

Gender Wage Gap in India

An analysis of PLFS 2019-20 Data

Gender Equality and Women Empowerment is recognised as a critical component of sustainable development and is an area where Sattva has worked on extensively. The participation of women in the economic activities of the country is recognised as critical in empowering women. The female labour force participation rate, i.e. the percentage of women who are employed or seeking employment, has seen a declining trend over the last 10 to 15 years, reducing from about 32% in 2005, to just over 20% in recent years. Ensuring that women get fair and equitable pay is required to ensure that women become part of the economy in a sustainable way and are thus able to achieve economic empowerment.

As part of its efforts to collect information about India's employment and unemployment scenario, the National Sample Survey Organisation(NSSO) carries out an annual survey called the Periodic Labour Force Survey(PLFS), based on which annual reports are released, along with quarterly reports. The NSSO also releases unit-level data with the annual reports, i.e. a cleaned version of data for every individual surveyed. The data for the year 2019-20, which was collected between July 2019 and June 2020, was released in July 2021. Analysing the data collected as part of the PLFS 2019-20, given below is a quick overview of the gap in wages earned by men and women in India.

PLFS 2019-20 suggests that just 28.2% of women in the 15-60 age group are part of the labour force. Even among the women who are part of the labour force, the largest share, 30%, is taken up by women who are working without any wages in enterprises of their own households, with another 5.3% unemployed. Thus only about 65% of women in the labour force actually earn wages.

The Wage Gap in India

The difference between the average monthly wages among men and women in India, i.e. the wage gap, is about INR 4,014. On average men earn INR 12,048 per month while women earn INR 8,034, i.e. about 33% less than men. Note that while estimating the average wage for men and women, only persons who actually earn wages have been considered, i.e. unpaid workers and the unemployed have been left out.

Average Monthly Wage: Men	Average Monthly Wage: Women	Wage Gap
Rs. 12,048	Rs. 8,034	Rs. 4,014

A much larger share of women are in jobs which pay lower monthly wages as shown below in Fig. 1. About 1 in 5 women earn less than INR 2,500 per month, and only about 13% earn more than INR 12,500 per month. In comparison just 4% men earn less than INR 2,500 and more than 1 in 4 men earn more than INR 12,500 per month. It is interesting to see that while for the lower wage levels, i.e. less than INR 12,500 per month, women earn about 7-12% less per month than men, in the higher wage levels women actually earn about 2.5% more than men on average, except at the highest wage level where women again earn about 7.5% less¹. These two factors combine together to result in the overall average wage gap of about INR 4,161.

¹ Sample of people earning more than Rs. 50thousand monthly is relatively low, and thus the average wage gap here is likely to have high rate of error. As an example, in 2018-19 in this class average wage of women was actually higher than that of men.

