

THEME II: WAGES IN INDIA: STRUCTURE, TRENDS AND DETERMINATION

Wage workers constitute 50 per cent of India's workforce. Bulk (56 per cent) of the wage workers, however, finds employment on a casual, daily basis and earns a daily wage. And they do not find employment on all days they seek it. Just about 40 per cent of the regular employees have formal employment (which comes with entitlements to non-wage benefits and social security) in the organised sector. Most of these formal regular employees are to be found in organised services, mainly in the public sector. The rest of the regular employees, who do not have entitlements to non-wage benefits and social security, can be found in both organised and unorganised sectors.

Wage structure corresponds to the structure of wage employment. There exist large wage differentials between the organised and unorganised sectors. And even for the same type of wage employee within each of the sectors (organised and unorganised), the wage varies across sectors of activity, across regions, between rural and urban areas, across skill/education categories, between males and females, and across castes/tribes/religious categories. These differentials need to be recorded, analysed and explained.

Do the different wages move together over time and across sectors, regions, etc.?

The short answer is: we do not know or at least do not know adequately. Studying the time-trends in different types of wages and their relation to economic factors (prices, productivity, etc.) is thus of much importance.

It is not difficult to see that none of the wages is determined through demand-supply equilibrium, as economics textbooks tell us, because there is excess supply everywhere. Casual employees are underemployed and would want to be regular employees. Regular employees in the unorganised sector would want to be regular employees in the organised sector. Regular employees who do not have formal employment would want to have it. How, then, are the different wages determined? This is a question that needs to be addressed and answered.

The three topics, of course, are interlinked. If we know how the different wages are determined, we can explain the differentials as also the time-trends more easily. The topics are separated only so that rigorous investigations at both macro and micro levels remain feasible. Indeed, further division into sub-topics is useful. Some of the suggested sub-topics are as follows:

Wage structure:

- Wage differentials between the organised and the unorganised sectors
- Wage distribution: among regular employees within the organised sector [across economic activities; across regions; across skill categories / occupations]
- Wage distribution: among casual employees within the unorganised sector [across economic activities; across regions; across villages in a region; rural-urban; across caste/tribal/religious categories]

Wage trends and their explanations:

- Money wage and real wage of regular employees in the organised sector [aggregate and different sub-sectors]
- Money wage and real wage of casual employees in the unorganised sector [aggregate and different sub-sectors]

Wage determination:

- Wage determination: regular employees in the public sector
- Wage determination: regular employees in the organised private sector
- The role of collective bargaining in wage determination in the organised sector, public and private
- Wage determination: casual employees in the unorganised sector