



Rural Labour in Transition: Real Wage Trends in India Since early 1980s

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DOI: <https://doi.org/10.51244/IJRSI.2026.1306000180>

Received: 10 June 2026; Accepted: 15 June 2026; Published: 29 June 2026

ABSTRACT

This paper analyses the evolution of real wages among rural labour in India from 1983 to 2023–24, focusing on the bottom 40 percent of the rural population with respect to monthly per capita consumption expenditure. Using unit-level data from NSSO employment rounds and the PLFS, and deflating earnings by the CPIAL, the paper estimates comparable daily real wages for regular and casual workers. The findings show a broad long-run rise in real wages after the late 1980s, with stronger gains between the early 1990s and 2011–12 than in the subsequent period. Over time, the wage gap between regular and casual workers narrowed in many states, but this narrowing often coincided with declining labour-force participation, a rising out-of-labour-force population, and growing volatility in the post-2011 period. Gender disparities remained persistent, and state-level patterns were highly uneven. The findings suggest that rising real wages among those employed should not be treated as sufficient evidence of improving labour-market conditions. Instead, they need to be interpreted alongside wider changes in agrarian performance, labour-force participation, sectoral shifts and the distribution of employment opportunities.

Keywords: Rural labour; real wages; casual labour; regular workers; rural labour markets; wage inequality.

INTRODUCTION

Wages are a fundamental measure of well-being of rural labour as they determine the purchasing power, standard of living, and economic security of these working households. In rural India, where many households rely wholly or partly on wage employment, changes in wages are particularly significant. They affect not only present consumption, but also nutrition, indebtedness, and the broader living standards of rural households. The analysis of wages, therefore, offers a useful starting point for understanding the changing material conditions of rural labour.

The evolution of rural labour in India since the 1980s must be understood against the backdrop of major economic transformation. This period includes the closing years of the pre-reform regime, the economic crisis and liberalisation of the early 1990s, the expansion and restructuring of the 2000s, the global financial crisis, and the more uncertain phase that followed. These developments transformed agriculture, rural non-farm employment, migration, public policy, and the broader organisation of labour markets. Yet their effects on the rural poor seems to remain debated. While economic growth accelerated during several phases, employment creation was uneven, and the quality and stability of work often remained fragile. In this context, real wages provide an important perspective for examining the well-being of rural labour.

Real wages are particularly valuable because they reflect purchasing power rather than nominal earnings alone. For rural labouring households with limited assets and precarious livelihoods, changes in real wages have immediate consequences for food intake, dependence on borrowing, and day-to-day survival. However, wage levels by themselves cannot fully capture labour welfare. Average real wages may increase even when labour-force participation falls, access to work narrows, or poorer workers are excluded from employment. Wage trends, therefore, must be interpreted alongside employment status, gender, sectoral location, and regional differences.

Thus, this paper aims at analyzing the trend in real wages of rural labour in India from early 1980s. The paper



distinguishes between regular and casual workers and analyses changes at the all-India level, by gender, by selected states, and by broad sectors of the economy. The wage growth among the rural poorer workers cannot be assumed to mirror broader rural averages, since the poor are more concentrated in insecure, low-paid, and intermittent work.

The paper advances three related arguments. First, real wages of the rural poor did increase over the long run, especially after the late 1980s, but the increase was neither smooth nor uniform. Second, the gap between regular and casual workers narrowed over time in many regions, but this narrowing often reflected not only gains for casual labour but also the scarcity of secure regular work and changes in the composition of the employed population. Third, the period after 2011–12 appears more volatile than the preceding phase, with irregular wage movements across states and sectors. Rising wages, in other words, coexisted with labour-market insecurity. The paper proceeds as follows. Section 2 reviews the literature on rural wages and labour-market change in India. Section 3 describes the data, concepts, and methods used to estimate real wages of rural labour. Section 4 presents the all-India trend in real wages. Section 5 analyses gender differences followed by section 6 which examines interstate variation. Section 7 discusses sectoral trends in real wages; section 8 discusses the broader implications of the findings and lastly section 9 concludes.

