



Indian Economy Rural Wage Disparity

Tags:

- **GS Paper - 2**
- **Government Policies & Interventions**
- **GS Paper - 3**
- **Inclusive Growth**
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For Prelims: Reserve Bank of India, Rural wages, MGNREGA, Mahatma Gandhi National Rural Employment Guarantee Act, Atmanirbhar Bharat Rojgar Yojana, National Career Service Project, Deendayal Antyodaya Yojana- National Rural Livelihood Mission.

For Mains: Major Factors Responsible for Wage Inequality in India, Issues Arising Out of Design & Implementation of Policies.

Why in News?

Recent data from the Reserve Bank of India highlights stark differences in rural wages **across different states in India**, showcasing significant disparities in earnings for farm and non-agricultural workers.

- The stark contrast in rural wages across states underscores the need for equitable distribution and policies that bridge this disparity, ensuring a more balanced livelihood for agricultural and non-agricultural workers nationwide.

What are the Major Highlights of the Rural Wages Data by RBI?

- **Rural Economic Disruptions:** During the **fiscal year 2021-22**, the rural economy faced challenges due to the **Covid-19 pandemic** affecting employment and income levels.
 - Subsequently, in the **fiscal year 2022-23**, **elevated** inflation rates and increased interest rates significantly disrupted rural demand.
 - These factors **heavily impacted job opportunities and income stability** in rural areas across the nation.
- **Rural Wage Disparities:** Rural wages in **Madhya Pradesh** for **agricultural and non-agricultural workers** are **significantly below the national average** standing at Rs 229.2 and Rs 246.3 daily, respectively, impacting the livelihoods of rural families.
 - **Kerala boasts the highest wages across various sectors**, with rural farm workers earning Rs 764.3 per day.
 - In case of wages for rural construction workers too, **Kerala and Madhya Pradesh stand at opposite ends of the spectrum at Rs 852.5 and Rs 278.7 daily**, respectively.
- **National Average Wages:**
 - Agricultural workers: Rs 345.7
 - Non-agricultural workers: Rs 348
 - Construction workers: Rs 393.3
- **Stagnant Rural Income Growth:** Despite some wage growth peaks in **2022-23**, rural income prospects remained subdued, **stagnating the real rural wage growth** and indicating an incomplete recovery in the unorganized segment of the economy.
 - For instance, MGNREGA **job demand dipped** but remained higher than pre-pandemic levels in 2022-23, signaling **an incomplete recovery**, especially in the unorganized sector.

What are the Major Factors Responsible for Wage Inequality in India?

- **Economic Development Disparities:** Regions or states with varying levels of economic development showcase **substantial wage differences**.
 - Advanced industrial regions tend to offer higher-paying non-agricultural jobs compared to agrarian-centric areas.
- **Policy Interventions:** Diverse state-level policies regarding minimum **wages, labor regulations, and** social security schemes also create wage disparities. States with stringent labor laws may offer higher wages but could also face fewer job opportunities.
- **Market Forces and Demand-Supply Dynamics:** Wage rates often align with market demand for **specific skills or labor**. Regions with higher demand and limited workforce supply in certain sectors tend to offer higher wages.
- **Cost of Living and Standard of Living:** Variations in the **cost of living, housing expenses, and other essential amenities** directly impact wage disparities. Areas with higher living standards or higher costs of necessities often offer higher wages to compensate.
- **Geographical Factors and Agricultural Cycles:** Weather conditions **and agricultural cycles** influence the availability of work in rural areas. Seasonal fluctuations and dependence on agricultural activities can lead to **seasonal wage variations**.
- **Migration and Labor Mobility:** Labor mobility **from low-wage regions to high-paying areas** creates imbalances in wages, impacting both source and destination regions' wage structures.

What are the Related Indian Government Initiatives?

- **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)**

- **Atmanirbhar Bharat Rojgar Yojana (ABRY)**
 - **National Career Service (NCS) Project**
 - **Deendayal Antyodaya Yojana- National Rural Livelihood Mission (DAY-NRLM)**
- **Rural Self Employment Training Institute (RSETI)**

PM Kaushal Vikas Yojna

Way Forward

- **Agricultural Diversification:** Encouraging diversification in rural economies by promoting allied sectors such as animal husbandry, fisheries, and agro-processing.
 - This could generate supplementary income sources, reducing dependence solely on agriculture and **improving overall earnings.**
- **Technology Adoption and Innovation:** Integrating technological advancements into agricultural practices to enhance productivity. Access to **modern farming techniques, machinery, and market linkages can elevate rural incomes.**
- **Infrastructure Development:** Investing in rural infrastructure, including better roads, irrigation systems, and connectivity.
 - Improved infrastructure can stimulate economic activities, create job opportunities, and **attract industries to rural areas, boosting wages.**
- **Focus on Migrant Workers' Welfare:** Implementing policies safeguarding the rights and livelihoods of migrant workers. **Ensuring fair wages, adequate living conditions, and social security benefits** for this workforce can incentivize a balanced distribution of labor across states.
- **Promotion of Agri-Entrepreneurship:** Encourage and support rural entrepreneurship by providing incentives, mentorship, and market access to aspiring agripreneurs.

- This could create a **ripple effect, generating jobs and augmenting rural incomes.**
- **UPSC Civil Services Examination, Previous Year Question (PYQ)**
- Q. Among the following who are eligible to benefit from the “Mahatma Gandhi National Rural Employment Guarantee Act”? (2011)
- (a) Adult members of only the scheduled caste and scheduled tribe households
- (b) Adult members of below poverty line (BPL) households
- (c) Adult members of households of all backward communities
- (d) Adult members of any household
- Ans: (d)
- Exp:
- Mahatma Gandhi National Rural Employment Guarantee (MGNREGA), which is the largest work guarantee programme in the world, was enacted in 2005 with the primary objective of guaranteeing 100 days of wage employment per year to every household whose adult members volunteer to do unskilled manual work.
- It aims at addressing the causes of chronic poverty through the ‘works’ (projects) that are undertaken, and thus ensuring sustainable development. There is also an emphasis on strengthening the process of decentralization by giving a significant role to Panchayati Raj Institutions (PRIs) in planning and implementing these works.
- Therefore, option D is the correct answer.