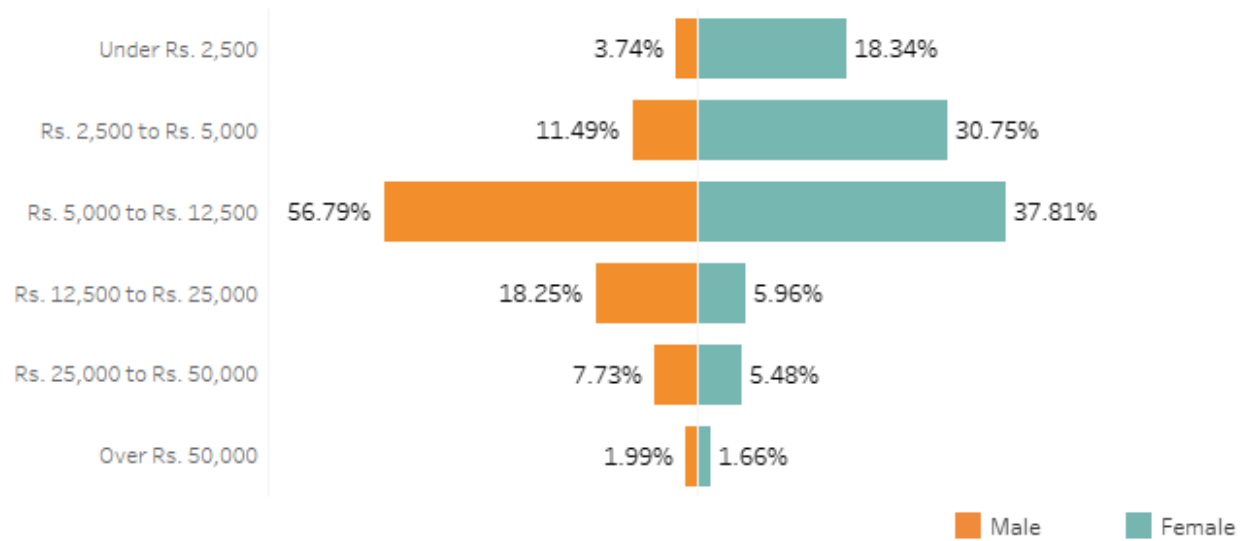


Fig 1. Distribution of Employed Earning Persons by Monthly Wages/Earnings

The overall wage gap varies across states, with 9 states/UTs showing an overall gap of over INR 5,000 in monthly wages, while in Nagaland and Lakshadweep a negative wage gap is observed, i.e. women earning more than men on average. Among the larger states the highest gap is seen in Himachal Pradesh of INR 7,502. It is interesting to note that many of the “poorer” states like Bihar, Chhattisgarh, Jharkhand and Uttar Pradesh show lower levels of wage gap, less than INR 3,000 per month, compared to the “richer” states. This lower wage gap is observed even when considering the wage gap in percentage terms. For example, in Uttar Pradesh on average women earn about 26% less per month than men while in Chhattisgarh women earn about 29% less and in Bihar about 28% less. In comparison in Telangana on average women earn 50% less than men, and in Tamil Nadu it’s 44% less.

