

HUMAN DEVELOPMENT IN INDIA
CHALLENGES FOR A SOCIETY IN TRANSITION

India's rapid economic expansion has raised global interest in its complex society and the continued growth that has touched the ordinary citizen. This report highlights how poverty and affluence intersect with age-old divisions of regional inequalities, gender, caste, and religion that have long structured human development in India. Together, these economic and social forces shape every facet of Indians' lives—children's education, health and medical care, social relationships, the care of older generations, and their entry into, or exclusion from, important social connections. Built on the results from the India Human Development Survey (IHDS) of over 41,500 households, this report informs a wide range of contemporary debates and policy challenges. It goes beyond the usual tabulations of national statistics to:

- Build on past discourse while looking beyond basic indicators;
- Recognize diversity across gender, caste, ethnicity, religion, income, and education;
- Examine social networks and how households are linked;
- Assess several independent dimensions of human development—employment, health, education, and social networks—and their interrelationships; and
- Analyse regional inequalities and cleavages.

Human Development in India is an invaluable report for policymakers, researchers, non-governmental organizations, international agencies, and interested readers—from India and abroad—who wish to know more about one of the fastest growing economies in the world.

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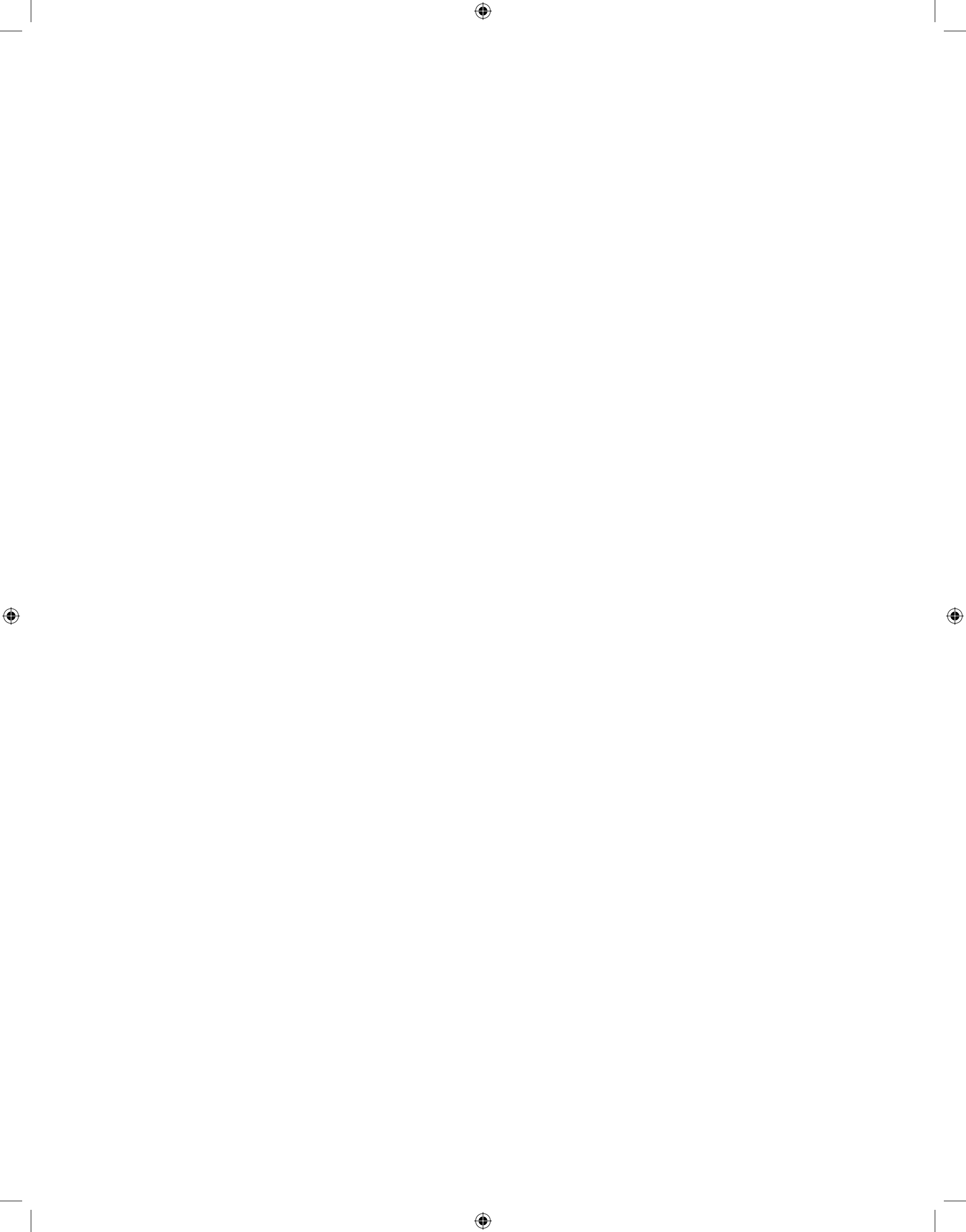
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Sonalde B. Desai, Amaresh Dubey, Brij Lal Joshi,
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Economic Wellbeing



2

Income, Poverty, and Inequality

As we discuss different dimensions of human development—such as access to education, health care, and the well-being of vulnerable populations like children and the elderly—in the following chapters, we will document considerable differences by household income. While financial resources themselves are insufficient to ensure health, educational attainment, or gender equality within households, a lack of financial resources is frequently an important constraint. Access to financial resources has been defined as an instrumental freedom in the broad discourse on human development. Hence, we begin this report with an analysis of household incomes, poverty, and inequality.

This chapter highlights several themes that foreshadow the discussion in the remaining chapters. It documents tremendous diversity in incomes and expenditures across different segments of the Indian society, with some households facing substantial vulnerability and others forming a part of the burgeoning middle class. Access to livelihoods that offer more or less year round work is the crucial determinant of household income. As Chapter 4 on employment documents, access to year round work is far more likely for people in salaried jobs or for those who are self-employed in business than for farmers, farm workers, or other manual labourers. Consequently, areas where salaried work or work in business has greater availability—such as in urban areas or in states like Gujarat, Maharashtra, Himachal Pradesh, and Punjab—are better off than the rest of the country. Farm size and irrigation also affects household incomes, increasing average incomes in areas like Haryana and Punjab (see Chapter 3). Education is strongly related to access to salaried work, and vast differences in education across different social groups are

at least partly responsible for the income differentials across socio-religious communities (see Chapter 6).

While income levels are associated with the availability of work, the productivity of land, and individual human capital, consumption levels are further affected by household composition. The income advantages of urban households are further amplified by lower dependency burdens. This chapter also documents that income based inequalities are far greater than consumption based inequalities.

The rest of the chapter is organized as follows. The next section discusses the way in which the IHDS collected data on income and consumption, as well as the limitations of this data. The following section discusses household income both at the aggregate level and by different household characteristics. This is followed by a discussion of the IHDS data on consumption and incidence of poverty, and the last section focuses on inequality. The main findings are summarized in the final section.

MEASURING INCOME AND CONSUMPTION

Incomes are not usually measured in developing-country surveys, and rarely in India. Instead, surveys have measured consumption expenditures or counts of household assets because they are less volatile over time, and are said to be more reliably measured. Survey measures of consumption expenditures have their own problems (for example, respondent fatigue) and volatility (marriages, debts, and health crises can create unrepresentative spikes for some households). The IHDS also measured consumption and household assets, but went to some effort to measure income. By measuring income and its sources, we know not merely the level of a

household's standard of living but also how it achieved that level and, thus, we obtain a better understanding of why it is poor, average, or affluent.

Measuring income along with household expenditures and possessions also reveals aspects of income volatility and provides an additional measure of inequality. However, obtaining precise estimates of household incomes is complicated because few households have regular sources of income. Where incomes are irregular, such as in agriculture or business, considerable effort is required to obtain estimates of revenue and expenditure before net income can be calculated. Measurement errors may be particularly large in agricultural incomes, since seasonal variation in agricultural incomes is much greater than that in other incomes. These limitations are described in greater detail in Appendix II. Given these limitations, it is important to use the income data to form our understanding of the livelihoods of Indian households, rather than to use them to pinpoint the exact positions of different population groups, or states.

STRUCTURE OF INCOME AND INCOME DISPARITIES

The typical Indian household earned Rs 27,856 in 2004; half of all households earned less, and half earned more.¹ Some households, however, earned much more. Almost 11 per cent earned over Rs 1,00,000. The mean household income, therefore, is considerably higher than the median. Figure 2.1 shows the household income distribution.

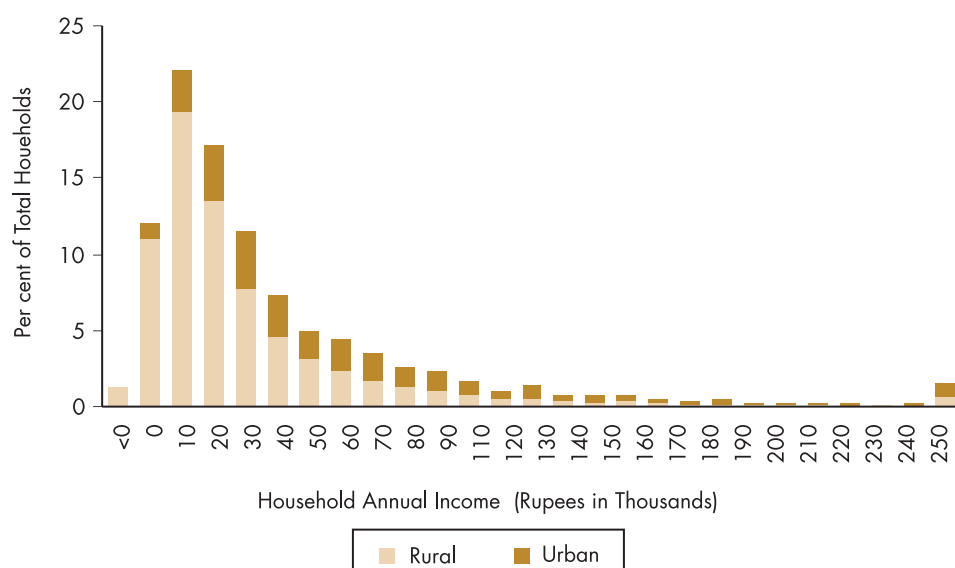


Figure 2.1 Annual Household Income Distribution

Source: IHDS 2004–5 data.

¹ Some households reported negative incomes. These are usually farm households with partially failed production whose value did not fully cover the reported expenses. Other analyses show that these households do not appear especially poor: their consumption expenditures and household possessions resemble average households more than they do to other low-income households. Because of this anomaly, for income calculations in the remainder of the study, we exclude all households with income below Rs 1,000 (N = 837). The median income after this exclusion is Rs 28,721.

Urban households dominate the higher income categories. Urban households compose only 9 per cent of the lowest income quintile, but represent the majority (56 per cent) of the top income quintile. As shown in Table 2.1 the typical (median) urban household earns more than twice the income of the typical rural household.

Table 2.1 Household Income (Rs) Distribution
(by Rural/Urban Residence)

	Rural	Urban	Total	U/R Ratio
1st percentile	-2,338	1,200	-1,229	—
5th percentile	3,300	11,500	4,400	3.48
10th percentile	6,580	17,000	8,000	2.58
25th percentile	12,845	28,873	15,034	2.25
Median	22,400	51,200	27,857	2.29
75th percentile	41,027	94,800	56,400	2.31
90th percentile	76,581	152,000	103,775	1.98
95th percentile	110,633	210,000	149,000	1.90
99th percentile	235,144	396,000	300,000	1.68
Mean	36,755	75,266	47,804	2.05
No. of Households	26,734	14,820	41,554	

Source: IHDS 2004–5 data.

It is not just the urban rich who benefit from living in cities. The poorest urban households are considerably richer than

the poorest rural households. The 10th percentile of income in urban areas is 2.6 times that of rural areas, although this advantage declines slightly at higher levels; the 90th percentile of urban incomes is only twice that of rural areas.

Table 2.2 reports large regional variations in both rural and urban incomes. While the IHDS samples are too small to fix the position of any one state precisely, the general pattern of results is clear.

States in the north have the highest household incomes. Punjab and Haryana in the plains are doing quite well as are Himachal Pradesh and Jammu and Kashmir in the hills. The lowest regional household incomes are in the central region, in Bihar, Uttar Pradesh, and Madhya Pradesh. The lowest incomes are in Orissa. Households in these central states and Orissa have only half the income of those in the northern

plains. These statewide differences are especially pronounced for rural areas and somewhat narrow for urban incomes.

The composition and education of households are the primary determinants of its income. Individuals with higher education are more likely to obtain salaried jobs than others, resulting in higher incomes in households with educated adults. Among the 24 per cent of households in our sample that do not have even a single literate adult, the median income is only Rs 17,017. In contrast, among the 13 per cent of households with at least one college graduate, the median income is Rs 85,215—five times the median income of illiterate households (see Appendix Table 2.1A).

As shown in Figure 2.2, household income also rises regularly with the number of adults in the household, regardless of their education.

Table 2.2 Median Household and per Capita Incomes by State (Annual)

State	Household Income (Rs)			Per Capita Income (Rs)		
	Rural	Urban	Total	Rural	Urban	Total
All India	22,400	51,200	27,857	4,712	11,444	5,999
Jammu and Kashmir	47,325	75,000	51,458	7,407	13,460	8,699
Himachal Pradesh	43,124	72,000	46,684	9,440	15,662	9,942
Uttarakhand	28,896	60,000	32,962	6,000	12,800	6,857
Punjab	42,021	60,000	48,150	7,622	12,120	9,125
Haryana	44,000	72,000	49,942	8,000	14,647	9,443
Delhi	88,350	66,400	68,250	NA	15,000	15,000
Uttar Pradesh	20,544	46,000	24,000	3,605	8,285	4,300
Bihar	19,235	39,600	20,185	3,339	6,857	3,530
Jharkhand	20,700	70,000	24,000	4,175	13,654	4,833
Rajasthan	29,084	45,600	32,131	5,732	9,000	6,260
Chhattisgarh	21,900	59,000	23,848	4,800	12,000	5,306
Madhya Pradesh	18,025	33,700	20,649	3,530	6,328	4,125
North-East	49,000	90,000	60,000	11,153	22,700	13,352
Assam	22,750	48,000	25,000	5,567	10,342	6,000
West Bengal	21,600	59,700	28,051	4,928	14,571	6,250
Orissa	15,000	42,000	16,500	3,096	9,000	3,450
Gujarat	21,000	56,500	30,000	4,494	12,240	6,300
Maharashtra, Goa	24,700	64,600	38,300	5,337	14,000	7,975
Andhra Pradesh	20,642	48,000	25,600	5,250	11,250	6,241
Karnataka	18,900	54,000	25,600	4,333	12,000	5,964
Kerala	40,500	48,000	43,494	9,563	10,413	9,987
Tamil Nadu	20,081	35,000	26,000	5,297	9,000	7,000

* Sample all 41,554 households

Source: IHDS 2004–5 data.