LITERATURE REVIEW

Wages and earnings are widely treated as key indicators of labour welfare in rural India because they shape purchasing power, consumption, and the material conditions of working households. Early studies such as Krishnaji (1971), Laxminarayan and Tyagi (1977), and Jose (1988) generally pointed to an increase in real agricultural wages during the 1970s and 1980s, including in several poorer states. Later work, however, argued that the pace of wage growth in rural India weakened after the liberalisation. Studies such as Deaton and Drèze (2002), Jha (2007), Himanshu (2005), Karan and Selvaraj (2008), and Usami (2011) have also pointed to a slowdown in agricultural wage growth in the 1990s and early 2000s. Deaton and Drèze (2002), for example, reported that real agricultural wages grew more rapidly in the 1980s than in the 1990s, while Jha (2007) and Sharma (2005) also found weaker wage growth in the post-reform period.

This slowdown debate is closely linked to wider concerns about growth and poverty. Karan and Selvaraj (2008) argued that even though economic reforms were expected to improve labour incomes, the gains did not translate into proportional improvements in earnings for large sections of the workforce, especially rural casual workers. In fact the past literature also suggests that rural wage stagnation was one reason why rapid economic growth did not produce equally rapid poverty reduction.

Another important aspect is the relationship between agriculture and the rural non-farm economy. Studies like Eswaran et al. (2008; 2009), Dev (2001), and Jha (2006), show that farm and non-farm labour markets are closely connected. While agricultural growth remained important for rural wage growth, non-farm expansion could also influence agricultural wages through labour-demand effects and diversification of opportunities. A number of studies linked slow wage growth in the late 1990s and early 2000s to agrarian distress. Sahay (2010), Patnaik (2004), and Jha (2007) associated wage stagnation with erosion of farm incomes, weak agricultural growth, and worsening rural conditions. Related work by Reddy (2006), Chand (2006), and Reddy and Galab (2006) pointed to widening disparities between agricultural and non-agricultural incomes, suggesting that the rural poor were affected not only by labour-market changes but also by a broader weakening of the agrarian economy.

At the same time, the literature does not present a single uniform story. Some studies, such as Sharma (2001), Sundaram (2001), Sundaram and Tendulkar (2006), and Bhalla and Das (2005), did not find clear evidence of a slowdown in rural wage growth during the 1990s, especially at aggregate levels. This debate is important because it shows that conclusions vary depending on the data used, the worker categories examined, and the level of aggregation.

More recent work adds another layer to the story. Das and Usami (2017) found that rural wages were largely stagnant from the late 1990s to the mid-2000s but rose significantly from 2006–07 to 2014–15. In a later study, Das and Usami (2024) argued that wages again stagnated between 2014–15 and 2022–23, a pattern also noted by Himanshu (2017), Kundu (2019), and RAS (2019). They linked this later slowdown to weak agricultural



productivity, droughts, stagnant MGNREGS wages, softer construction growth, and broader macroeconomic pressures. However, disagreement remains, since Bhalla (2023) and some PLFS-based analyses suggested stronger post-pandemic wage recovery.

Overall, the literature suggests four broad points. First, rural wage trends are shaped by macroeconomic change, agrarian performance, and the interaction of farm and non-farm sectors. Second, the post-reform period is not a single uniform phase; it includes slowdown, recovery, and renewed stagnation. Third, aggregate wage trends often conceal differences across gender, region, sector, and employment status. Fourth, wage growth alone is an incomplete measure of labour welfare if it occurs alongside insecurity, agrarian distress, or exclusion from work. Although the literature on rural wages in India has explored agricultural wage movements, the post-reform deceleration, and more recent episodes of recovery and stagnation, important gaps still remain. First, a large part of the literature concentrates either on agricultural labour alone or on overall rural wage trends, rather than examining poorer rural households as a separate analytical category. Second, only a limited number of studies track long-term changes in real wages from the 1980s onward using comparable micro-level data while also comparing regular and casual workers across gender, states, and sectors. This paper seeks to fill that gap by analysing real wages for the poor rural workers over the period 1983 to 2023–24 and by interpreting wage trends in relation to labour-market vulnerability, rather than viewing them only through the lens of wage growth.

DATA, CONCEPTS, AND METHODOLOGY

The data source used in this paper are the National Sample Survey Organisation (NSSO) data and Periodic Labour Force Survey (PLFS) data during the time period 1983-84 to 2023-24. These rounds together make it possible to track long-run wage changes across distinct phases of India's economic transition. The real wage estimates reported are found by using the unit level NSSO and PLFS data for different rounds at all India level and across different states. To find these estimates for the rural labour in India, up to the lowest fourth decile or bottom 40 per cent of the rural population based on the MPCE (monthly per capita consumption expenditure) is taken as a proxy for these labourers¹. This choice is substantive rather than merely technical. Wage trends for poorer households may differ from average rural trends because poorer workers are more concentrated in casual work, agriculture, low-paying occupations, and unstable employment. Focusing on this group therefore allows the paper to speak more directly to labour welfare among the rural poor.

