rural areas tend to have more gender disparity than urban areas in wages. The main reason for this is the lack of knowledge, awareness and illiteracy among the rural women.^[14]

An important aspect of rising wage inequality has been the sharp rise of wages of skilled workers relative to the unskilled.^[15] In the absence of any direct measure of skills, the usual approach is

to use the educational level as an indicator of skills. In this case, the expectation is that wages will progressively rise with increasing levels of education. This is more so in the case of regular workers, as education levels play a much smaller role in determining the wages of regular workers. Discrimination of wages is not only for educated and non educated or less educated, but also for different genders at same levels of education. Table 4 presents the wage rates for male and female regular workers for rural and urban areas at different levels of education. The wage disparity between men and women declined with increasing level of education in rural areas in regular work.

Table 4: Wage Differential by Educational Levels of Regular Workers, 2011-12 (at 2011-12 prices)
(Rs.)

Education Level	Rural Worker		Urban Worker	
	Male	Female	Male	Female
Illiterate	178	95	208	129
Primary	189	102	222	139
Middle	217	112	252	138
Secondary	338	229	383	328
Graduate and Higher	550	378	792	607
Total	320	203	463	369

Source: NSSO 68th round

A woman worker, with no education, received only 53 per cent of a man's wage in a regular job in rural areas, but with a graduate degree she received 69 per cent of the wage of her male counterpart. In urban areas women without education received 62 percent of a man's wage in a regular job. Woman's wage share as percentage of male wage is highest at Secondary level of education in regular job i.e. 86 per cent of a man's wage and it is 77 per cent of a man's wage at graduate and higher level of education. In the case of regular employment, however, education led to a significant increase in wages of both men and women. In fact, in regular jobs the wages of female workers rose faster with education than those of male workers. It, therefore, appears

that regular employment is a necessary condition for education to benefit workers in general, and to reduce the gender wage gap in particular.

Females generally have lower average wage rate than their male counterparts. Despite substantial improvement in women's education and rising participation in the labour market, the gender wage gap has remained substantial in many countries.^[16] Though the gap exists in almost all countries, its size varies from country to country. India is no exception to this. Gap between the wages of male and female workers in rural and urban areas for regular and casual workers has been depicted in Table 5.

Data show that gap between wages of male and female workers had been decreased during 2011-12 as compared to 2004-05 for both types of workers in rural as well urban areas. As on an average woman's wage in rural regular jobs was 59 percent of man's wage and increased to 63 percent of man's wage in 2011-12. In urban areas for regular workers this percentage increased from 75 percent to 80 percent for this time period.

**Table 5: Gender-wise Distribution of Wages
(2011-12 prices)**

Type of Worker		Wages Per Days (Rs.)			
		Rural Regular	Rural Casual	Urban Regular	Urban Casual
2004-05	Male	261	101	353	132
	Female	153	63	266	78
	Person	241	88	336	120
2011-12	Male	320	150	463	185
	Female	203	105	369	115
	Person	293	138	445	173

Source: NSSO 61st and 68th rounds

On an average woman's wage in rural casual works was 62 percent of man's wages and increased to 70 percent of man's wage in 2011-12. In urban areas for casual workers this percentage increased from 59 percent to 62 percent during the same time period. But, there is a big gap in male and female wages. Gap is highest among urban casual workers and lowest

among urban regular workers. In rural areas this gap is higher for regular workers and in urban areas it is higher in the case of casual workers.

Unemployment Rates for Males and Females

Table 6 and 7 shows the unemployment rates for both sexes with different criteria and with different levels of education respectively.

The unemployment rates by all criterion are higher in urban in comparison to rural areas, both for males and females, except the CDS rate for males which is slightly higher in rural areas. Table 6 also shows that unemployment rates for women are higher than those for men, irrespective of the concept used and the location, with the longer term rates of females varying between 5 and 7 per cent, and the daily rate being 8 per cent in urban areas. Gender differences are much sharper in the urban areas. It should also noted that female LFPRs, as measured by the NSSO surveys, are very low in urban areas, fluctuating between 16 and 18 per cent by UPSS since 1983, which suggests that there may also be a substantial discouraged worker effect and considerable disguised unemployment of women.