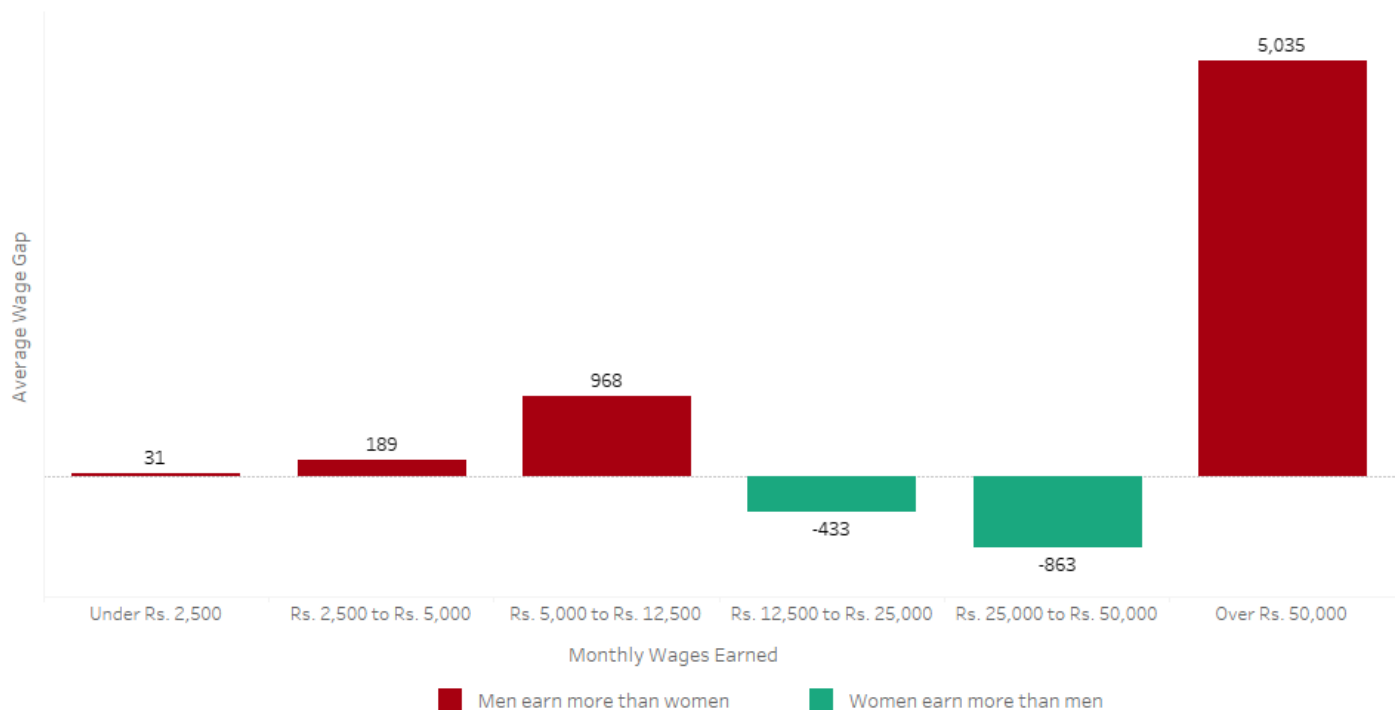


Fig 2. Gender Wage Gaps by Classes of Monthly Wages (INR)¹

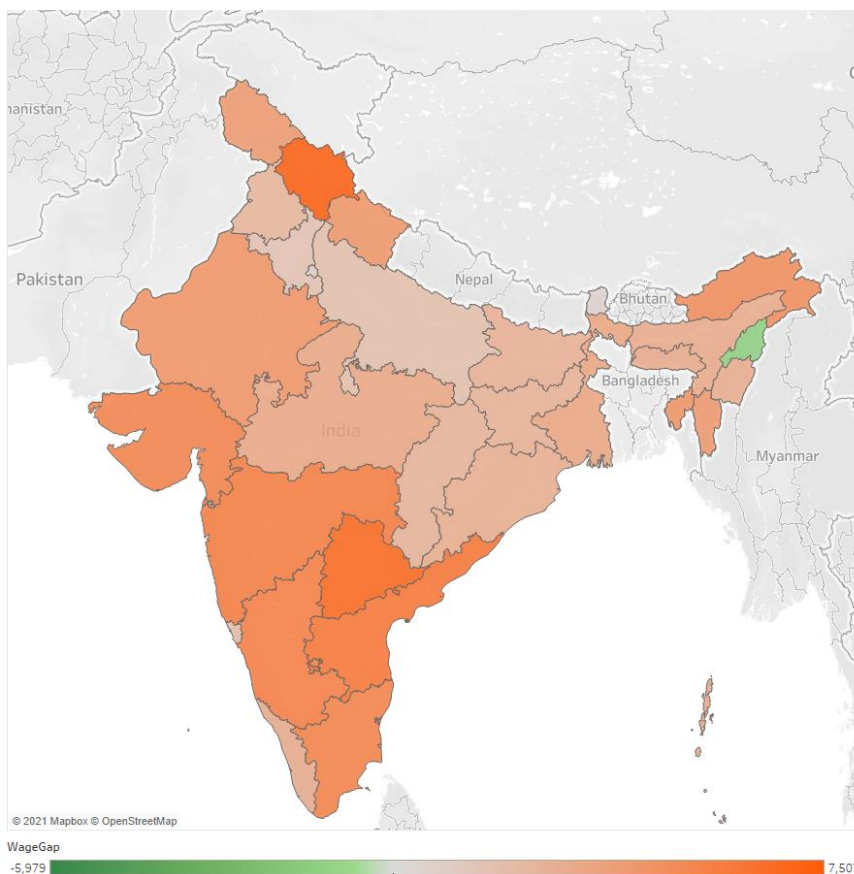


Fig3. Wage Gaps Across States

There are some exceptions to this trend though like Delhi. Delhi is a high average wage state but the estimated wage gap of INR 1,246 is one of the lowest and women earn about 5% less than men on average. In Delhi, the distribution of wage earning employees by wage classes is similar for both men and women, and wage gaps across all wage classes is also lower.