Real average wage calculation has been done using the consumer price index – agricultural labourer (CPIAL). For the comparison purpose the year 2011 has been taken as the base year. The CPIAL has been taken from Labour Bureau, Ministry of Labour and Employment, Government of India. Two real average wage rates have been estimated -one for the Regular Workers and other for the Casual Workers. In addition to the all-India and state-level comparisons, a sectoral analysis is also carried out using three broad groups: primary, secondary, and tertiary sectors.

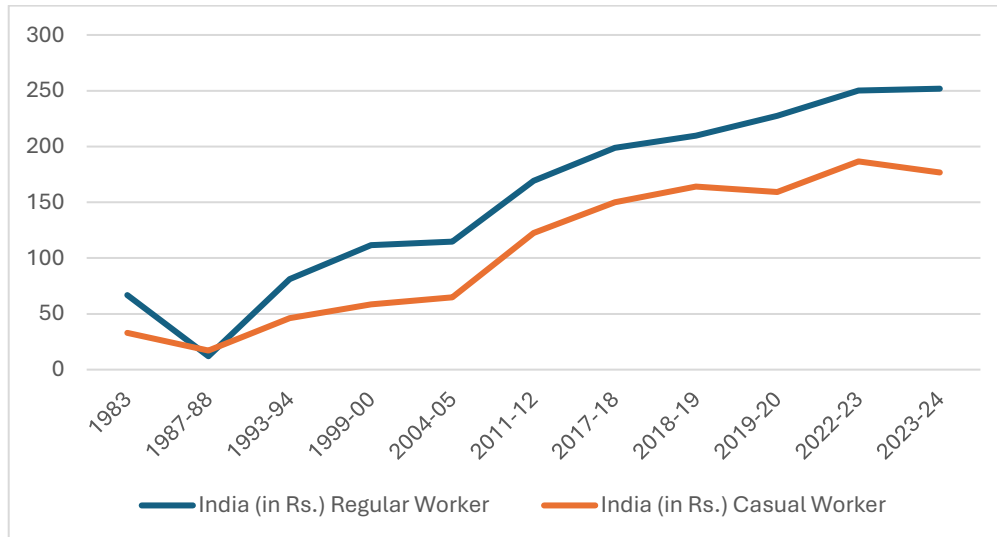
Long-Term Trend in Real Wages at the All-India Level

The all-India trend shows a broad long-term rise in real wages among the rural labour, but the path is uneven as shown in figure 1 below. For regular workers, daily real wages rose from Rs. 66.72 in 1983 to Rs. 251.83 in 2023–24. For casual workers, they rose from Rs. 33.05 to Rs. 176.72 over the same period. The long-run movement is therefore clearly upward for both categories. Yet the increase is not linear. Both regular and casual wages show a striking collapse in 1987–88 which was a period of recession. After that, they recover sharply by 1993–94 and continue to rise through the late 1990s and 2000s. The period from 2004–05 to 2011–12 appears especially important, with strong increases for both regular and casual workers. By 2017–18 and 2018–19, wages had risen substantially above their earlier levels. Casual wages declined in 2019–20 and then recovered in 2022–23, before softening somewhat again in 2023–24. Regular wages, by contrast, continued to rise over the later rounds, though with signs of slower momentum. Since the late 1980s, real wages in rural areas have generally

¹ The rationale behind this is that since 1983–84, agricultural and non-farm labour together have accounted for roughly 35–40% of India's rural workforce (Jha, 2013; Kataria, 2021). Given that these labourers are typically poor and are among most disadvantaged groups, the bottom 40 percent of the rural population may provide a reasonable proxy for identifying rural labour in the analysis.

increased due to the growth in agriculture, expansion of the rural non-farm sector, and public employment schemes (Himanshu, 2011; Chand et al., 2017). However, following 2018, the real wages of casual workers began to decline may be due to the agrarian distress, slowdown of the economy, and reduced demand as this period is preceded by two major policies- Demonetisation and GST (State of Working India 2023; Mehrotra & Parida, 2019). However, the real wage of both the regular workers and casual workers have again rebounded after 2019-20.