Table 6: Unemployment Rates across Sex and Location, 2011-12

Criteria	Rural			Urban			All		
	Male	Female	Person	Male	Female	Person	Male	Female	Person
UPS	2.1	2.9	2.3	3.2	6.6	3.8	2.4	3.7	2.4
UPSS	1.7	1.7	1.7	3.0	5.2	3.4	2.1	2.4	2.2
CWS	3.3	3.5	3.4	3.8	6.7	4.4	3.5	4.2	3.7
CDS	5.5	6.2	5.7	4.9	8.0	5.5	5.3	6.6	5.6

Source: Computed from unit level data of NSSO, 68th Round.

But there is fact about Indian situation that women's work remains under reported, undercounted and undervalued in most of the national statistics. Therefore above stated gaps may be narrowed to some extent.

A precondition to turn the 'demographic bulge' into the 'demographic dividend' is education and skill formation. Educational and skill levels of Indian workers are abysmally low. Imparting

education is not enough, there must also be jobs for the educated. At present, the unemployment rate as per UPS increases consistently with increasing levels of education for both males and females in rural as well as urban areas. It is true that generally the more educated are able to remain unemployed until a suitable offer comes along. Some part of the higher unemployment rate for the more educated reflects this greater waiting period. At the same time, it is undeniably true that males as well as females, more so the latter, with higher secondary and above education, have very high unemployment rates in both urban and rural areas as shown by table 7.

Table 7: Unemployment Rate by Education (UPS), 2011-12

Educational Level	Rural			Urban			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Not Literate	0.6	0.7	0.6	0.9	1.0	0.9	0.6	0.8	0.7
Below Primary	1.0	1.4	1.1	2.9	2.1	2.8	1.4	1.6	1.4
Primary	1.6	1.1	1.5	1.9	1.9	1.9	1.7	1.2	1.6
Middle	2.2	4.2	2.5	2.3	4.7	2.6	2.2	4.4	2.5
Secondary	2.6	8.8	3.5	2.3	8.3	2.9	2.5	8.7	3.3
Higher Secondary	4.3	14.2	5.5	4.9	10.7	5.7	4.5	12.7	5.6
Diploma/Certificate	10.0	25.9	12.6	6.1	11.2	7.0	8.0	18.3	9.7
Graduation	8.0	23.7	10.2	5.8	14.8	7.4	6.6	17.5	8.4
PG and Above	10.0	23.2	12.6	4.5	12.4	6.5	6.1	14.9	8.2
Total	2.1	2.9	2.3	3.2	6.6	3.8	2.4	3.7	2.7

Note: Age 5 and above years.

Source: Computed from unit level data of NSSO, 68th Round.

Unemployment rates among those with a diploma or a certificate are also very high. This shows that even the persons with certificates or diploma from technical institutions are also not getting employable training. With increasing levels of education unemployment for females is increasing more rapidly than their male counter parts

Conclusion

The present study makes it clear that females are far behind their male counterparts in the employment creation as well as the earnings. The condition of women belonging to lower castes

is more vulnerable. It is due to the discrimination faced by them in the society and at workplace. This calls the need for creating a secure environment for them at working places so that their numbers in the employment can be increased. They must not be recognized as reproductive channels; rather their importance in employment must be realized. The employment opportunities in white collar jobs enlighten the educated mass and the low productivity jobs are the outcome of low education. Furthermore, the regional and gender based discrimination and differentials represent the dualism in the interrelated factors of Indian economy. To get rid of this dualism, the need arises to raise the educational budgets in government expenditures, investments in retarded regions and women empowerment measures in these spheres.

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