Wage Gap in different sectors and occupations

Across all types of employment, sectors of employment and occupations, the PLFS 2019-20 data suggests that women earn in general between 20% to 60% less than men on average.

Among the three broad types of employment, i.e. casual labour, salaried and self-employment, the most stark wage gap is seen among the self employed. The wage gap between self-employed women and men is INR 5,989, which translates to self-employed women earning about 53% less than self-employed men. Just 6.6% of self employed women are able to earn more than INR 12,500 per month. The agriculture and allied sector which employs more than half of women in the labour force has an average wage gap of INR 3,812, i.e. women on average earn about half of what men do in agriculture. Wage gaps in the manufacturing and construction sector are similar with women earning about 50% less. Service sector has the least wage gap in percentage terms with women earning 25% less than men.

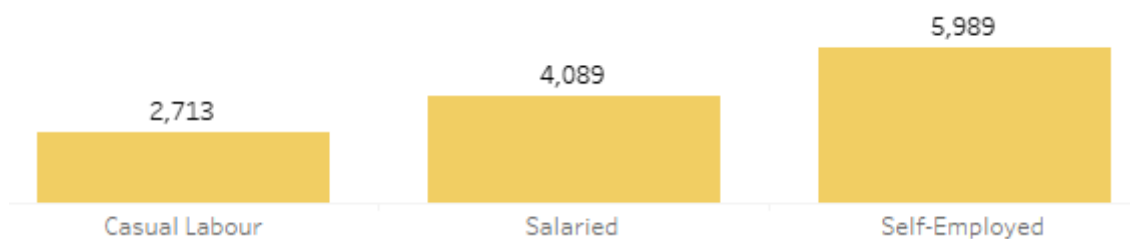


Fig.4 Wage Gaps for different types of employment

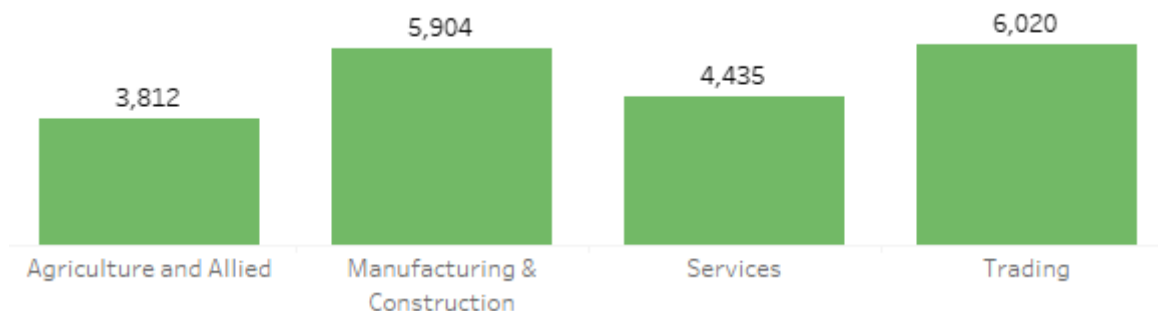


Fig. 5 Wage Gaps for different sectors of employment

Similarly even for different types of occupations wage gaps vary from less than INR 3,000 per month for elementary occupations to over INR 8,000 among technical professionals. There is some variation when the wage gap is looked at in percentage terms. But in general it is observed that the distribution of wage-earning persons by wage levels is more equitable for the higher paying jobs like professionals, managers etc. when compared to lower paying ones like the elementary occupations. For example, among clerks, 5.4% women and 2.9% earn less than Rs.5,000 per month. In elementary occupations, 62.8% women earn less than Rs 5,000 monthly, but only 26.7% men earn at this level. It must be also remembered that a large share of wage earning women are in occupations with lower average wages, with about a third of them in elementary occupations. Overall women are not only concentrated in occupations or employment types which pay less in general, but even in these jobs they tend to earn far less than men do.