Figure 1: Trend in Real Average Wages per day of Different Types of Rural Labour (in Rupees)



Source: Unit Level Data of Employment Rounds of NSSO for the Relevant Years *1987-88 is recession year because of which the figures are so low

A second major feature is the narrowing of the gap between regular and casual wages. In the initial years, regular workers earned around twice as much as casual workers. Over time, casual real wages has risen more rapidly relative to regular wages, and the gap narrowed in many years. This suggests some improvement in the relative position of casual labourers. However, after 2004–05, the real wages rose even as unemployment increased and labour-force participation declined, and that the out-of-labour-force population expanded significantly, particularly among women. This implies that higher average wages may partly reflect changes in who remained employed rather than a universal improvement in labour conditions.

The long-run trend therefore points to a double movement. On the one hand, the purchasing power of employed workers among the rural labour improved over time. On the other hand, the labour market appears to have become more selective and possibly more exclusionary. Thus, wage growth among those employed does not automatically imply better labour-market access for all poor rural households.

In terms of growth rate of real average wages of these workers, the rate has declined during 1993-94 to 2004-05 after which it has increased. It might be the case that MGNREGA scheme, by setting minimum wage floor in rural areas, contributed to this rising rate of growth of real wages of rural labour since 2004-05. The period after economic reforms, 1993-94 to 2004-05, witnessed slow rate of growth of real wages of rural labour implying worsening of their well being and this probably happened due to opening the economy and exposing these poor labourers to world-wide competition which resulted into large fluctuations in output prices affecting their wages. For example, the East Asian Crisis which occurred during 1997 led to a downturn in world prices along with slow recovery of global agricultural prices which may have depressed farm income leading to deceleration in growth of the real wages. Apart from this, the gradual decline in the input subsidies, such as fertilizer subsidy, by the government after the reforms, which happened due to fall in the public spending in the rural areas as a part of reforms, might affected these labourers by increasing the input costs and hence reducing the agricultural profitability. Mechanization of agriculture also seems to be playing some role in this through displacing labourers by capital intensive inputs in most of the states and hence reducing their demand and bargaining power to push up their real wages. Thus, expenditure deflating policies initiated with the advent of economic reforms in India

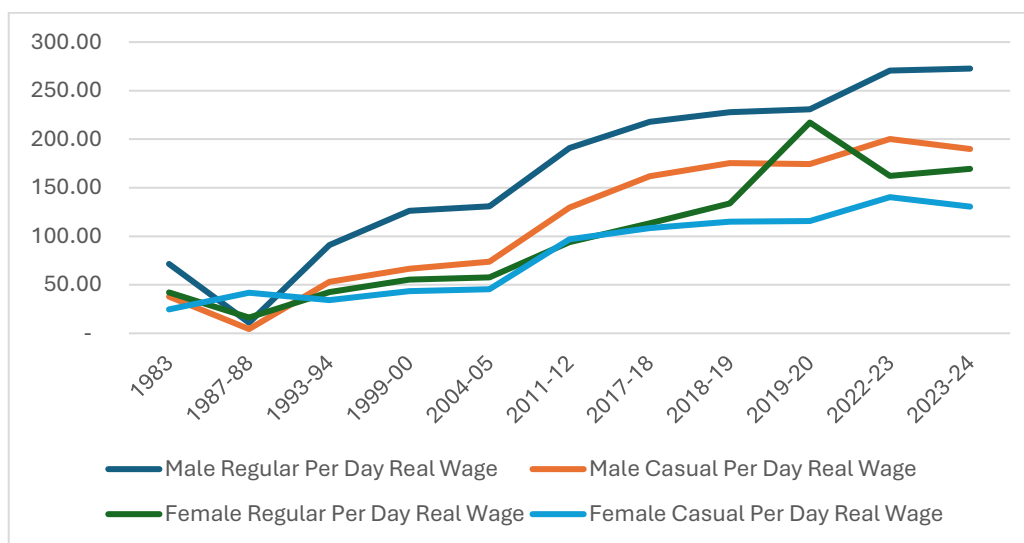
seems to have adversely affected the rural labourers in terms of their purchasing power (Jha 2013, Narayanamoorthy and Bhattarai 2013, Jha 2007).