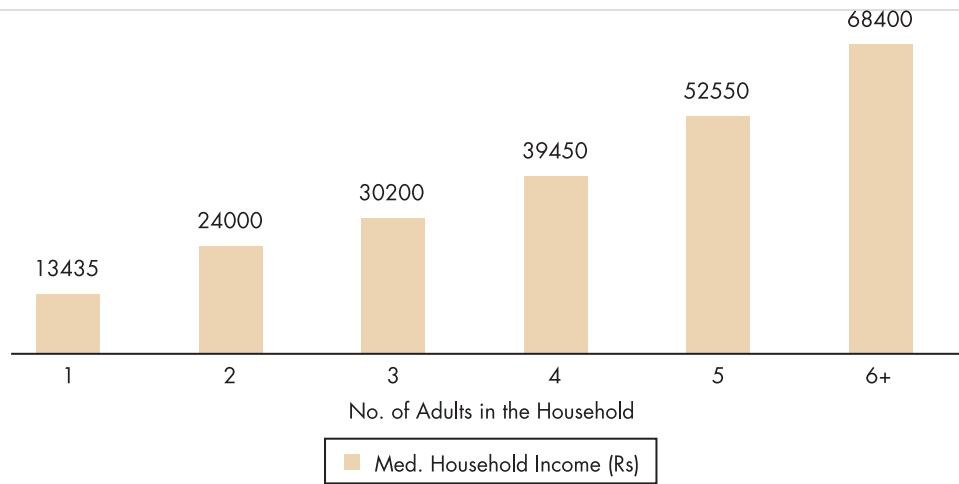


Figure 2.2 Median Household Income by Number of Adults in the Household

Source: IHDS 2004–5 data.

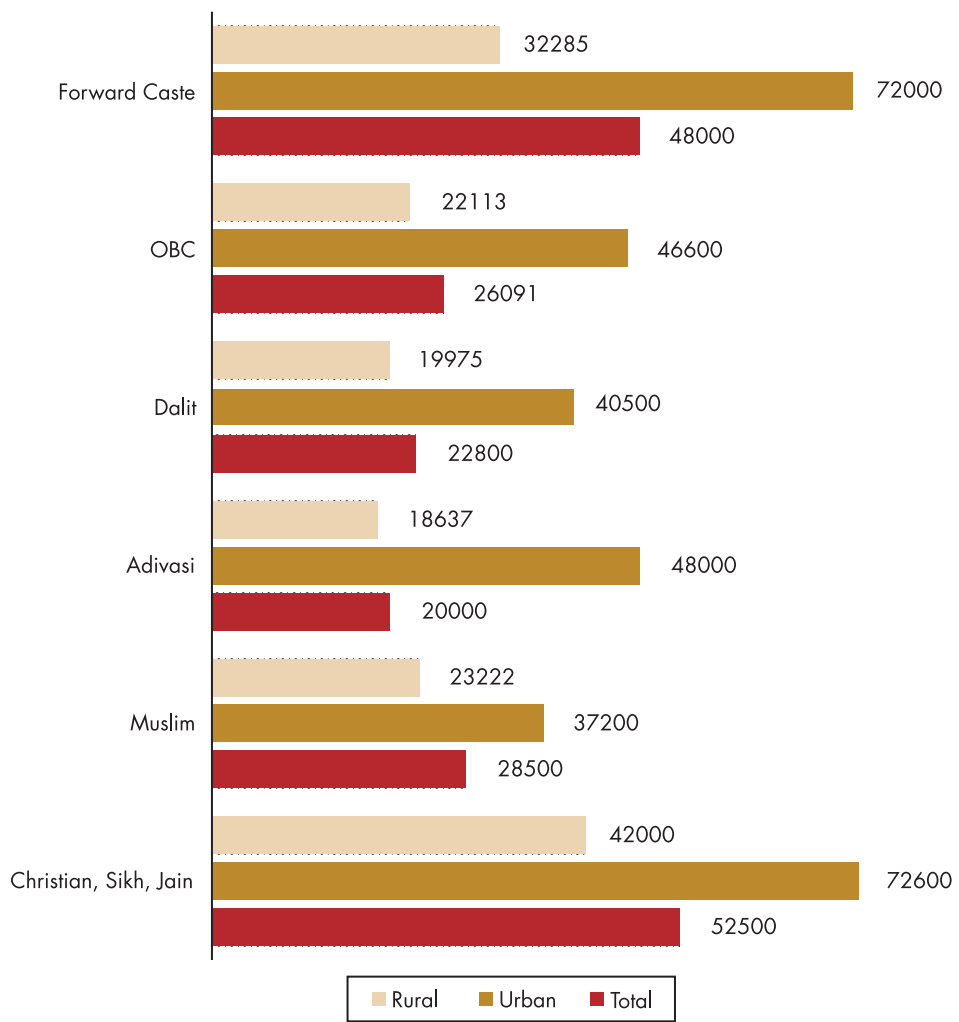


Figure 2.3 Median Household Income (Rs) for Different Social Group

Source: IHDS 2004–5 data.

About half of all Indian households have two adults, and their median income (Rs 24,000) is near the national median. But almost a quarter of Indian households have four or more adults. With four adults, the median household income rises to Rs 39,450, and with six or more, it rises to Rs 68,400. Not surprisingly, the 8 per cent of households, with only one adult, are the poorest with a median annual income of only Rs 13,435. Since larger households also contain more children, per capita income is not as clearly associated with larger household size. However, given the economies of scale, as we will document in Chapter 5, larger households often have a better standard of living than smaller households.

Life cycle patterns also influence household income, especially in urban areas. Incomes rise steadily as the adults in the household age from the twenties onwards to a peak in the fifties. The median income of urban households with a man in his fifties is twice that of urban households in which the oldest man is only in his twenties. After adults reach their fifties, household incomes are fairly constant. These lifecycle differences matter, even though the young tend to be better educated (see Chapter 6). These educational disadvantages of older households are somewhat offset by the larger size of older households.

Despite changes in access to education and affirmative action by the Indian government, social groups that were traditionally at the lowest rung of the social hierarchy are still economically worse off.

Adivasi and Dalit households have the lowest annual incomes: Rs 20,000 and Rs 22,800, respectively. The Other Backward Classes (OBCs) and Muslim households are slightly better off, with incomes of Rs 26,091 and Rs 28,500, respectively. The forward castes and other minorities (Jains, Sikhs, and Christians) have the highest median annual incomes: Rs 48,000 and Rs 52,500, respectively. A variety of factors combine to contribute to these differences, and looking at urban and rural residents separately is useful. *Adivasis* are disadvantaged in rural areas, but not as much in urban areas. However, since nearly 90 per cent of the *Adivasis* in our sample live in rural areas, the higher income of urban *Adivasis* has little overall influence.

Other religious minorities are located at the top position of rural household incomes, largely because so many Sikhs live in fertile Punjab. These rankings are similar in the urban sector, but urban *Adivasis* are doing as well as OBCs and it is the Muslims who are at the bottom. In addition, the advantages of minority religions over forward caste Hindus in rural areas are reduced to a negligible difference in towns and cities. Our classification may also play some role. Dalit and *Adivasi* Christians, who are poorer than other Christians,

are classified with Dalits and *Adivasis*, as are the poor Sikhs. Consequently, the poorest among the minority religions are included elsewhere, thereby inflating the incomes for these religious groups.

SOURCES OF LIVELIHOOD

A great advantage of using income data is our ability to examine the sources of livelihoods, to identify the way in which these sources are related to income and poverty. In India, as in most developing economies, households derive income from a wider range of sources than is typically true in advanced industrial economies. Besides wages and salaries, farms and other businesses are important for more families in India than in developed countries. Transfers, from other family members working across the country or even abroad, are also important for many areas. The IHDS recorded incomes from more than fifty separate sources. These are grouped into a more manageable set of eight categories in Table 2.3.

Because some of these income sources are more reliable and more generous, they determine the level of income that these households can attain. Most Indian households (71 per cent) receive wage and salary income. This accounts for more than half (54 per cent) of all income.² By far the most remunerative incomes are salaries received by employees paid monthly, as opposed to casual work at daily wages. More than a quarter of households (28 per cent) receive some salary income, and these salaries account for 36 per cent of all income. Businesses owned by the household are also fairly widespread and rewarding. About 20 per cent of households engage in some form of business, and this income accounts for 19 per cent of all income. Income from property, dividends, and pensions is less common (only 10 per cent of households receive this kind of income), but the amounts received can be significant (the typical receipt is Rs 14,400 per year), composing 5 per cent of all household income.

In contrast, both agricultural and non-agricultural daily wage labour, while widespread, accounts for a relatively small portion of total household income because the wages are so low (see Chapter 4). More than a quarter (29 per cent) of households are engaged in agricultural labour, but this work tends to be seasonal and the income accounts for only 7 per cent of total income. Similarly, 27 per cent of households engage in non-agricultural wage labour, but it accounts for only 11 per cent of total income.

Farm incomes are even more common. More than half (53 per cent) of all Indian households have some agricultural income. The income returns from farms, however, are modest so agricultural income constitutes only 19 per cent of total income. Even in rural areas, where agricultural income plays a more important role, total income from cultivation is only

² Note that the proportion of rural, urban, and total income reported by income source in Table 2.3 is based on all sectoral income and, hence, higher-income households contribute disproportionately to these percentages. However, Table 2.5, which we discuss later, averages across households.

Table 2.3 Structure of Income, Urban, Rural and All India

	Rural			Urban			Total			
	Mean (Rs)	Per cent hh with Income from Source	Per cent of Total Rural Income	Mean (Rs)	Per cent hh with Income from Source	Per cent of Total Urban Income	Mean (Rs)	Per cent hh with income from source	Per cent of total Rural income	Med. if any income from source (Rs)
Total Income	36,755	100	100	75,266	99	100	47,804	100	100	28000
Total Wage and Salary	16,944	70	46	48,332	74	64	25,949	71	54	21000
Salaries	7,632	18	21	40,583	52	54	17,085	28	36	42400
Agricultural Wages	4,507	39	12	900	5	1	3,472	29	7	9000
Non-Agricultural Wages	4,805	29	13	6,849	24	9	5,391	27	11	15000
Total Self Employment	16,672	73	45	20,508	35	27	17,772	62	37	11759
Business	4,807	17	13	19,042	28	25	8,891	20	19	25000
Farming/Animal Care/Agr. Prop.	12,285	69	33	1,816	12	2	9,282	53	19	5825
Family Remittances	1,042	6	3	782	3	1	968	5	2	10000
Properties and Pensions	1,473	8	4	5,091	16	7	2,511	10	5	14400
Government Benefits	204	16	1	203	6	0	204	13	0	750

* Per cent of sectoral income is disproportionately affected by high income households (hh)

Source: IHDS 2004-5 data.

33 per cent of the total, with agricultural wage work adding an additional 12 per cent. However, given the difficulties of measuring agricultural income, these results should be treated with caution.

Finally, private and public transfers are important for many Indian households. Remittances from family members working away from home account for 2 per cent of all household incomes, but 5 per cent of Indian households receive at least some income from absent family members. Government support is even more common: 13 per cent of Indian households receive some form of direct income supplement from the government. The most common source of government support comes in the form of old-age and widows' pensions. This government assistance is usually quite small (the typical reported payment is only Rs 750 per year), so it accounts for less than half a percent (0.4 per cent) of household income. For poor households, however, this help can be significant.

Multiple Income Sources

Although much of the discussion on income sources tends to assume that households rely predominantly on one source of income, the IHDS data suggest that more than 50 per cent of Indian households receive income from multiple sources.

Table 2.4 shows the proportion of households that draw income from various sources of income.

For example, more than four out of five farm households also have income from some other source, more often from agricultural and non-agricultural wage labour and salaried work (40 per cent) but also from private businesses (17 per cent). Similarly, 71 per cent of households with a private family business also receive other types of income, for instance, from family farms (37 per cent). This diversification implies significant interconnections between different sectors of the Indian economy and suggests that policies that affect one sector of the economy could have widespread impact on a large number of households.

Some of these sources of income are highly interconnected. It is quite common for farmers to work on other people's fields when their own fields do not require attention. However, as we show in Figure 2.4, a substantial proportion of farm households rely on non-agricultural income, particularly in higher income categories.

Income Disparities and Sources of Income

How much income a household earns is closely related to the source of income (see Appendix, Table 2.2a). Wealthy households receive much of their income from monthly

Table 2.4 Percent of Households Drawing Income from Various Sources

<i>Cultivation</i>	<i>Wage Work</i>	<i>Business</i>	<i>Other</i>	<i>Rural</i>	<i>Urban</i>	<i>Total</i>
□	□	□	□	1.14	0.26	0.89
□	□	□		2.78	0.61	2.16
□	□		□	8.69	1.12	6.52
□	□			23.55	3.83	17.89
□		□	□	1.4	0.51	1.15
□		□		3.9	1.28	3.15
□			□	5.48	0.56	4.07
□				11.27	1.03	8.33
	□	□	□	0.81	1.61	1.04
	□	□		2.43	5.98	3.45
	□		□	6.33	12.1	7.98
	□			24.23	48.46	31.18
		□	□	0.99	3.71	1.77
	□		3.39	14.1	6.47	
		□	1.98	4.15	2.6	
Negative or no income				1.61	0.69	1.35
Grand Total				100	100	100

Wage work includes agricultural and non-agricultural wage, and salaried work.

Other sources include pensions, family transfers, and income from government programmes.

Source: IHDS 2004–5 data.

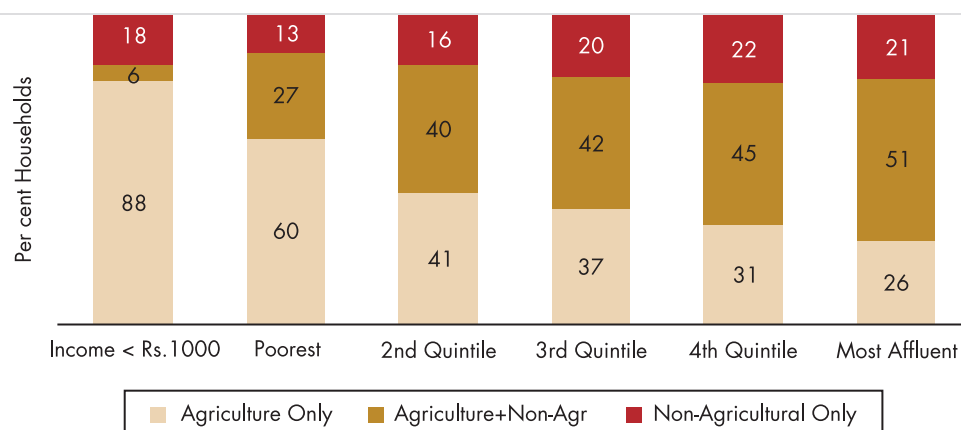


Figure 2.4 Agricultural and Non Agricultural Source of Income for Rural Households by Income Quintile

Source: IHDS 2004–5 data.

salaries. The poor depend on unskilled labour. Agricultural labour incomes are especially concentrated in the poorest quintile of households. Non-agricultural labour is most important for the next-to-lowest quintile.