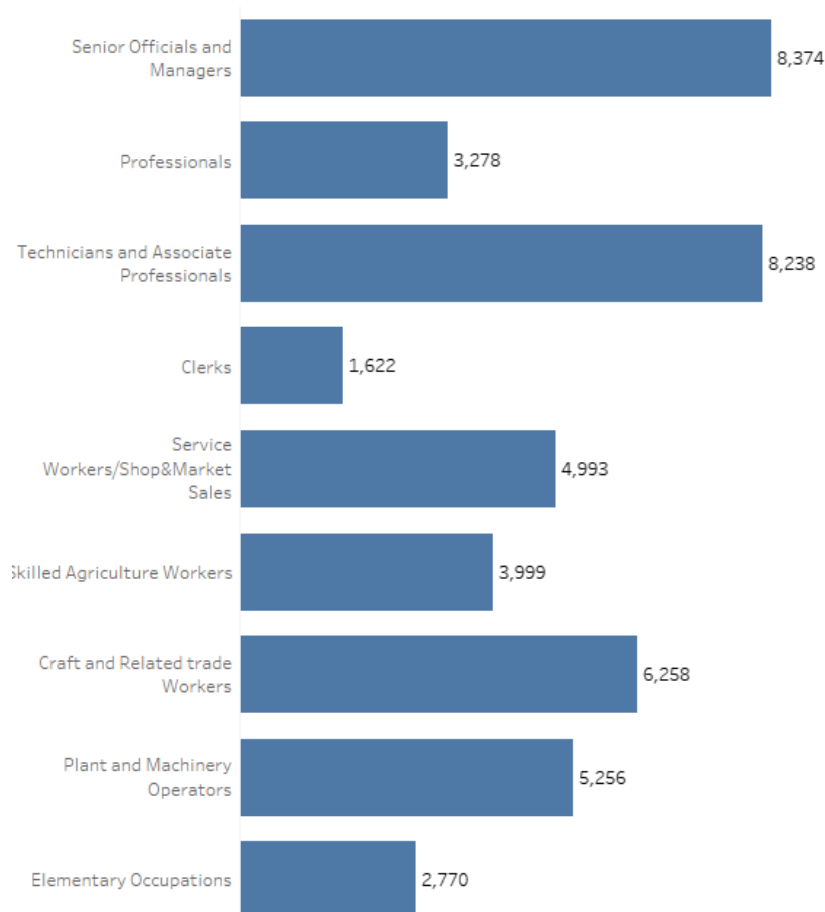


Fig 5. Wage Gaps for different occupation types

Conclusions

From this brief and high-level look at the wages earned by both men and women across states, occupations, types of employment and sectors of employment, it is pretty clear that women earn significantly less than men in almost all forms of their involvement in economic activities. Three broad observations about wage earning women in India can be made, as outlined below.

- Women are more often in types of employment where average wages are lower for everyone, e.g. in elementary occupations, in the agricultural sector or as casual labourers.
- Even in these lower paying jobs, on average women earn 30-60% less than men in similar jobs.
- While wage gaps are lower in relative terms for higher paying occupations, especially for higher wage levels, very few women seem to be able to gain access to such jobs.

This situation of significant lower returns from participation in the labour force likely has a significant impact on the level of economic empowerment that women are able to derive and also the long term sustainability of that level of equality. A woman's contribution to the overall economic well being of the household is more likely to be seen as auxiliary in nature and something to be taken up only in times of necessity. This may also be seen in the lower level of women taking up higher education in India. Only 13% of 18-24yr old women are in the workforce and 30% are continuing education. In comparison almost all men in the same age group are either in the workforce or studying.

While improving education levels and vocational training among women is important, there must be a deeper understanding developed of the wage gap in women and direct interventions to reduce it, so that women are able to derive economic empowerment levels commensurate with the kind of effort that they are putting into the economy.