However, the recent high growth rate of real wages seems to indicate some improvement in their well being. This increase can be explained by several interlinked factors. During the COVID-19 pandemic, the government expanded rural employment schemes such as MGNREGA and introduced cash transfers and food security measures, which may have helped sustain rural incomes and consumption (Ministry of Rural Development 2022). As economic recovery gained momentum, many migrant workers returned to urban areas, creating tighter rural labour markets and contributing to wage growth (ILO 2022). Additionally, favourable agricultural output, renewed activity in rural construction and non-farm sectors, along with higher public investment in rural infrastructure, perhaps also supported rising wages (NABARD 2023). With inflation moderating in 2022–23, these nominal wage gains translated into improved real earnings for rural workers.

Gender Differences in Real Wages

The gender pattern reveals persistent inequality even within the broader rise in real wages as shown in figure 2. However, gender gap is more prominent when it comes to casual workers as compared to regular worker. At the all-India level, male workers generally earned more than female workers across both regular and casual categories. Male regular wages rose from Rs. 71.46 in 1983 to Rs. 272.72 in 2023–24, while female regular wages increased from Rs. 42.17 to Rs. 169.48. Male casual wages rose from Rs. 37.97 to Rs. 189.85, whereas female casual wages increased from Rs. 24.67 to Rs. 130.52 during the period of study.

Figure 2: Trend in real average wage per day by gender and type for bottom 40 per cent of rural population



Source: Unit Level Data of Employment Rounds of NSSO for the Relevant Years

However, although real wages for both men and women have risen over time due to overall rural economic growth, public employment programs, and rising demand for rural labour, the gains for rural women workers have been slower. Rural female workers have mostly been confined to low-paying, informal, and unskilled work — especially in casual jobs, where wages are poorly regulated. Apart from this, the greater burden of unpaid care work at home further depresses women’s participation in higher-paying jobs and their ability to work longer hours, especially in the casual labour market and this burden has worsened during the pandemic (Deshpande 2022). Also, deep social norms, discrimination, and limited access to education and better jobs continue to make it harder for women to catch up, particularly in informal and casual work in rural India (Srivastava 2019, ILO 2018, Chaudhary and Verick 2014). The persistence of gender inequality reflects the broader structure of rural labour markets, where women are concentrated in lower-paid occupations, have weaker labour-market attachment, and often combine paid work with unpaid household and care responsibilities.



However, another factor that needs to be considered while analyzing the trend in the real average wage rate is that there has been a significant increase in the number of out of labour force population especially after 2004-05. So, the increase in the real average wage witnessed especially among the regular workers should be seen from the context of lower number of bottom 40 per cent rural population being in the labour force. This is especially true with respect to women. Moreover, the share of bottom 40 per cent of the rural population in regular work is as expected low, which might lead to some unrealistic results with respect to the trend in per day real average wages. The gender evidence strengthens the main argument of this paper. Wage growth and labour security are not the same thing. Among women especially, rising average real wages may coexist with labour-force withdrawal, concentration in insecure work, and limited access to regular employment.

Interstate Variation in Real Wages

Table 1 makes it evident that all-India real wage averages mask substantial regional variation. The state-level evidence indicates that the growth of real wages has been highly uneven across the country. While some states recorded relatively high wage levels and sustained growth over time, others showed slower progress, greater instability, or even reversals in particular periods.

Kerala, Karnataka, Haryana, and, in certain phases, Tamil Nadu emerge as relatively high-wage states. Kerala is especially distinctive because the real wages of casual workers frequently exceeded those of regular workers, which runs counter to the broader national pattern. Karnataka stands out for its relatively strong long-term increase in regular wages. Haryana also recorded high wage levels, particularly for casual workers in the later years. Tamil Nadu, similarly, experienced a marked rise in wages after 2017–18.

A different pattern is visible in states where the gap between regular and casual wages narrowed sharply. Bihar, Odisha, and Uttar Pradesh are particularly important in this respect. In Bihar, the ratio of casual wages to regular wages increased significantly over the long run. Uttar Pradesh also witnessed casual wages moving close to regular wages by 2019–20, while Odisha recorded a similar narrowing after 2004–05. These trends may suggest some improvement in the relative position of casual labourers, but they may also reflect the low, and perhaps declining, share of the bottom 40 per cent in regular employment.