Interestingly, farm incomes are well represented in all five quintiles, although slightly more important for the middle income quintile (21 per cent of all income) than for the poorest (19 per cent), or the richest (16 per cent). Animal products, especially, make the difference for increased agricultural incomes among this middle income quintile. Private businesses are also important for all income levels but, like salaries, are more important for the wealthiest households. Government assistance is primarily useful for the poorest income quintile, as it should be, although some near-poor and middle-income households also benefit. Private transfers from other family members, however, benefit households at all income levels, even the wealthiest who receive 3 per cent of their income from these remittances.

Restricting our examination to rural households provides an interesting snapshot of the importance of agricultural and non-agricultural sources of income. Here, we combine cultivation and agricultural wage work and compare the households that rely solely on agricultural incomes with those that rely solely on non-agricultural incomes, and those that draw incomes from agricultural as well as non-agricultural sector. As Figure 2.4 shows, at the lower income quintiles, households rely solely on agricultural incomes; at higher income levels, however, both farm and non-farm sources of income become important. Table 2.3 indicates that non-agricultural incomes (salaries or businesses) are higher than agricultural incomes: median incomes from cultivation are about Rs 6,000 and median agricultural wage incomes are Rs 9,000, compared with a median of Rs 18,000 for business and more than Rs 24,000 for salaries. This suggests that access to these better paying sources of income increases

levels of household income far above those of households relying solely on agriculture. However, even rural households with higher incomes continue to engage in agricultural work. Some engage in dairy or poultry farming, others in cultivation, and still others in seasonal agricultural labour. Thus, external forces that influence agriculture also influence nearly 80 per cent of the households in any income quintile.

Vulnerabilities of Agricultural Households

Inequalities in household income are presented in Appendix Tables 2.1a and 2.1b. This table documents substantial inequalities by urban/rural residence, household education, and social group. Here, we explore the linkages between these differences and the reliance on various sources of income. Not surprisingly, privileged groups depend more on salaried incomes, while less privileged groups tend to depend on cultivation and agricultural, and non-agricultural wage work).

Rural residents, not surprisingly, depend more on agriculture for their incomes than do urban residents. This dependence is partly to blame for the lower incomes in rural areas, since agriculture usually provides lower incomes (see Table 2.3). However, villages which are more developed, with better infrastructure and transportation, appear to rely less on cultivation. As Appendix Table 2.2a documents, only 22 per cent of the household incomes in more developed villages come from cultivation, compared with 31 per cent in less developed villages. A higher level of village development seems to offer more opportunities for salaried work as well as work in business. As a result, the median of household incomes in developed villages is Rs 24,722 compared with Rs 20,297 for less developed villages. Since some households in developed villages have fairly high incomes, mean differences are even larger: mean household income is

Rs 41,595 in developed villages and Rs 32,230 in less developed villages.

Access to salaried work is also an important determinant of differences across states. As Figure 2.5 indicates, states in which a greater proportion of incomes come from salaries have higher median incomes than those in which access to salaried incomes is low.

Thus, the surprisingly high incomes in the North-East are a result of over half of all incomes coming from regular salaried positions (see Appendix Table 2.2b). These positions are mostly in the organised sector—either directly employed by the government or in state-owned economic activities. In contrast, only 12 per cent of income in Bihar comes from salaries, placing it near the bottom of the income rankings. This relationship is not totally uniform, however. States like Kerala draw a substantial proportion of their incomes from remittances sent by migrant workers and have high median incomes, whereas Punjab benefits from high agricultural productivity in addition to access to salaried incomes.

Advantaged groups earn more of their income from salaries, while disadvantaged groups earn more from wage labour, or remittances and public support. Households with a college graduate get 50 per cent of their income from salaries; illiterate households get only 8 per cent from salaries but 60 per cent from daily wages (see Appendix Table 2.2a). This is also reflected in differences across social groups. Figure 2.3 documents substantial differences in median incomes across socio-religious communities, with Dalit and *Adivasi* households having the lowest median incomes. Although their low income is partly associated with rural residence, even within rural areas, they remain the lowest income groups. As we look at the structure of incomes across

different social groups, it is apparent that forward castes and minority religious groups like Christians, Sikhs, and Jains have greater access to salaried incomes. In contrast, Dalits and *Adivasis* are far more likely to draw income from agricultural and non-agricultural wage work (see Appendix Table 2.2a). Muslims are the most likely to receive income from small family businesses, partly because of educational differences across communities (documented in detail in Chapter 6). Education, however, does not totally explain the concentration of socio-religious groups in certain types of work. Moreover, regardless of the reasons for concentration in business or farming, when faced with sectoral shifts in incomes or prices, groups that are concentrated in certain sectors, such as family businesses, may face greater vulnerability.

BEYOND INCOME: CONSUMPTION AND POVERTY

What Income Statistics Hide

Beginning with the pioneering work of the National Sample Survey (NSS) in 1950–1, Indian social scientists and policy makers have long relied on expenditures to measure household welfare. There are good reasons for this approach. First, income is difficult to measure. Second, incomes tend to be far more variable, because of seasonal fluctuations and external shocks, than are expenditures. Data collection that relies on a single calendar year or one agricultural year may not coincide with the income cycle. In contrast, consumption tends to be more stable. In low-income years, households can engage in consumption smoothing by selling some assets, consuming savings, or borrowing. In high-income

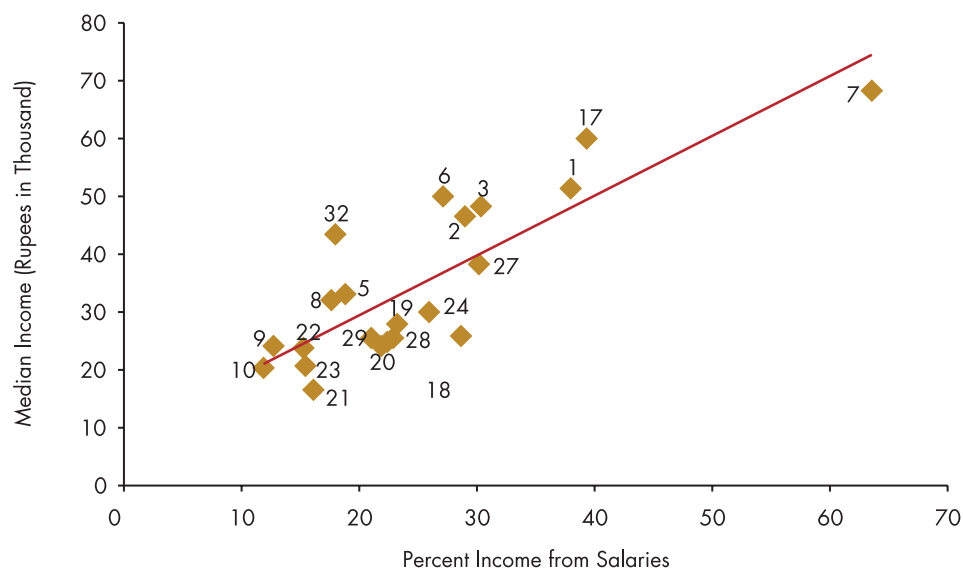


Figure 2.5 Statewise Median Incomes and Average Proportion of Income from Salaried Work

Source: IHDS 2004–5 data.

years, they tend to save. This reasoning has led to a focus on permanent income, reflected in consumption expenditures, as a more stable measure of well-being.

Since the IHDS is one of the few surveys to collect both income and consumption data, we can compare household incomes with expenditures. Table 2.5 shows mean and median household incomes and expenditures in urban and rural areas. In urban areas, income exceeds expenditure, as might be expected; in rural areas, both mean and median incomes seem to be below expenditures, suggesting greater measurement errors there or greater variability in incomes from year to year.³

Table 2.5 Mean and Median Annual Income and Consumption

	Income (Rs)		Consumption (Rs)	
	Mean	Median	Mean	Median
Household				
Rural	38,018	23,100	42,167	31,883
Urban	75,993	52,000	64,935	50,922
All India	49,073	28,721	48,795	36,476
U/R Ratio	2.00	2.25	1.54	1.60
Per Capita				
Rural	7,101	4,462	7,877	6,115
Urban	15,649	10,284	13,372	10,149
All India	9,421	5,500	9,368	6,934
U/R Ratio	2.20	2.30	1.70	1.66

Sample: Households with Total Income \geq Rs. 1000 (N= 40,717)

Source: IHDS 2004–5 data.

Table 2.5 shows both household and per capita income, and consumption. The difference between urban and rural areas is much greater for per capita measures than for household measures, reflecting the benefits of smaller households in urban areas.

Who is Poor?

While the income and expenditure data discussed above focus on average levels of income and consumption, they fail to provide much information about the vulnerability of the individuals and households at the bottom of the income distribution. In this section, we examine the composition

of these economically vulnerable groups by focusing on poverty.

Estimating poverty requires two essentials: a comparable welfare profile and a predetermined poverty norm. A household is classified as poor if its consumption level is below the poverty norm. In India, the welfare profile is usually measured using consumption expenditures of the households because income represents potential, but not actual, consumption. The IHDS uses the official rural and urban statewise poverty lines for 2004–5 that are available from the Planning Commission, Government of India. The average poverty line is Rs 356 per person per month in rural areas, and Rs 538 in urban areas. Statewise poverty lines range from Rs 292 to Rs 478 for rural areas and Rs 378 to Rs 668 in urban areas.⁴ The poverty line was established in 1971⁵ based on the consumption expenditure required to obtain the necessary caloric intake, and has been continuously adjusted for inflation.

The most commonly used measure of income poverty is the headcount ratio (HCR), which is simply the ratio of the number of persons who fall below the poverty line to the total population. Table 2.6 presents three national poverty estimates from NSS data using different data collection methods based on recall periods, and whether a long or an abridged expenditure schedule was canvassed. It also presents poverty calculations from the IHDS using the same norms.

The national estimate based on the IHDS, 25.7 per cent, is quite close to the estimates available from the NSS sources for the reference years 2004–5. Depending on the data collection method used, the NSS estimates range from 28.3 per cent to 21.8 per cent for rural India and 25.7 per cent to 21.7 per cent for urban India. The IHDS estimates fall in between, with rural poverty at 26.5 per cent and urban poverty at 23.7 per cent.

It is important to note that the similarities in urban and rural poverty rates are a function of the nearly Rs 150 per month higher poverty norm in urban areas. This does not imply that urban and rural residents have equally comfortable lives. As Chapter 5 documents, rural households have substantially less access to household amenities than urban households.

The IHDS sample is considerably smaller than the NSS sample and, consequently, cannot offer state-level point

³ Note that the reference periods for income and expenditure data differ. Expenditure data are collected using a mixed recall period with greater weight for items used in the preceding 30 days. The income data are collected for the preceding year. As has been observed with NSS, shorter recall periods lead to higher consumption estimates. Thus, income and consumption data in IHDS are not strictly comparable and income is likely to be underestimated compared to consumption.

⁴ We have converted these into yearly poverty line using the conversion factor,

$$\text{Yearly } PL_{iu} = (\text{Monthly } PL_{iu} * 365)/30,$$

where,

PL_{iu} is the poverty line for u , urban/rural area, in the i th state.

⁵ Dandekar and Rath (1971)

Table 2.6 Headcount Ratio of Population below Poverty (NSS and IHDS)

	NSS 61 Round			IHDS
	CES		EUS	
	Mixed Recall	Uniform Recall	Abridged	
Andhra Pradesh	11.1	15.8	12.3	6.8
Assam	15.0	19.7	18.0	24.6
Bihar	32.5	41.4	35.0	17.0
Chhattisgarh	32.0	40.9	30.1	63.3
Delhi	10.2	14.7	12.3	13.9
Gujarat	12.5	16.8	12.6	13.1
Haryana	9.9	14.0	12.1	11.3
Himachal Pradesh	6.7	10.0	7.7	4.3
Jammu and Kashmir	4.2	5.4	3.6	3.4
Jharkhand	34.8	40.3	34.4	49.0
Karnataka	17.4	25.0	21.7	18.3
Kerala	11.4	15.0	13.2	26.8
Madhya Pradesh	32.4	38.3	34.0	45.5
Maharashtra	25.2	30.7	27.9	27.9
Orissa	39.9	46.4	42.9	41.3
Punjab	5.2	8.4	8.2	4.9
Rajasthan	17.5	22.1	19.6	26.7
Tamil Nadu	17.8	22.5	19.2	18.3
Uttar Pradesh	25.5	32.8	29.4	33.2
Uttarakhand	31.8	39.6	34.8	35.7
West Bengal	20.6	24.7	25.1	23.1
All India	21.8	27.5	24.2	25.7

Source: IHDS 2004–5 data.

estimates of poverty that are as reliable as those generated by the NSS. However, for most states, the IHDS poverty estimates are similar to the NSS estimates. Punjab, Himachal Pradesh, and Jammu and Kashmir have low poverty while Orissa, Jharkhand, and Madhya Pradesh have high poverty. Exceptions include Bihar, which has a lower IHDS than the NSS poverty rate, and Chhattisgarh and Kerala, which have higher IHDS than NSS poverty rates.

Appendix Table 2.1a shows differences in poverty across different strata of Indian society. *Adivasis* are the most vulnerable group, with nearly 50 per cent below the poverty line. Dalits and Muslims, with poverty rates of 32 per cent and 31 per cent, are also above the national average. The HCR is lowest at 12 per cent for other minority religions and, similarly, low for forward caste Hindus at 12.3 per cent.

Poverty diminishes substantially with household education. Only 7 per cent of the households in which an adult has a college degree are in poverty range, compared to 38 per cent for those with education below primary school. Combined with the high incomes for the well educated households, reported earlier, this observation reinforces the importance of education in providing livelihoods and raising families out of poverty.

While poverty rates are associated with household income and consumption, unlike them they take into account household size. Hence, although poverty is concentrated in households in the lowest income and expenditure quintiles, 9 per cent of individuals living in households in the highest income quintile and 2 per cent in households in the highest consumption quintile are poor. Adjustment for household size also changes the social group position. For example, Muslims appear to be closer to OBCs in terms of median income and consumption, but poverty rates, which are adjusted for household size, bring them closer to Dalits.

Contours of Income Inequality

Throughout this report, we will discuss inequality in income, health, education, and other dimensions of human development, with a particular focus on inequality between different states, urban and rural areas, and different social groups. However, one of the reasons these inequalities become so striking is the overall inequality in income distribution in India. We discuss the broad outlines of these income inequalities below. When discussing human development in India, a focus on inequality is particularly important because the gap between the top and bottom is vast. The top 10 per cent of households (that is the 90th percentile) earn more than Rs 1,03,775, whereas the bottom 10 per cent (that is, the 10th percentile) earn Rs 8,000 or less, an eleven fold difference. This gap is not simply the result of a few billionaires who have appropriated a vast amount of Indian wealth. It reflects inequalities at various levels in the Indian society. The income gap between the top and bottom 10 per cent is almost equally a result of the gap between the middle and the poor (3.5 times) and that between the rich and the middle (3.7 times).

Table 2.7 reports Gini statistics, the most common overall indicator of income inequality. Gini coefficients can range from 0.0 (perfect equality) to 1.0 (total inequality).

Much of the discussion regarding inequality in India has focused on consumption-based inequality. With Gini coefficients of about 0.37, India is considered to be a moderately unequal country by world standards. For example, the Gini coefficient for Scandinavia and Western Europe is generally below 0.30, while that for middle-income developing countries tends to range from 0.40 to 0.50, and that in some of the poorest nations exceeds 0.55.

Table 2.7 Income and Consumption Inequality

	NSS 61 Round			IHDS	
	CES		EUS	Consumption Income*	
	Mixed Recall	Uniform Recall	Abridged		
Rural	0.35	0.33	0.27	0.36	0.49
Urban	0.36	0.35	0.36	0.37	0.48
All India	0.37	0.35	0.34	0.38	0.52

* Income inequality calculations exclude households with negative incomes and income < Rs 1000.

Source: Gini coefficients have been calculated using NSS CES and EUS Unit Record Data by the authors.

However, this ranking is substantially affected by whether the inequality is measured by income or consumption. When inequality in income is measured, the United States looks moderately unequal, with a Gini of about 0.42. But when inequality in consumption is measured, it looks much better, with a Gini of about 0.31. The difference occurs mainly because households at upper income levels do not spend all that they earn, and those at lower income levels often consume more than they earn. Hence, consumption looks more equal than income.

The IHDS data show similar differences between income inequality and consumption inequality. The Gini index for consumption inequality, based on the IHDS in Table 2.7, is about 0.38 for India, comparable to results from the NSS. However, the Gini index based on income is considerably higher, at 0.52.⁶ This difference suggests that income

inequality in India may be greater than hitherto believed. While consumption inequalities reflect inequalities in well-being for societies in transition, income inequalities provide a useful additional way of tracking emerging inequalities. For example, some studies in the United States have found that when inequality is rising, income inequalities tend to rise at a faster pace than consumption inequalities.⁷

Although urban incomes are higher than rural incomes, they are not more unequal. In fact, rural incomes tend to be more unequal (Gini = 0.49) than urban incomes (Gini = 0.48). Rural incomes are especially unequal near the bottom of the income distribution, where the poorest 10 per cent in villages are further from average incomes than are the poorest 10 per cent in towns and cities. And despite the recent growth of high incomes in some urban areas, inequality at the top is no worse in towns and cities than in villages.

The Kuznets curve suggests that for poor countries, inequality will rise with development.⁸ In India, however, states with higher median incomes tend to have somewhat lower inequality than poorer states (see Figure 2.6), but this relationship is not very strong.

This chapter has focused on the livelihoods of Indian families and identified some sources of vulnerability. Some of the findings presented echo well articulated themes. Poverty and low incomes are concentrated among Dalits and *Adivasis*, followed by Muslims and OBCs. Poverty also tends to be geographically concentrated in the central states.

However, our examination of income and income sources emphasizes some dimensions of economic well-being

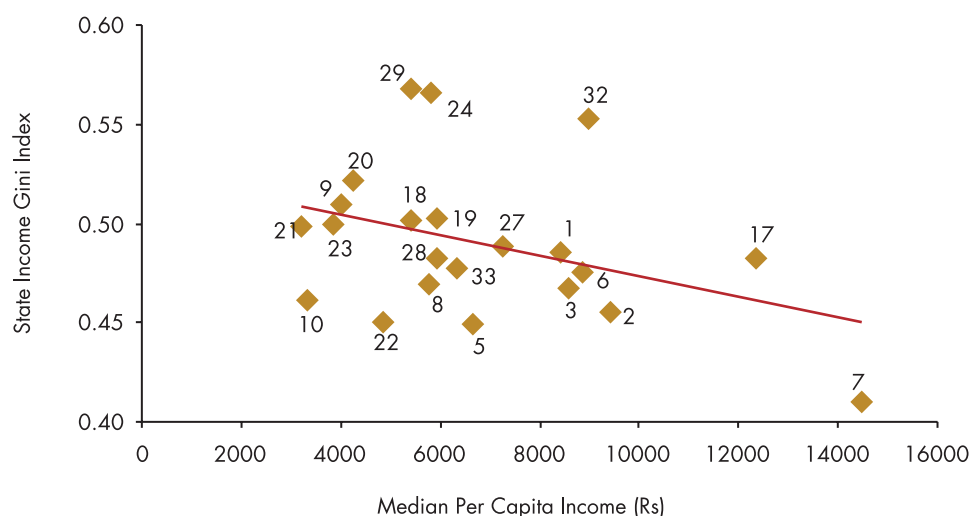


Figure 2.6 Statewise Median Incomes and Income Inequality

Source: IHDS 2004–5 data.

⁶ The Gini index of 0.52 excludes households with negative incomes and those with incomes less than Rs 1,000. If they are included, the Gini index rises to 0.53.

⁷ Johnson *et al.* (2005).

⁸ Kuznets (1955).

that have received less attention. Access to salaried income is one of the primary axes that divides Indian households. Households in which at least one adult has a job with a monthly salary are considerably better off than households that rely solely on farming, petty business, or casual daily labour. Unfortunately, only 28 per cent of households can claim access to salaried jobs. This suggests that access to salaried jobs and education (a prerequisite for salaried work) is a major source of inequality in household income—a topic addressed in detail in Chapter 4 and 6.

One of the most striking findings presented in this chapter is the great diversity of income sources within Indian households. Nearly 50 per cent of the households receive income from more than one source. Implications of this diversification require careful consideration. On the one hand, income diversification provides a cushion from such risks as crop failure or unemployment. On the other hand, the role of income diversification may depend on

the nature of diversification. Where households are able to obtain better paying salaried jobs, diversification may be associated with higher incomes. Where poor agricultural productivity pushes household members into manual wage work, such as construction, the income benefits may be limited. This is a topic to which we return when we discuss different employment patterns of individuals in Chapter 4. However, these data also indicate that regardless of the share of agricultural incomes, a vast majority of the rural households are engaged in agriculture, resulting in a high degree of sectoral interdependence.

This chapter also shows that inequality in income is far greater than inequality in consumption. The higher inequality for incomes than expenditures is a common finding in other countries, but has been insufficiently appreciated in India. It will be important to track income inequality over time because with rising incomes, inequality in incomes may grow faster than inequality in consumption.

App. Table 2.1a Mean and Median Household Incomes, Consumption and Poverty					
	Income (Rs)		Consumption (Rs)		% Poor
	Mean	Median	Mean	Median	
All India	47,804	27,857	48,706	36,457	25.7
Education					
None	21,734	17,017	29,595	24,502	38.1
1–4 Std	25,984	18,800	33,365	27,876	37.2
5–9 Std	35,718	25,920	41,803	34,338	29.7
10–11 td	53,982	39,961	55,341	45,040	18.7
12 Std/Some College	69,230	48,006	65,717	52,494	14.8
Graduate/Diploma	1,14,004	85,215	89,186	70,897	6.8
Place of Residence					
Metro City	93,472	72,000	71,260	56,864	13.4
Other Urban	68,747	45,800	62,629	48,448	27.0
Developed Village	41,595	24,722	45,513	34,338	20.9
Less Developed Village	32,230	20,297	39,081	29,722	31.5
Household Income					
Income < 1000 Rs	-4,476	-333	45,039	34,803	17.3
Lowest Quintile	8,833	9,305	29,117	23,356	36.1
2nd Quintile	18,241	18,040	32,430	27,200	36.8
3rd Quintile	28,959	28,721	40,063	33,686	31.1
4th Quintile	50,158	48,929	51,643	44,660	21.5
Highest Quintile	1,40,098	1,05,845	91,122	72,958	9.0
Household Consumption					
Lowest Quintile	18,338	14,947	14,965	15,860	70.5
2nd Quintile	26,799	20,800	26,075	26,040	42.2
3rd Quintile	36,217	28,504	36,645	36,458	24.3
4th Quintile	52,639	41,426	52,927	52,140	10.4
Highest Quintile	1,05,032	79,400	1,12,926	92,980	2.2
Social Groups					
Forward Caste Hindu	72,717	48,000	65,722	50,170	12.3
OBC	42,331	26,091	46,750	36,105	23.3
Dalit	34,128	22,800	39,090	30,288	32.3
Adivasi	32,345	20,000	29,523	22,738	49.6
Muslim	44,158	28,500	50,135	37,026	30.9
Other Religion	1,01,536	52,500	72,787	54,588	12.0

Sample: All 41,554 households

Note: The quintiles were generated taking into account all the households in the sample, and with weights. Therefore, higher income quintiles would be having higher proportion from the urban sector not only because the urban incomes, on an average, are higher but also because of rural–urban price differential, which is about 15 per cent or more.

Source: IHDS 2004–5 data.

App. Table 2.1b Statewise Household Incomes, Consumption, and Poverty

	Income (Rs)		Consumption (Rs)		% Poor
	Mean	Median	Mean	Median	
All India	47,804	27,857	48,706	36,457	25.7
Jammu and Kashmir	78,586	51,458	1,02,397	81,232	3.4
Himachal Pradesh	68,587	46,684	78,387	56,672	4.3
Uttarakhand	49,892	32,962	50,422	40,544	35.7
Punjab	73,330	48,150	71,876	60,004	4.9
Haryana	74,121	49,942	78,641	59,280	11.3
Delhi	87,652	68,250	77,791	62,096	13.9
Uttar Pradesh	40,130	24,000	50,313	35,896	33.2
Bihar	30,819	20,185	47,731	39,017	17.0
Jharkhand	42,022	24,000	36,579	24,610	49.0
Rajasthan	50,479	32,131	51,149	39,396	26.7
Chhattisgarh	39,198	23,848	27,972	16,941	63.4
Madhya Pradesh	36,152	20,649	39,206	27,604	45.5
North-East	82,614	60,000	60,612	43,752	9.8
Assam	42,258	25,000	39,268	31,020	24.6
West Bengal	46,171	28,051	41,958	31,714	23.1
Orissa	28,514	16,500	32,834	22,990	41.3
Gujarat	54,707	30,000	53,616	43,832	13.1
Maharashtra, Goa	59,930	38,300	50,372	39,502	27.9
Andhra Pradesh	39,111	25,600	46,996	37,520	6.8
Karnataka	51,809	25,600	53,490	38,074	18.3
Kerala	72,669	43,494	52,470	39,952	26.8
Tamil Nadu	40,777	26,000	43,966	34,146	18.3

Source: IHDS 2004–5 data.

App. Table 2.2a Proportion of Household Incomes by Source						
	Proportion of Household Income From					
	Salary (%)	Agricultural Wages (%)	Non-Farm Wages (%)	Family Business (%)	Cultivation (%)	Other (%)
All India	22	18	19	14	20	8
Education						
None	8	34	26	7	18	8
1–4 Std	10	30	23	11	21	6
5–9 Std	17	17	24	15	22	6
10–11 Std	30	10	15	18	20	8
12 Std/Some College	33	7	10	21	20	9
Graduate/Diploma	50	3	4	18	14	12
Place of Residence						
Metro City	57	2	13	20	1	7
Other Urban	40	4	21	23	3	9
Developed Village	15	25	18	13	22	8
Less Developed Village	11	22	20	9	31	7
Household Income						
Lowest Quintile	7	36	19	8	21	10
2nd Quintile	9	28	28	11	20	5
3rd Quintile	17	17	25	15	20	6
4th Quintile	28	8	17	18	20	8
Highest Quintile	49	1	5	19	17	9
Social Groups						
Forward Caste Hindu	32	8	9	18	24	10
OBC	21	17	17	14	23	7
Dalit	19	29	27	8	11	7
Adivasi	15	30	22	7	23	4
Muslim	19	11	27	21	16	7
Other Religion	30	10	12	16	21	12

Source: IHDS 2004–5 data.

App. Tab. 2.2b Statewise Proportion of Household Income by Source

	<i>Proportion of Household Income From</i>					
	<i>Salary (%)</i>	<i>Agricultural Wages (%)</i>	<i>Non-Farm Wages (%)</i>	<i>Family Business (%)</i>	<i>Cultivation (%)</i>	<i>Other (%)</i>
All India	22	18	19	14	20	8
Jammu and Kashmir	38	3	17	12	22	8
Himachal Pradesh	29	8	17	9	21	17
Uttarakhand	19	6	27	10	22	16
Punjab	30	12	16	16	18	8
Haryana	27	13	15	13	22	9
Delhi	64	1	14	16	1	4
Uttar Pradesh	13	9	23	16	31	9
Bihar	12	23	16	16	24	10
Jharkhand	22	6	34	18	17	4
Rajasthan	18	4	29	13	27	9
Chhattisgarh	15	21	18	8	33	4
Madhya Pradesh	15	23	20	11	27	4
North-East	39	8	11	16	21	5
Assam	22	2	28	13	30	4
West Bengal	23	18	17	17	18	7
Orissa	16	17	19	13	25	9
Gujarat	26	26	11	17	16	5
Maharashtra, Goa	30	18	10	16	19	7
Andhra Pradesh	23	35	16	11	9	7
Karnataka	21	30	15	14	14	6
Kerala	18	16	29	10	14	14
Tamil Nadu	29	24	23	12	3	8

Source: IHDS 2004–5 data.

4

Employment

Chapter 2 noted tremendous inequality in the economic well-being of households and observed that much of this inequality is associated with sources of livelihoods. Households that rely only on agriculture are considerably poorer than those in which some members have a steady salaried job. Chapter 3 amplified this theme by documenting low average agricultural incomes for farmers. In this chapter, we focus on employment and examine the characteristics of workers who are able to obtain non-farm jobs and the nature of their work.

A focus on employment is particularly important in the context of rapid changes in the Indian economy in which rewards to formal sector worker have rapidly outstripped rewards to other activities. For a barely literate manual worker, a monthly salaried job as a waiter in a roadside restaurant is far more remunerative, on an average, than seasonal agricultural work. However, if the same worker is able to find a job as a waiter in a government run canteen or cafe, his salary will most likely outstrip his earnings in a privately owned cafe. Two forces are at work here. First, movements from agricultural work to non-farm regular employment increase income by reducing underemployment. Second, employment in government or the public sector further boosts salaries. This chapter will explore some of these processes.