States such as Gujarat, Madhya Pradesh, Maharashtra, and West Bengal present more uneven wage trajectories. In several of these states, casual wages increased more steadily than regular wages, whereas regular wages fluctuated considerably and even declined in certain years. West Bengal is particularly noteworthy because the gap between regular and casual wages narrowed up to 2018–19 but widened again thereafter. Such reversals point to the fragile nature of recent wage gains.

Some observations are clearly exceptional and should therefore be treated with caution. For instance, Punjab's regular wage in 2019–20 is unusually high, which may be attributed to the effect of female regular workers in a very small sample. A few other state-sector observations display similar irregularities. From a methodological point of view, such cases are important because they show that state-level wage estimates for poor workers, especially women in regular employment, can be highly sensitive to small sample sizes.

The state-level evidence indicates that real wage trends among the rural labour cannot be explained through a uniform national pattern. Instead, variations in real wages appear to be shaped by a combination of structural transformation, public policy, labour-market dynamics, and economic shocks, all of which operate differently across states. Factors such as changes in agricultural productivity, improvements in rural infrastructure, the expansion of non-farm employment, labour migration, the role of MGNREGA and minimum wage enforcement, and the disruptive impact of demonetisation, GST, inflation, COVID-19, and sector-specific slowdowns have played significant role in shaping these patterns (Aggarwal 2023; Srivastava 2019; Raveendran and Vanek 2020; Abraham et al. 2022).

Another key issue in the analysis is the interpretation of the gap between regular and casual wages. A decline in this gap may not be treated as an automatic evidence of greater labour-market equality. In states such as Bihar, Odisha, and Uttar Pradesh, the shrinking wage differential is linked partly to rising casual wages associated with

public employment programmes, construction growth, migration, and shifts in labour demand (Kesar et al. 2021; Mehrotra and Parida 2019; Himanshu 2024; Kumar and Pandey 2021). At the same time, this narrowing may be related to stagnant or limited growth in regular employment for the rural labour. Thus, convergence in wages may signal not only some improvement for casual workers, but also continuing difficulties in access to secure jobs.

Gender inequality emerges as another central theme. The discussion consistently shows that, even when real wages increase over time, women continue to earn less than men in most states and across most categories of employment. These differences are not presented merely as numerical disparities; they are connected to broader structural inequalities in rural labour markets, unequal opportunities for regular employment, gender norms, and unstable patterns of labour-force participation (Mehrotra and Parida 2019; Himanshu 2019; Kaur and Nagaich 2021). In states such as Himachal Pradesh, Uttar Pradesh, and West Bengal, unusual patterns in women's wages are further explained by the very small share of women in regular employment or by their concentration in certain forms of casual work. Gender wage disparities, therefore, are interpreted as reflecting deeper labour-market structures rather than isolated wage outcomes.

Taken together, the state-level analysis confirms that rural labour markets in India remain strongly differentiated across regions and shaped by policy interventions, migration, sectoral demand, and macroeconomic shocks; that a narrowing of the regular-casual wage gap does not necessarily indicate stronger labour-market equality; that gender wage inequalities remain persistent and structural; and that unusually large shifts in some state-level estimates must be interpreted carefully in view of sample limitations. The long-term rise in wages, therefore, is best understood not as a uniform national process, but as one that has unfolded unevenly across different regional contexts.

Table 1: State wise trend in real average wage per day for bottom 40 per cent of rural population