Another important theme of this chapter is gender differences in employment. Women are less likely to participate in the work force than men. When women work, they are largely concentrated in agriculture and the care of the livestock. Even when they engage in wage work, they work fewer days per year and at a considerably lower pay than men. Even education fails to bridge the gender gap in labour

force participation. Educated women seem to be less likely to be employed than their less educated sisters. The progressive decline in labour force participation with higher levels of education stops only at college graduation. However, college graduates form a very small segment of the female population.

Finally, regional inequalities in employment are pervasive. Both employment opportunities and wage rates vary dramatically by state. In some cases, state variations in employment mirror state development levels. There are informative exceptions in the hill states for rural non-farm work that demonstrate the potential for combining agricultural and non-agricultural employment. And the vast statewise variations in gender inequalities in employment are not at all related to state levels of development.

MEASURING EMPLOYMENT

This chapter exploits several special features of the IHDS. As already noted, the IHDS is one of the rare surveys in India to collect information on income as well as employment. The survey questions began by asking about different sources of household income. They then immediately asked which household members participated in each of those work activities and what their level of their participation was. For example, the IHDS asked whether the household owned any animals and, if so, who took care of these animals. Whether the household engaged in farming or gardening in the past year and, if so, who worked on these farms, and how many days and hours they worked. Whether any members of the household worked for payment, in cash or kind, and details about the work. Whether the household owned or operated a

small or large business, and if so, the names of the household members who participated and the days and hours of work in the past year. Interviewers were specially trained to ask about the participation of women and children as well as adult men in each of these activities. This combination of information from different streams of activity draws a holistic picture of the work undertaken by all individuals in the household in the preceding year.

The IHDS line of questioning provides results that are broadly similar, although not identical, to the work participation rates given by the usual status employment questions used by the NSS or census. The most important exception is that the IHDS questions on caring for livestock yield higher rates of rural female labour force participation. A second definitional difference is how the IHDS and NSS exclude work undertaken for fewer than thirty days. Under the IHDS definition, those working two hours per day would have to work 120 days in a year to be considered employed, while those working four hours per day would need to work sixty days. This definitional difference leads to a slight reduction in work participation rates using the IHDS definition.¹

WORK FORCE PARTICIPATION

People are considered working if they were engaged for at least 240 hours during the preceding year in one or more gainful activities. Those working in household farms or businesses, or for a wage or salary are considered as workers. Additionally, persons who usually take care of animals are counted as workers. Appendix Tables 4.1a and 4.1b present these employment rates for different population groups and states.

The most striking differences in employment are those by age and sex (Figure 4.1).

For both men and women, employment rates increase with age in the early part of the life cycle, although they increase somewhat later in urban areas, where an increasing number of adolescents stay in school. After age sixty employment rates decline for all groups, with the largest decline for urban men, who often face compulsory retirement from formal sector jobs between the ages of fifty and sixty. Nevertheless, work participation rates between ages sixty to sixty four are high, at nearly 77 per cent among rural men, a theme explored in more detail in Chapter 9. Child labour is discussed in greater detail in Chapter 8.

The striking difference between men and women is also evident in Figure 4.1. Most males work, the exception being boys and young men in school, or just entering the labour

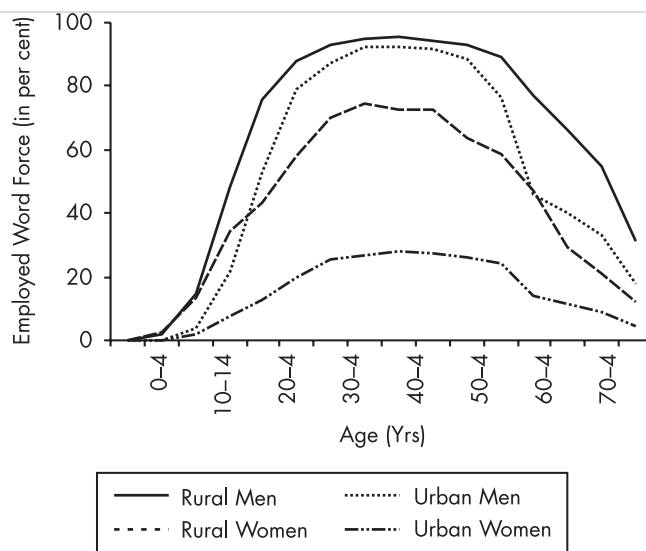


Figure 4.1 Employment Rates by Age for Men and Women

Source: IHDS 2004–5 data.

force, and the elderly, who are slowly withdrawing from the labour force. For men, the important difference among social groups and regions depends on their ability to find year-round work, as discussed in the following section. For women, work participation varies by their social background and place of residence, with urban women being the least likely to participate in the work force.

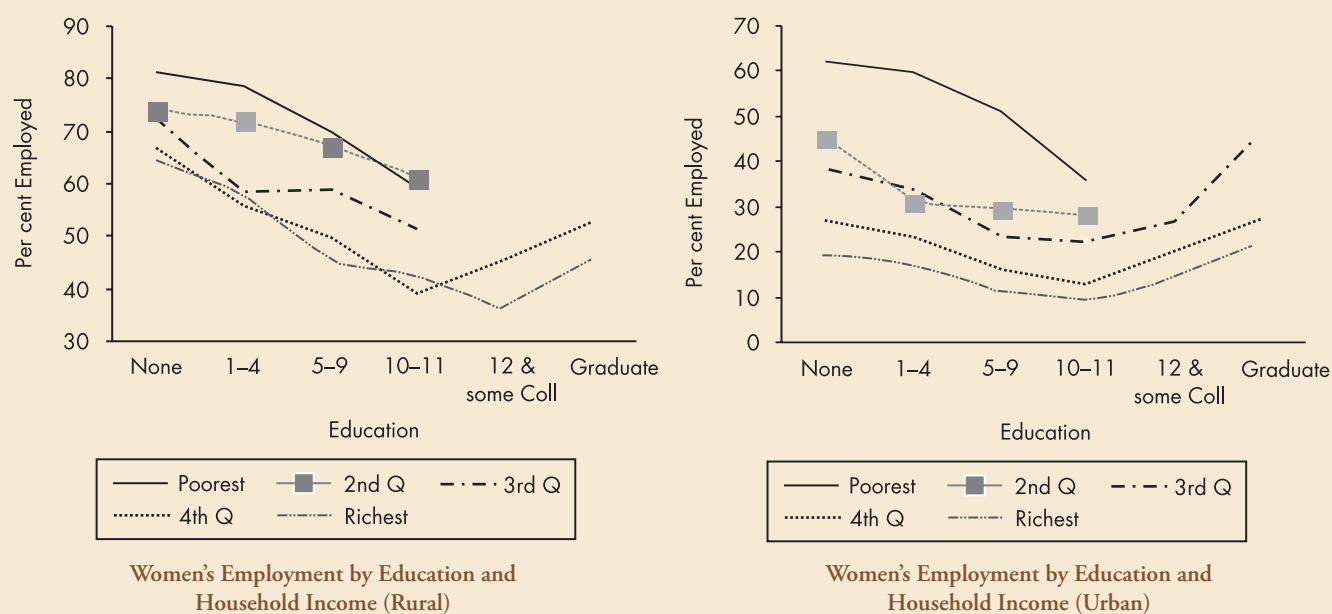
Women's labour force participation is concentrated at the lower end of the socioeconomic distribution (see appendix Table 4.1a). Women from households in the bottom income quintile are more likely to work than women higher up the income scale. *Adivasi* women are more likely to work than forward caste or other minority religion women, with Dalit and OBC women falling in the middle. Women in metro cities are the least likely to work, while women living in the least developed villages are the most likely to work. Some of these differences are quite large: for example, only 15 per cent of women in metro cities are employed, compared with 62 per cent in the least developed villages.

Even women's education has a generally negative association with work participation rates despite the incentives provided by higher earnings for the well educated. Women who have finished the 10th standard are less likely to be employed than illiterate women. The negative effect of low to moderate levels of education for women can be seen even when other family income is controlled (Box 4.1 below).

State differences in women's work participation rates presented in Appendix Table 4.1b are also interesting. Unlike

¹ For males, the IHDS work participation rates are 53.9 and 48.2 in rural and urban areas, respectively, compared with NSS rates of 54.6 and 54.9, respectively. For females, IHDS rates are 38.4 and 14.1 in rural and urban areas, respectively, compared with NSS rates of 32.6 and 16.7. For those who are employed for cash remuneration (that is, wage or salary), the daily income measured by the IHDS is about Rs 92 per day compared to Rs 96 per day as measured by the NSS.

Box 4.1 Education Does Not Always Lead to Greater Levels of Employment for Women



In general one would expect education to lead to greater opportunities and wages and thereby increase labour force participation for women. However, educated women may also come from higher income families which would reduce the incentive for employment among educated women. Figures in this box plot levels of women's work participation by their own education levels and quintiles of other family income (i.e., family income minus the woman's own earnings from wage or salary employment).

Higher levels of other family income show the expected disincentive for women's labor force participation. But regardless of family income, women's work participation declines as their education increases from none through or to matriculation.

Only schooling beyond 10th standard has any positive incentive for women's work participation. The absence of skilled work preferred by educated women may be partially responsible for this negative relationship. The increase in employment for women with higher secondary and college education, especially in urban areas, suggests that a greater availability of suitable white-collar and salaried employment could lead to increased female labour force participation.

Source: IHDS 2004-5 data.

household differences, state differences do not follow state income differences. Some affluent states like Himachal Pradesh have high rates of women's labour force participation while others like Punjab have very low rates. Some poor states like Chhattisgarh have high rates while others like Jharkhand have low rates. Regional differences in women's work participation appear to follow more historical and cultural trajectories than differences in household wealth. Inferring macro level changes from the cross sectional household differences is especially hazardous, given these state differences.

LEVEL OF EMPLOYMENT

Most adult men are in the labour force and their well-being is governed by their ability to gain year-round work. Appendix Tables 4.2a and 4.2b report the number of days worked during the preceding year—whether family farm labour,

other farm labour, non-farm labour, salaried work, or time devoted to family businesses.²

The results paint an interesting picture. There is much less employment available in rural India than in urban areas. The average rural man works only 206 days per year, compared with 282 days for the average urban man. The average urban working woman works 106 days per year, compared with 180 days for the average rural working woman.

Table 4.2a reports differences in days of employment by educational and social characteristics. Although men's employment varies less by population groups than across states, some results are noteworthy. *Adivasi* men are significantly less likely to be employed (200 days) than other forward castes, Muslims, and other minority groups, who range from 236 days to 265 days. The disadvantages for *Adivasis* come in part from their rural location, but even in urban populations *Adivasi* men work fewer days.

² Since the IHDS did not collect information on time spent in animal care, this type of labour is omitted from the table. Only people who were employed more than 120 hours in the previous year are reported in Appendix Tables 4.2a and 4.2b. Days of employment are calculated as full day equivalents, where a full day is assumed to be eight hours of work. Many employees who worked as drivers or domestic servants, or who held two jobs, reported working more than 365 full day equivalents in a year; thus, total days are capped at 365.

Poor states, such as Uttar Pradesh, Bihar, Chattisgarh, and Orissa have the lowest overall days employed by men (about 186–195 days; see Appendix Table 4.2b); wealthier Punjab, Haryana, Delhi, and Maharashtra have the highest number of days employed (about 260–300 days). The state differences for women are also striking, ranging from eighty to eighty six days in Bihar and Jharkhand, to 196 in Maharashtra, and 204 in Delhi. These large differences in days worked are at least partly responsible for the many differences in well-being across the states. Some of these state differences are associated with greater urbanization, but most are based on the availability of work in rural areas. On the whole, differences in rural employment, across state boundaries, are larger than those in urban employment.³ On an average, employed men in rural Maharashtra work about 235 days per year, compared with only 172 days in Uttar Pradesh. Similarly, large differences in days worked are found for rural women.

The inability to gain year-round work is one of the most important markers of economic vulnerability. Jobs that provide year-round work increase incomes by reducing underemployment. Year-round work is usually associated

with salaried employment at monthly wages, non-farm work in rural areas in sectors such as construction, and increased availability of agricultural work due to multiple cropping seasons in a year.

TYPES OF EMPLOYMENT

The preceding sections suggest a need to look beyond the simple availability of work to explore the sectors of employment, since this determines the level of underemployment as well as income. In this section, work activities are classified into six categories grouped into farm and non-farm work (see Figure 4.2). Each individual can be employed in more than one of these six types of work. Indeed, this section focuses on who has multiple types of employment.

This figure highlights the differences between men and women, and between urban and rural areas. When employed, rural women are likely to work in farm related activities. Rural men also have access to some non-farm work, such as non-farm casual labour (24 per cent), salaried work (13 per cent), and business (12 per cent). More urban men engage in salaried work and business than do rural men, although non-agricultural wage work as daily labourers remains

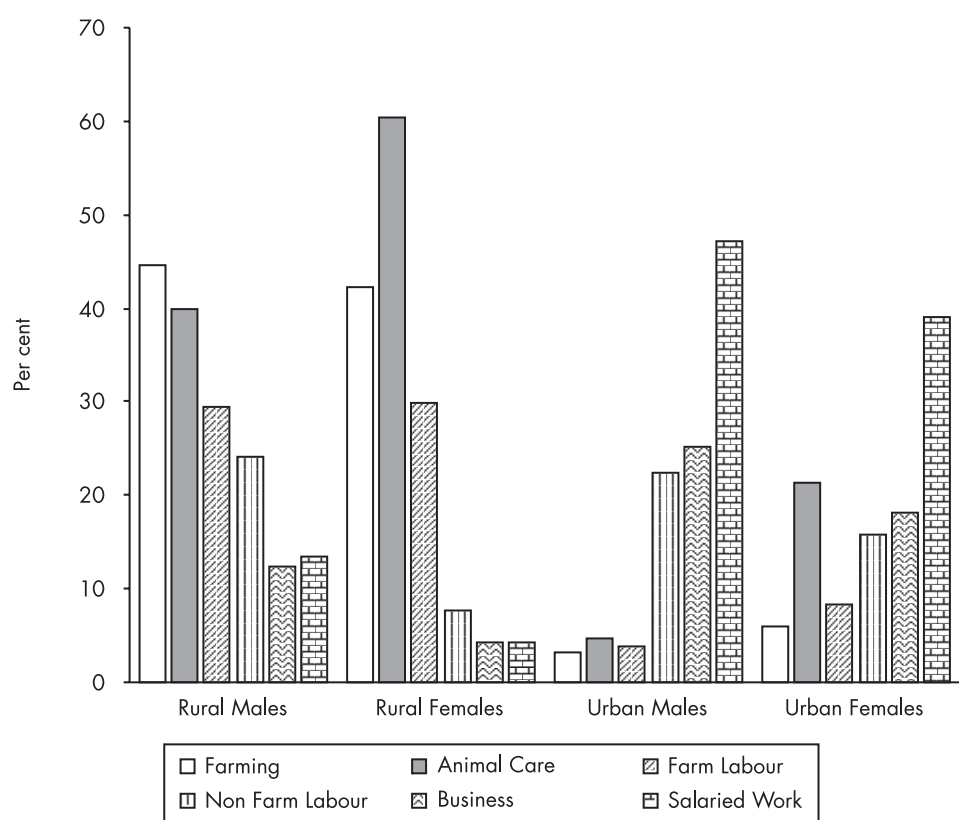


Figure 4.2 Type of Employment for Working Men and Women

Source: IHDS 2004–5 data.

³ The coefficient of variation, which reflects the amount of variation in days worked across states, is twelve for rural male employment and seven for urban male employment.

important for both. Interestingly, even among employed women in urban areas, animal care remains an important activity. Taken in conjunction with the fact that rural women are far more likely to work than urban women, it is not surprising that an overwhelming majority of employed Indian women rely solely on agricultural work.

Appendix Table 4.3a shows how different population groups engage in various types of employment.

Although there is some decline in farming and animal care among women who are college graduates, men and women generally continue to engage in farming and animal husbandry, regardless of their educational level. In contrast, education is associated with substantial declines in the likelihood of working as an agricultural or non-agricultural wage labourer.

As Figure 4.3 shows, social group differences in employment types are striking.

Adivasis are most likely to be cultivators, reflecting their rural residence, followed by OBCs and forward castes. In contrast, Dalits, Muslims, and other religious minorities are the least likely to be cultivators. While lower levels of farming for Muslims and other religious minorities stem from urban residence, those for Dalits are associated with a lower probability of land ownership (as documented in

Chapter 3). Dalits and *Adivasis* are far more likely than other groups to be agricultural wage labourers. Dalits, *Adivasis*, and Muslims are more likely than other groups to be non-agricultural wage labourers. As shown in Table 4.3a, social group differences are most visible in salaried work. More than 30 per cent of men from forward castes, and from Christian and other religious minorities are employed in salaried jobs, while only 13 per cent of *Adivasi* men are so employed. Muslims are the most likely to be in business, particularly in rural areas, with many working as home based artisans. When we examine social group differences among women, it is particularly striking that among employed women, forward caste and OBC women's agricultural wage labour participation is considerably lower than that for Dalit and *Adivasi* women (13 per cent and 26 per cent for forward caste and OBC women, respectively, compared to 39 per cent for Dalit women and 45 per cent for *Adivasi* women).

Differences in economic activity across states are shown in Appendix Table 4.3b. Relatively few individuals in southern states like Andhra Pradesh, Kerala, and Tamil Nadu engage in own account farming, partly reflecting the high urban concentrations in those areas. However, urbanization is only part of the story. Agricultural wage work exceeds own

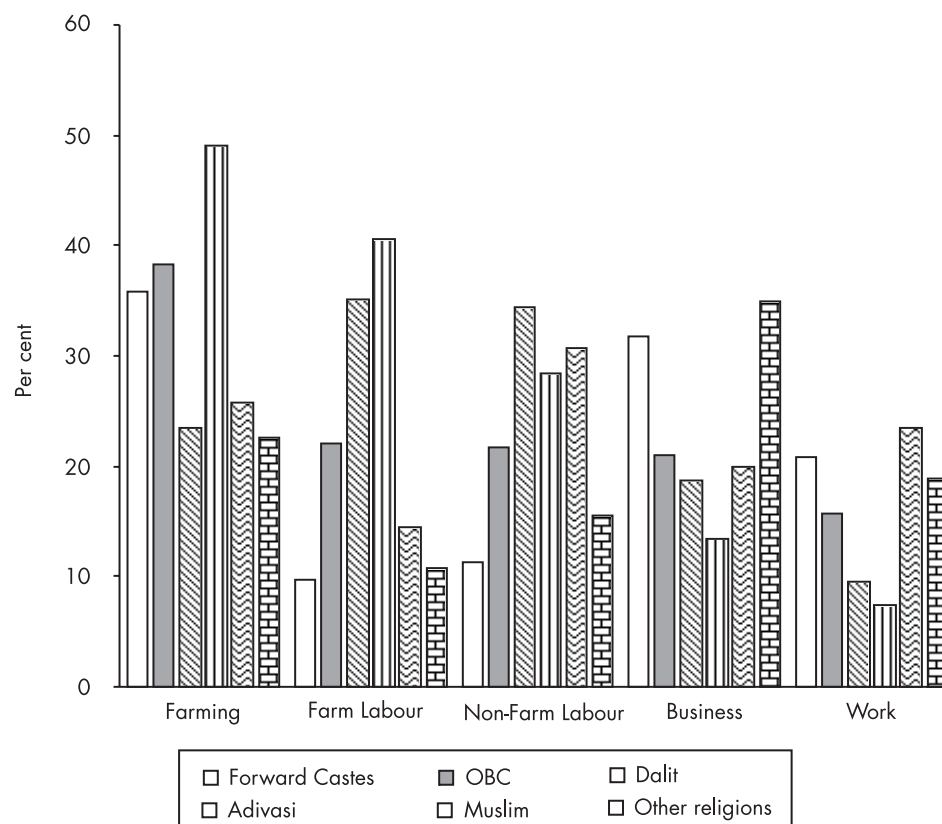


Figure 4.3 Type of Employment for Employed Men by Social Group (Urban and Rural)

Source: IHDS 2004–5 data.

account cultivation in each of these states, pointing to the importance of commercial farming there. Not surprisingly, the urban state of Delhi tops the list of states in rates of salaried employment. Other wealthier states with a large prevalence of salaried work include Jammu and Kashmir, Punjab, the North-East, and Tamil Nadu. In contrast, salaried work is least available in the poorer states of Uttar Pradesh, Bihar, Chhattisgarh, Madhya Pradesh, and Orissa.

Piecing Together a Livelihood: Combining Farm and Nonfarm Work

Appendix Table 4.2b suggests that rural workers have difficulty finding year-round work. Without year-round work, rural households are faced with tremendous challenges to make ends meet. The IHDS results suggest that one household strategy may be to take on more than one activity. Chapter 2 documents that more than 50 per cent of the Indian households receive income from multiple sources. Although having different household members specialize such that one member farms, while another works as non-agricultural labourer, and a third takes up a salaried job may be a good way of mitigating risk, it is also interesting that a substantial proportion of rural workers hold more than one job. While farming normally goes hand in hand with animal care and should not be treated as a separate job, a substantial proportion of individuals engage in secondary activities that are diverse. These multiple activities are far more common in villages (34 per cent for men and 22 per cent for women) than in towns (5 per cent for men and 6 per cent for women).

In rural areas, one tends to imagine small and marginal farmers who work as casual wage labourers on other farms when their own farms do not need work. However, only 11 per cent of rural men fall in this category, and they do not represent the majority of multiple job holders in rural areas. Many men combine farm oriented activities with non-farm activities: while they manage their own farms, they also work as non-agricultural labourers. Similarly, casual wage labourers work in both the agriculture and non-agricultural sectors. When agricultural work is available—for example, during the harvesting period—they may work in agriculture. During the off season, they may work as construction or transportation workers.

Stagnating agricultural productivity heightens our interest in the nature of multiple activities in rural areas. Although the existence of the non-farm sector, even in rural areas, has been recognized for some time, estimates of non-farm work continue to underestimate its importance by ignoring the fact that many individuals combine farm and non-farm work. Figure 4.4 shows that 51 per cent of

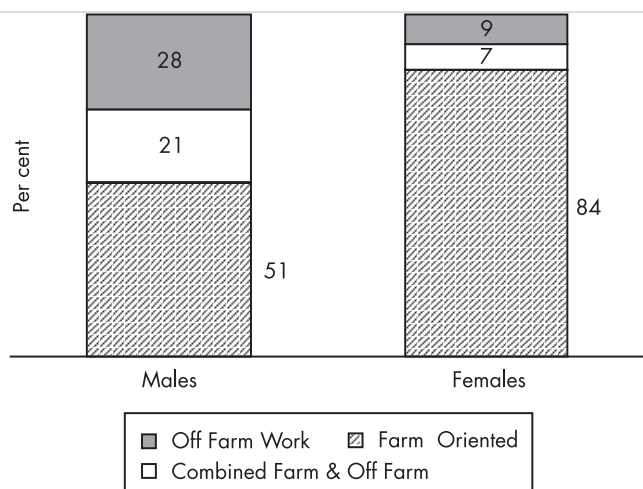


Figure 4.4 Distribution of Rural Workers between Farm and Non-Farm Sector

Source: IHDS 2004–5 data.

employed rural men engage solely in farm oriented activities, including own account cultivation, animal care, and farm labour; 28% engage solely in off farm work, including non-agricultural labour, salaried employment, and own business, and 21 per cent engage in both.

There has been some debate among researchers⁴ about whether non-farm employment for rural residents reflects the pull of better paying jobs, or whether it reflects a push away from the poorly paid farm sector. Appendix Table 4.4a suggests that individuals who rely solely on non-farm employment are located in the more-privileged sectors of society. They tend to live in more developed villages, have higher education, and live in households that are at the upper end of the income distribution.

In contrast, combining farm and non-farm activities has little relationship with individuals' own characteristics and depends far more on agricultural productivity. Appendix Table 4.4b indicates that the combination of farm and non-farm activities is most common in states like Himachal Pradesh and Uttarakhand, where the weather restricts year round cultivation, or in states like Uttar Pradesh, Bihar, Chhattisgarh, Madhya Pradesh, and Orissa, where agricultural productivity is low.

In contrast, in the agriculturally prosperous states of Punjab, Haryana, and Gujarat, few working men combine farm and off farm activities. Similarly, a combination of farm and off farm work is most common in less developed villages. In more developed villages, most individuals engage either solely in farm oriented activities, or solely in non-farm activities. It is also important to note that since *Adivasis* are far more likely to live in less developed villages and in states

⁴ For recent work in this area, see Lanjouw and Murgai (2009).

with low agricultural productivity like Chhattisgarh, it is not surprising that Table 4.4a indicates that *Adivasis* are the most likely to engage in the combination of activities, and the least likely to concentrate solely on non-agricultural work.

These observations point to the diversity within the rural non-farm sector. The non-farm sector involves regular salaried work, family business, and casual wage work at a daily rate. Salaried work requires a far longer and more stable time commitment than casual wage work and is difficult to combine with farm demands. In contrast, non-agricultural wage work at a daily rate, often in construction, is easier to combine with agricultural demands. However, as we will show in the following section, salaried work is far more remunerative than daily wage work.

Salaried Work

In keeping with the conventional definition, the IHDS defines salaried workers as those who are paid monthly rather than daily.⁵ The IHDS asked whether the employer is in the government/public sector or is a private employer, and whether employment arrangements were permanent or casual. Salaried workers in India represent a small portion of the workforce. Table 4.3a and 4.3b indicate that 22 per cent of employed men and 9 per cent of employed women are salaried workers. Nevertheless, salaried work is the most remunerative and deserves a more detailed analysis.

Figure 4.5 shows that 36 per cent of salaried workers are employed in the public sector, while the remaining 64 per cent are in the private sector.

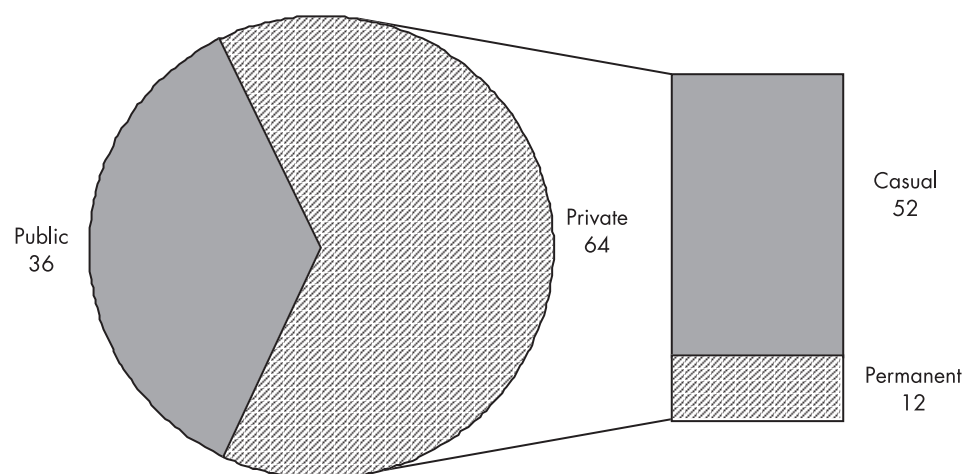


Figure 4.5 Distribution of Salaried Workers between Public and Private Sector (in per cent)

Source: IHDS 2004–5 data.

⁵ Less than 1% of workers receiving annual remuneration are also classified as being salaried workers. Note that the IHDS also contains employee-level data, in contrast to the enterprise statistics often presented in national data that are limited to enterprises of 10 workers or more.

⁶ In calculating monthly salary, we have included bonuses as well as imputed values for housing and meals. This imputed value for housing is assumed to be 10 per cent of the salary for rural areas and 15 per cent for urban areas. The value of meals is assumed to be Rs 5 per day for rural areas and Rs 10 per day for urban areas.

Among private sector salaried workers, most are employed as casual workers, and relatively few classify themselves as permanent employees (52 versus 12 per cent). Many of these casual workers are employed as drivers, domestic servants, salespersons in small shops, and similar occupations, in which they are unlikely to benefit from labour legislation.

Actual salary differences among these sectors conflict with a common belief that private sector salaries are soaring and that the public sector is unable to keep pace. The average salary for casual workers is Rs 2,303 per month in the private sector; Rs 4,640 for permanent workers in the private sector; and Rs 6,974 for public sector employees.⁶

Figure 4.6 presents private and public sector salaries by education as well as the ratio between them.

At each level, private sector salaries are below public sector salaries, with the public sector benefit being the greatest at the lowest educational levels. These advantages for public sector workers are not inconsistent with extremely high salaries in the private sector for a few highly skilled workers, but the results suggest that the small number of well paid MBAs or technical workers fail to counterbalance the overall disparities between public and private sector salaries. The results also demonstrate the importance of public sector employment for individuals with low levels of education. Due to a guaranteed minimum salary in government service, a cleaning worker in a government office is likely to earn far more than a domestic servant doing the same work in a private home or business.