State	1983 Reg ular	1983 Cas ual	1987 Reg ular	1987 Cas ual	1993 Reg ular	1993 Cas ual	1999 Reg ular	1999 Cas ual	2004 Reg ular	2004 Cas ual	2011 Reg ular	2011 Cas ual	2017 Reg ular	2017 Cas ual	2018 Reg ular	2018 Cas ual	2019 Reg ular	2019 Cas ual	2022 Reg ular	2022 Cas ual	2023 Reg ular	2023 Cas ual
Andhra Pradesh	37.69	27.32	24.58	13.2	54.74	41.78	74.64	55.92	82.78	57.04	144.67	129.92	178.27	160.46	219.25	175.84	258.13	178.19	318.75	219.22	267.19	211.48
Assam	166.4	57.52	3.35	3.07	77.25	63.08	103.99	80.81	111.99	89.8	121.02	126.19	127.95	155.11	154.79	199.86	148.22	186.12	216.84	210.62	254.43	200.77
Bihar	81.92	38.37	7.09	15.87	105.98	43.96	132.51	58.9	143.35	64.63	236.55	118.01	276.73	182.66	235.59	191.32	244.02	194.42	335.46	208.82	306.79	196.81
Gujarat	77.13	34.13	10.74	14.61	96.19	48.69	148.24	61.98	109.78	66.95	222.39	94.18	182.07	121.94	200.88	123.84	163.69	131.66	190.18	158.59	207.1	141.09
Haryana	112.47	66.16	17.94	15.36	96.62	75.6	120.18	92.01	124.28	119.47	153.94	194.89	312	204.95	283.15	232.29	292.52	224.24	263.78	242.41	224.27	221.08
Himachal Pradesh	188.58	59.16	26.14	4.17	114.08	81.17	160.73	104.32	149.66	132.29	229.32	149.19	295.55	199.88	245.07	206.68	257.41	210.57	268.22	225.92	279.97	219.31
Karnataka	57.68	26.76	15.68	11.52	72.35	41.41	114.33	56.63	105.11	57.05	158.88	121.93	209.71	146.16	243.82	167.54	285.86	154.97	309	204.15	285.7	189.71
Kerala	64.28	56.7	20.17	21.51	77.18	83.77	109.34	120.73	124.74	151.92	182.76	265.86	258.77	335.01	290.66	351	287.68	333.52	268.55	396.18	347.12	295.6
Madhya Pradesh	42.66	27.71	8.46	46.9	67	40.47	84.1	50.35	73.74	54.45	181.74	100.25	180.92	123.86	238.79	145.76	195.55	133.01	201.85	147.09	239.92	149.21



Maharashtra	51.76	27.29	14.98	29.82	76.78	38.58	113.24	54.05	108.17	55.77	143.92	111.14	233.22	127.15	197.15	133.04	211.42	127.69	264.68	158.27	245.06	157.66
Odisha	51.87	28.76	10.06	5.472	88.32	38.62	123.7	45.92	151.97	56.32	175.49	115.06	193.27	130.94	191.38	156.52	217.44	154.98	221.5	166.3	205.43	140.67
Punjab	84.73	64.45	8.98	18.94	104.01	106.91	141.68	102.95	100.14	101.67	111.62	192.66	153.34	192.81	158.35	198.95	731.37	190.89	166.25	204.34	128.16	180.93
Rajasthan	59.69	55.05	9.68	8.99	100.35	72.16	129.66	85.88	134.29	103.38	186.95	140.36	224	183.11	249.02	170.58	236.61	172.64	233.14	191.79	242.08	175.67
Tamil Nadu	45.22	24.68	7.72	8.48	68.57	41.99	93.51	63.08	97.4	64.37	176.28	147.67	168.15	187.22	256.43	174.86	284.77	195.7	276.34	241.81	262.44	233.47
Uttar Pradesh	60.81	33.59	8.17	6.95	93.45	50.84	132.04	59.22	137.4	73.58	165.94	128.12	167.51	154.41	188.31	173.7	179.64	172.05	211.16	192.74	243.48	180.86
West Bengal	100.69	38.58	23.25	14.01	82.49	55.51	105.03	61.28	98.06	63.32	136.79	118.29	113.25	126.2	137.85	151.13	160.78	138.28	174.68	175.76	193.34	166.79
Jharkhand	—	—	—	—	—	—	—	—	195.15	69.29	192.52	129.34	175.14	158.65	218.74	157.07	237.89	158.75	237.95	171.6	217.06	166.32
Chhattisgarh	—	—	—	—	—	—	—	—	129.44	53.26	134.74	86.6	171.68	116.72	211.85	119.72	205.41	107.16	186.89	118.17	184.64	123.06
Uttarakhand	—	—	—	—	—	—	—	—	173.97	97.83	162.77	147.95	225.66	193.71	198	207.31	195.62	190.95	300.72	233.67	324.34	213.37

Source: Unit Level Data of Employment Rounds of NSSO for the Relevant Years

CONCLUDING REMARKS

The findings of this paper both reinforce and deepen the existing literature on rural wages in India. A substantial part of earlier scholarship has highlighted the slowdown in agricultural and rural wage growth following economic reforms, while some later studies have pointed to a phase of recovery during the late 2000s and a return to stagnation or instability after the mid-2010s. The present analysis broadly aligns with this larger pattern, but it approaches the issue from a distinct vantage point by focusing specifically on the bottom 40 per cent of the rural population. This perspective is significant because it brings into sharper view an important contradiction: wage growth among poorer rural households may occur even in conditions where insecurity, exclusion, and labour-market fragility continue to persist.