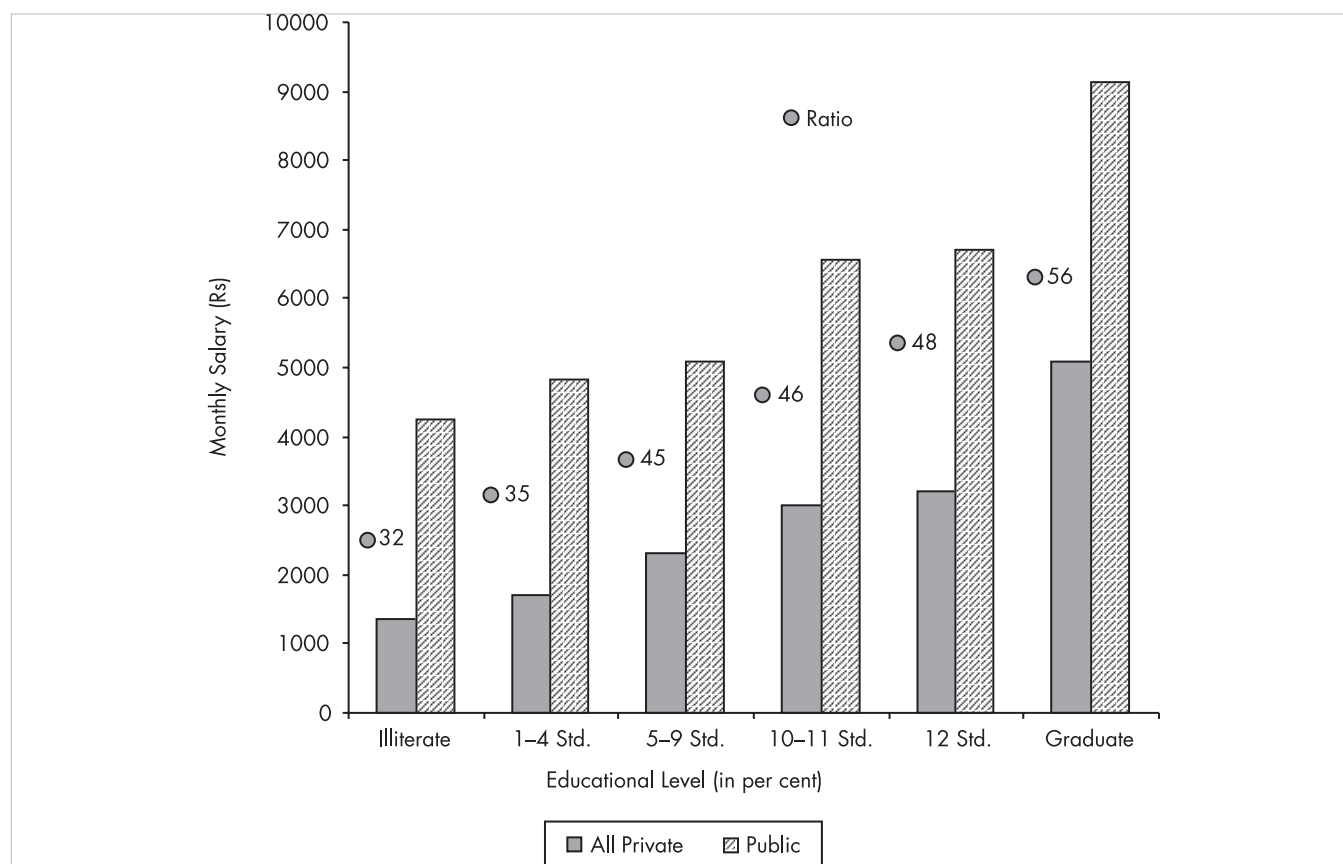


Figure 4.6 Salaries of Workers in Private and Public Sector and the Ratio by Education

Source: IHDS 2004-5 data.

Government or public sector employment also serves as a moderating influence on other forms of social inequalities. While women earn lower salaries in both the public and private sector, the ratio of female to male salaries is considerably higher in the public sector (0.73) than in the private sector (0.53). Similarly, salary inequalities among various social groups are larger in the private sector than in the public sector. Regardless of the sector, forward castes and other minority religions have higher salaries than OBCs, Dalits, *Adivasis*, and Muslims. As Chapter 6 on education points out, these groups have higher educational attainment, so they should be expected to be in the upper rungs of the bureaucracy and have higher salaries. But it is also interesting to note that the disadvantages of caste, tribe, and religion are moderated in public sector salaries, partly because of better government salaries for low skill workers. Even for higher skill levels, however, differences in government salaries by social background are lower than those in the private sector.

Wage Work

Wage workers are paid at a daily rate. Their income depends on both the amount of work they are able to find and the prevailing wage rate. The average all India agricultural wage

rate recorded by the IHDS was Rs 50 per day for men and Rs 33 for women (see Appendix Table 4.5a). The average non-agricultural wage rate was Rs 76 for men and Rs 43 for women.

Beyond gender, there is little individual variation in the agricultural wage rates by education or social background. The main differences are geographic. Less developed villages have lower agricultural wages than more developed ones. In wealthier states, such as Himachal Pradesh, Punjab, Haryana, and Kerala, agricultural labourers average Rs 75 per day or more. In poorer states, such as Chhattisgarh, Madhya Pradesh, and Orissa, the daily agricultural wages are less than Rs 40 (Appendix Table 4.5). Some of the social differences we observe result from these geographic differences. Thus, *Adivasis*, who are located more often in the least developed villages in poor states, receive lower wages.

In contrast, non-agricultural wages vary more widely by age, level of education, and social background and somewhat less by location. Dalits and *Adivasis* are particularly disadvantaged in non-agricultural wages. Increased returns to education are not especially noticeable until secondary school for both men and women.

These agricultural and non-agricultural wage rates must be viewed in conjunction with the rampant underemployment discussed earlier. With only 206 days of average work available to rural men compared to 282 days for urban men, a rural agricultural wage labourer can expect to earn about Rs 10,242 per year, while the urban non-agricultural labourer can expect to earn about Rs 22,395. All of these wages are a far cry from the average annual earnings of over Rs 50,000 per year for an illiterate male working in a salaried government job. Thus, it is not surprising that salaried jobs in government are so coveted.

An earlier section in this chapter identified that a substantial proportion of individuals, about 20 per cent of male workers in rural areas, engage in both farm and off farm activities. These workers are more disadvantaged than their brothers who engage in only one type of work. For agricultural wages, rural men who work only in the farm oriented sector receive Rs 50 per day, compared with Rs 43 for those who combine farm and non-farm activities. On the other hand, for non-agricultural work, men who undertake only non-agricultural work receive Rs 83 per day, compared to Rs 63 per day for those who engage in both farm and non-farm work. This suggests that the phenomenon of combining work in different sectors may be due more to a lack of other options than to a preference by individuals.

EARNINGS

Differences in total earnings⁷ result from a combination of better jobs (especially salaried work), more work days, and a higher wage rate. These advantages accumulate across educational level, age, social group, gender, and, especially, urban location. Thus, employed rural women earn an average of Rs 42 per day, for Rs 4,491 earnings per year. Rural men work more days and at a higher average rate (Rs 79) and, thus, earn 3.6 times as much (Rs 16,216) as rural women in a year. Employed urban women work about as many days as urban men but at a much higher average rate (Rs 118), and so they earn more in year (Rs 21,263) than rural men or women. Finally, urban men work the most days and at a higher rate (Rs 173), and so they have the highest annual earnings (Rs 48,848).

These daily wage rates are strongly affected by investments in human capital, especially education. Figure 4.7 shows returns to years of schooling, separately for men and women in urban and rural areas.

Urban wage rates are higher than rural wage rates at every educational level and men's wage rates are higher than women's for every educational level except urban secondary school completion, for which there is little difference. Only a small proportion of urban women work. It may be that among the high education category, only women who can

obtain high salaries work, reducing the difference between males and females for this select category. The educational differences, at least for secondary school and beyond, are larger than even the gender or rural–urban differences. However, there appear to be negligible economic returns to primary school. Primary school graduates earn little more than illiterates.

Other group differences are smaller than the underlying educational, rural–urban location, and gender differences, and are, in part, attributable to these underlying differences (see Appendix Table 4.5). For example, Dalits and rural *Adivasis* have low wages and annual earnings, while forward castes and other minority religions have higher wages and earnings. These earnings differences mirror the educational differences among these social groups reported in Chapter 6. State variations are again substantial.

This chapter has examined the broad shape of employment in India. Chapter 2 identified the inequalities in economic well-being along the lines of caste, educational status, and region. This chapter has focused on employment as the key mechanism through which these inequalities emerge. Lack of access to an adequate quantity of work, coupled with inequalities in remuneration, based on occupation and industry, as well as individual characteristics generate the inequalities in income recorded earlier. Several dimensions of this phenomenon deserve attention. Access to employment remains limited for many sectors of society. Female labour force participation rates are low and when employed, women consistently earn less than men in both agricultural wage work and salaried employment. While male work participation rates are high, the vast majority of the men

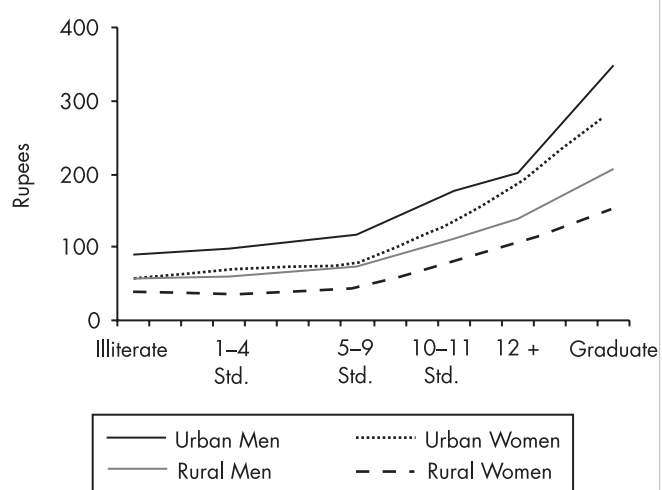


Figure 4.7 Daily Income (Wage/Salary) by Education for Men and Women (Urban and Rural)

Source: IHDS 2004–5 data.

⁷ Daily earnings here include monthly salaries divided by 22, and daily wages for labourers.

do not have year-round employment and often struggle to make ends meet by working multiple jobs, often combining agricultural and non-agricultural activities. Access to a sufficient income seems closely tied to access to government and public sector jobs, since salaried work pays considerably more than daily wage work, and public sector jobs pay far more than private sector jobs. Government and public sector jobs are particularly important to less educated workers and workers who may experience more discrimination in the private sector based on gender, caste, ethnicity, or religion.

The importance of government employment goes far beyond the income it provides. Stability of income and job security offered by government employment is unparalleled in private sector work. As noted, only one in five salaried workers in private sector see themselves as permanent workers. Job security is an important dimension of individual well-being. Moreover, social prestige associated with government work and growth in social networks has a substantial impact on the long term well-being of families, and must be recognized as an important marker of human development. Consequently, it is not surprising that access to public sector jobs has emerged as one of the key areas of contestation around which a variety of groups jockey for job quotas and reservations.

Gender differences in work and remuneration patterns deserve particular attention. While deeper probing by the IHDS on animal care and agricultural work has increased the enumeration of women's work, gender differences in the quantity and quality of work remain stark. Women are far less likely to participate in the labour force than men, with the differences being particularly stark in urban areas. When women do work, their work is largely limited to labour on family farms, the care of the animals, and, to a lesser extent, daily agricultural labour. Their participation in non-farm work remains limited, especially in towns and cities. Their wage rate for agricultural labour is only 66 paise for each Rupee earned by a man. In non-agricultural labour, it dips to 57 paise. Even when women are able to get a salaried job, their income remains significantly lower than men's. The only silver lining is that gender differences in salaries are lower in government jobs than in the private sector; but even here, women's salaries are only 73 per cent of men's salaries. Some of these disparities may be attributable to gender inequalities in educational attainment, which we document in Chapter 6. However, although higher education may lead to better incomes by women, their labour force participation seems to decline with education—even when income of other family members is taken into account—and this decline reverses itself only at the college graduate level.

Appendix Table 4.1a Work Participation Rates for Men and Women aged 15–59 years

	Rural		Urban		Total	
	Male (per cent)	Female (per cent)	Male (per cent)	Female (per cent)	Male (per cent)	Female (per cent)
All India	82	58	71	20	79	47
Age						
15–19	49	34	22	8	41	27
20–9	81	50	65	16	77	40
30–9	94	72	90	26	93	59
40–59	94	68	89	27	92	56
Education						
None	91	69	82	33	90	63
1–4 Std	88	59	84	27	87	51
5–9 Std	80	47	71	16	78	37
10–11 Std	76	37	66	11	72	25
12 Std/Some College	71	35	58	13	66	23
Graduate/Diploma	75	38	76	23	76	27
Place of Residence						
Metro City			71	15	71	15
Other Urban			71	22	71	22
Developed Village	80	54			80	54
Less Developed Village	84	62			84	62
Income						
Lowest Quintile	82	64	60	30	80	61
2nd Quintile	85	63	73	25	83	57
3rd Quintile	85	60	75	25	83	52
4th Quintile	81	53	73	21	78	42
Highest Quintile	78	46	70	16	74	30
Social Group						
Forward Castes	81	52	70	15	77	37
OBC	83	60	72	24	80	51
Dalit	82	59	72	25	80	51
Adivasi	87	72	72	32	85	68
Muslim	79	46	71	17	76	36
Other religions	69	39	70	18	70	30

Source: IHDS 2004–5 data.

Appendix Table 4.1b Statewise Work Participation Rates for Men and Women aged 15–59 years

	Rural		Urban		Total	
	Male (per cent)	Female (per cent)	Male (per cent)	Female (per cent)	Male (per cent)	Female (per cent)
All India	82	58	71	20	79	47
States						
Jammu and Kashmir	72	60	61	21	70	53
Himachal Pradesh	86	84	75	37	85	79
Uttarakhand	82	74	70	18	79	63
Punjab	71	36	63	9	68	26
Haryana	79	57	73	15	77	47
Delhi	71	29	66	11	66	11
Uttar Pradesh	87	57	74	19	84	49
Bihar	83	48	67	17	81	45
Jharkhand	80	41	65	17	77	37
Rajasthan	82	63	74	27	80	55
Chhattisgarh	92	82	75	29	88	71
Madhya Pradesh	87	72	73	24	83	59
North East	69	43	65	25	68	39
Assam	76	39	55	12	71	33
West Bengal	83	51	72	14	80	40
Orissa	83	57	69	18	80	52
Gujarat, Daman, Dadra	88	69	74	16	83	49
Maharashtra/Goa	83	67	70	20	77	46
Andhra Pradesh	82	66	74	27	80	56
Karnataka	83	64	75	28	81	52
Kerala	68	33	66	14	68	28
Tamil Nadu/Pondicherry	73	51	73	28	73	41

Source: IHDS 2004–5 data.

Appendix Table 4.2a: Number of Days Worked for Employed Men and Women aged 15–59 years

	<i>Rural</i>		<i>Urban</i>		<i>Total</i>	
	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>
All India	206	106	282	180	226	115
Age						
15–19	132	71	216	146	144	77
20–9	205	106	272	179	222	115
30–9	230	119	293	186	248	128
40–59	213	104	289	181	234	115
Education						
None	209	109	269	161	217	113
1–4 Std	207	110	269	163	218	117
5–9 Std	200	94	278	165	219	104
10–11 Std	212	99	293	192	239	118
12 Std/Some College	208	110	282	222	236	144
Graduate/Diploma	220	164	293	245	262	214
Place of Residence						
Metro City	NA	NA	299	226	299	226
Other Urban	NA	NA	276	169	276	169
Developed Village	219	119	NA	NA	219	119
Less Developed Village	195	94	NA	NA	195	94
Income						
Lowest Quintile	162	94	209	150	165	96
2nd Quintile	203	113	249	147	208	115
3rd Quintile	212	114	280	155	227	119
4th Quintile	224	111	284	184	243	123
Highest Quintile	232	96	294	211	263	127
Social Group						
Forward Castes	204	101	292	205	238	118
OBC	202	107	279	172	219	114
Dalit	214	111	273	177	227	118
<i>Adivasi</i>	194	129	262	170	200	131
Muslim	213	67	279	154	236	83
Other religions	236	84	303	229	265	122

Source: IHDS 2004–5 data.

Appendix Table 4.2b: Number of Days Worked for Employed Men and Women aged 15–59 years

	<i>Rural</i>		<i>Urban</i>		<i>Total</i>	
	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>
All India	206	106	282	180	226	115
<i>States</i>						
Jammu and Kashmir	194	61	297	133	212	67
Himachal Pradesh	223	67	275	102	228	69
Uttarakhand	210	70	291	209	226	78
Punjab	282	57	309	186	292	73
Haryana	242	86	298	194	254	93
Delhi	246	29	304	222	302	204
Uttar Pradesh	172	42	268	111	191	47
Bihar	190	83	247	103	196	84
Jharkhand	191	82	266	125	201	86
Rajasthan	205	74	276	145	221	82
Chhattisgarh	185	131	260	116	198	130
Madhya Pradesh	191	128	273	180	210	133
North East	219	110	289	231	234	129
Assam	230	81	236	216	231	91
West Bengal	216	65	277	147	232	73
Orissa	178	62	267	138	190	66
Gujarat, Daman, Dadra	210	119	282	163	233	125
Maharashtra/Goa	235	190	302	221	262	196
Andhra Pradesh	235	172	303	235	252	180
Karnataka	214	157	278	201	234	166
Kerala	227	106	256	172	235	115
Tamil Nadu/Pondicherry	216	143	277	188	242	157

Source: IHDS 2004–5 data.

Appendix Table 4.3a: Type of Employment for Employed Men and Women aged 15–59 years (Urban and Rural)

	Males (%)						Females (%)				
	Culti- vation	Livestock Rearing Labour	Agri- cultural Labour	Non- agricultural	Salaried Work	Business	Culti- vation	Livestock Rearing Labour	Agri- cultural	Non-agr Labour	Salaried Work
All India	34	31	23	24	22	16	38	56	27	9	9
Age											
15–19	33	40	23	22	10	10	32	57	25	8	4
20–9	33	27	22	28	20	15	37	50	26	10	10
30–9	32	28	24	25	24	18	38	55	30	10	10
40–59	35	33	23	21	26	16	40	59	26	7	8
Education											
None	35	36	42	34	9	9	40	58	35	10	4
1–4 Std	38	34	35	29	11	13	42	54	26	8	7
5–9 Std	37	32	20	27	18	16	38	57	17	7	8
10–11 Std	31	26	11	15	34	19	32	51	8	6	19
12 Std/ Some College	31	26	7	10	36	24	23	44	7	3	34
Graduate/ Diploma	18	16	2	4	60	22	8	17	1	1	70
Maximum Adult Education in the Household											
None	33	35	44	36	8	8	33	53	43	13	5
1–4 std	37	36	39	32	10	11	37	54	39	12	4
5–9 std	37	33	23	29	16	15	42	59	24	9	7
10–11 std	33	28	13	18	28	18	41	58	16	6	8
12 Std/ Some College	35	28	10	13	31	22	43	58	13	4	11
Graduate/ Diploma	24	21	4	6	50	22	30	46	6	3	30
Place of Residence											
Metro City	1	1	2	16	61	21	2	7	1	11	63
Other Urban	4	6	4	25	42	27	7	25	10	17	34
Developed Village	37	32	29	22	16	14	38	54	32	7	6
Less Developed Village	51	47	30	26	11	11	46	66	28	8	3
Income											
Less < 1000 Rs	83	66	10	5	3	5	67	73	9	1	1
Lowest Quintile	49	44	40	24	6	8	42	58	34	7	4
2nd Quintile	36	36	39	34	9	10	36	54	40	11	5
3rd Quintile	34	31	27	31	15	15	36	55	31	12	7
4th Quintile	28	26	16	24	27	19	35	54	20	9	11
Highest Quintile	25	20	4	10	46	23	34	54	6	4	21

(contd)

(Appendix Table 4.3a contd)

Social Group	Males (%)						Females (%)				
	Culti- vation	Livestock Rearing Labour	Agri- cultural Labour	Non- agricultural	Salaried Work	Business	Culti- vation	Livestock Rearing Labour	Agri- cultural	Non-agr Labour	Salaried Work
Forward Castes	36	28	10	11	32	21	42	58	13	3	13
OBC	38	36	22	22	21	16	43	56	26	7	8
Dalit	24	25	35	34	19	10	25	53	39	12	8
Adivasi	49	44	41	29	13	7	56	49	45	13	5
Muslim	26	22	15	31	20	24	24	64	9	12	8
Other religions	23	12	11	16	35	19	16	55	7	5	23

Note: Distribution of workers across categories is not exclusive to only one category. For example, a person might be engaged in cultivation as well in animal care at different times in a day, or on different days. This person would then get classified as worker in the cultivation as well as animal care category. Consequently, the row totals for both male and female categories will not add up to 100%.

Source: IHDS 2004–5 data.

Appendix Table 4.3b: Statewise Distribution of Type of Employment for Employed Men and Women aged 15–59 years

	Males (%)						Females (%)					
	Culti- vation	Livestock Rearing Labour	Agri- cultural Labour	Non- agricultural	Salaried Work	Busi- ness	Culti- vation	Livestock Rearing Labour	Agri- cultural	Non-agr Labour	Salaried Work	Busi- ness
All India	34	31	23	24	22	16	38	56	27	9	9	6
Jammu and Kashmir	45	30	3	17	40	11	51	78	0	3	6	2
Himachal Pradesh	58	54	12	22	31	14	69	87	1	1	4	3
Uttarakhand	38	43	7	39	20	15	61	84	4	9	6	1
Punjab	22	16	15	18	32	17	14	83	3	2	12	4
Haryana	31	28	12	17	26	14	33	81	7	5	5	3
Delhi	1	2	1	15	65	17	1	19	0	16	53	14
Uttar Pradesh	40	53	16	31	14	18	30	85	10	3	4	5
Bihar	39	40	32	21	13	21	45	59	27	4	3	7
Jharkhand	37	31	7	37	20	18	60	57	12	19	6	3
Rajasthan	44	22	7	34	19	15	45	78	6	10	5	4
Chhattisgarh	57	55	46	31	15	10	62	54	56	19	3	4
Madhya Pradesh	44	44	33	23	14	13	50	39	46	15	4	6
North East	27	24	11	11	41	20	39	43	7	4	21	10
Assam	46	29	2	29	20	13	59	73	1	5	6	4
West Bengal	28	25	27	22	24	20	9	73	12	10	14	5
Orissa	49	40	26	26	17	17	31	70	26	7	5	5
Gujarat, Daman, Dadra	36	20	28	14	24	16	46	54	37	4	7	5
Maharashtra/Goa	32	28	22	13	30	18	52	30	40	6	12	9
Andhra Pradesh	19	15	41	19	24	11	21	23	54	11	14	8
Karnataka	37	27	30	17	20	15	42	32	41	9	9	9
Kerala	14	5	20	39	22	11	17	47	14	11	17	8
Tamil Nadu/ Pondicherry	9	14	24	27	34	9	16	34	36	16	18	10
Coefficient of Variation	42.84	50.62	66.52	36.24	46.55	22.90	49.47	38.36	94.54	65.05	101.83	55.41

Note: As in Appendix table 4.3a.

Source: IHDS 2004–5 data.

Appendix Table 4.4a: Distribution of Rural Workers between Farm and Non-Farm Sector

	Males (%)			Females (%)		
	Farm Oriented	Combine Farm & Non-farm	Non-farm Work	Farm Oriented	Combine Farm & Non-farm	Non-farm Work
All India	51	21	28	84	7	9
Age						
15–19	66	13	21	88	4	7
20–9	49	20	31	82	7	11
30–9	46	25	29	82	9	9
40–59	52	22	26	86	7	7
Education						
None	55	24	21	85	8	6
1–4 Std	57	21	22	85	7	8
5–9 Std	51	21	28	85	5	10
10–11 Std	48	17	35	78	5	17
12 Std/Some College	46	18	36	67	7	26
Graduate/Diploma	33	22	46	42	6	52
Place of Residence						
Developed Village	50	17	34	82	6	12
Less Dev. Village	52	26	22	85	9	6
Income						
Lowest Quintile	66	20	14	88	6	6
2nd Quintile	53	25	22	82	10	8
3rd Quintile	49	22	29	82	9	10
4th Quintile	43	21	36	82	7	12
Highest Quintile	41	20	39	85	5	10
Social Group						
Forward Castes	57	17	26	88	4	7
OBC	54	21	26	86	6	8
Dalit	46	25	29	82	9	10
Adivasi	55	26	19	81	13	6
Muslim	39	21	40	82	7	12
Other religions	50	8	42	81	4	15

Source: IHDS 2004–5 data.

Appendix Table 4.4b: Statewise Distribution of Rural Workers between Farm and Non-Farm Sector

	Males (%)			Females (%)		
	Farm Oriented	Combine Farm & Non-farm	Non-farm Work	Farm Oriented	Combine Farm & Non-farm	Non-farm Work
All India	51	21	28	84	7	9
States						
Jammu and Kashmir	40	27	34	93	3	4
Himachal Pradesh	38	45	18	93	4	2
Uttarakhand	36	35	29	89	9	2
Punjab	51	9	40	92	3	6
Haryana	51	13	37	91	5	4
Delhi	23	13	64	90	3	7
Uttar Pradesh	47	34	20	92	5	3
Bihar	52	26	22	87	7	6
Jharkhand	29	24	47	75	13	12
Rajasthan	41	26	33	86	9	5
Chhattisgarh	53	38	9	77	21	2
Madhya Pradesh	63	23	14	81	12	7
North East	39	19	42	76	7	16
Assam	43	11	46	90	2	8
West Bengal	47	22	31	77	9	14
Orissa	48	28	24	86	7	7
Gujarat, Daman, Dadra	69	10	22	92	2	6
Maharashtra/Goa	64	16	21	87	6	7
Andhra Pradesh	61	12	27	77	7	17
Karnataka	69	11	20	86	4	10
Kerala	33	8	59	71	3	26
Tamil Nadu/Pondicherry	44	9	47	67	10	23
Coefficient of Variation	26.45	51.72	45.25	9.39	65.71	74.44

Source: IHDS 2004–5 data.

Appendix Table 4.5a: Daily Income for Wage and Salary Workers aged 15–59 years								
	Daily Income in Rupees (Wage work or Salary)				Daily Wages for Labourers (Rs)			
	Rural		Urban		Agricultural		Non-Agricultural	
	Male	Female	Male	Female	Male	Female	Male	Female
All India	79	42	173	118	50	33	76	43
Age								
15–19	51	38	65	59	43	33	59	36
20–9	66	40	115	105	48	33	73	43
30–9	79	42	165	113	51	33	80	42
40–59	95	46	228	141	51	34	80	47
Education								
None	57	38	91	58	48	33	68	42
1–4 Std	60	37	98	72	48	33	70	38
5–9 Std	73	43	117	78	52	34	78	43
10–11 Std	111	80	177	133	55	35	92	56
12 Std/Some College	139	104	202	184	51	44	95	58
Graduate/Diploma	206	153	347	290	48	40	102	94
Place of Residence								
Metro City			216	167	74	69	109	71
Other Urban			157	104	70	33	91	47
Developed Village	87	46			55	34	80	43
Less Developed Village	71	39			44	32	63	40
Income								
Lowest Quintile	47	33	57	39	42	29	51	32
2nd Quintile	54	35	67	41	46	31	61	36
3rd Quintile	62	39	81	48	51	35	72	41
4th Quintile	89	51	116	75	61	40	93	58
Highest Quintile	198	114	282	236	72	42	123	67
Social Group								
Forward Castes	112	56	243	192	55	34	89	49
OBC	77	40	154	93	49	33	79	44
Dalit	69	41	142	81	52	35	71	42
Adivasi	62	40	180	174	39	30	58	42
Muslim	86	45	114	76	53	32	77	39
Other religions	147	104	228	208	105	77	141	66

Source: IHDS 2004–5 data.

Appendix Table 4.5b: Daily Income for Wage and Salary Workers aged 15–59 years

	Daily Income in Rupees (Wage work or Salary)				Daily Wages for Labourers (Rs)			
	Rural		Urban		Agricultural		Non-Agricultural	
	Male	Female	Male	Female	Male	Female	Male	Female
All India	79	42	173	118	50	33	76	43
States								
Jammu and Kashmir	170	112	97	188	99	0	115	62
Himachal Pradesh	135	121	251	215	78	77	85	76
Uttarakhand	92	68	176	124	81	48	80	56
Punjab	105	68	193	205	75	52	103	73
Haryana	116	72	213	272	82	63	94	71
Delhi	228	124	222	219	80	0	126	76
Uttar Pradesh	67	38	145	101	45	32	63	40
Bihar	71	48	159	156	51	41	76	53
Jharkhand	89	55	243	183	48	33	60	39
Rajasthan	81	50	147	127	60	41	72	46
Chhattisgarh	49	33	218	112	30	27	56	44
Madhya Pradesh	51	32	130	58	37	31	54	35
North- East	201	169	336	338	77	59	136	58
Assam	126	73	198	149	56	44	70	47
West Bengal	73	51	209	149	48	45	66	33
Orissa	63	36	162	134	39	29	57	35
Gujarat, Daman, Dadra	63	46	182	145	41	37	72	52
Maharashtra/Goa	74	32	180	137	48	28	79	39
Andhra Pradesh	64	38	164	70	51	34	84	43
Karnataka	69	34	168	102	47	28	92	45
Kerala	155	123	159	137	123	88	149	85
Tamil Nadu/Pondicherry	88	45	132	82	68	34	89	38
Coefficient of Variation					37	52	31	

Source: IHDS 2004–5 data.