The evidence presented in this paper suggests that the long-run increase in real wages should not be read as contradicting the literature that identifies a post-reform slowdown. Rather, it indicates that the experience of rural wage growth in India has been highly uneven across different phases of economic change. The most substantial gains appear to have taken place between the early 1990s and around 2011–12, a period that corresponds with studies identifying a degree of wage recovery in the late 2000s. By contrast, the years after 2011–12 appear to be marked by a more unstable and uneven pattern, with greater variation across states, sectors, and categories of workers. In this sense, the findings support the view that rural wage dynamics in India cannot be understood as a single continuous trend, but rather as a series of shifting phases shaped by wider macroeconomic and agrarian developments.

The paper also shows that the narrowing of the wage gap between regular and casual workers should not automatically be taken as evidence that labour-market segmentation has weakened. Earlier work, such as that of



Karan and Selvaraj, has argued that rural casual workers and informal regular workers continue to remain structurally disadvantaged when compared to workers in more secure forms of employment. The present analysis strongly supports this caution. In many states, the difference in wages between regular and casual workers becomes smaller over time, but this narrowing may result not only from gains in casual wages but also from the limited availability of regular employment among the rural poor, as well as changes in the composition of those who remain employed. As a result, greater similarity in average wages may coexist with deep inequalities in access to secure and stable work. What appears as convergence at the level of wages may therefore conceal continuing segmentation at the level of employment opportunities.

A further implication of the findings is the need to place wage trends within the wider context of agrarian and social distress. The literature reviewed in this paper repeatedly links slower wage growth to weak agricultural performance, erosion of farm incomes, and widening disparities between agricultural and non-agricultural sectors. The present evidence is consistent with that broad interpretive framework.

Even in periods where real wages rise, such increases do not necessarily imply that secure or sustainable employment opportunities have expanded for poorer households. For the rural poor, higher wages may in some cases reflect selective retention within employment, movement into particular occupations, or temporary tightening in labour demand, rather than any fundamental improvement in labour-market position. In this sense, the rise in wages does not by itself establish a corresponding improvement in the broader conditions of labour.

This argument becomes even more important when one considers gender. The existing literature has shown that wage trends differ significantly for men and women and that policy interventions such as MGNREGA may have raised women's wages in certain contexts. However, the present findings suggest that women's wage gains must be interpreted alongside their often low and unstable attachment to the labour force. Higher average wages for women do not necessarily imply better labour-market inclusion, since such increases may occur in a setting where only a smaller and more select group of women remains in employment. Therefore, the meaning of wage improvement for women cannot be understood independently of participation patterns, the availability of work, and the broader structure of gendered labour-market exclusion.

Taken together, the results of this study point toward a more cautious and qualified understanding of wage growth in rural India. Real wages among the bottom 40 per cent of the rural population did rise over the long run, and this increase is an important finding in itself. Yet these gains took place within a labour market characterised by segmentation, volatility, and unequal access to secure employment. Wage growth and labour insecurity are therefore not mutually exclusive processes. On the contrary, for a large section of poorer rural households in India, they appear to have developed simultaneously. This is precisely why wage growth, though important, cannot be treated as a sufficient indicator of improving labour welfare.

The broader implication of the paper is that rising real wages among those who are employed should not, by themselves, be interpreted as evidence of improved labour conditions for the rural poor as a whole. Wage trends need to be assessed together with labour-force participation, access to stable and secure work, agrarian performance, and the unequal social distribution of employment opportunities. When viewed in this wider perspective, the experience of the last four decades in rural India is not simply one of linear progress. Rather, it is better understood as a pattern of uneven gains unfolding within a context of persistent vulnerability and incomplete structural transformation.

The analysis also points to several directions for future research. First, the relationship between wage trends, labour-force participation, and unemployment needs to be examined more directly, since wage growth among those employed may coexist with exclusion of others from the labour market. Second, more detailed state-level studies would help explain why some regions have experienced stronger and more sustained wage growth while others have seen greater instability or reversal.

Third, deeper disaggregation by caste and gender within the bottom 40 per cent would provide a more complete understanding of how wage inequality is socially structured. Such extensions would not only strengthen the



present analysis, but would also contribute to a more nuanced understanding of the changing condition of rural labour in India.

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