

By Contribution

What Explains Wage in India ?

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This paper explores the major determinants of wages in India, drawing cues from National Sample Survey 66th round unit level data. To assess the major factors that impact wages, the authors take into account, in addition to the conventional independent variables that cover household, personal, and labour market characteristics, the general well-being of population, which, in practice, is encapsulated by a composite measure called Human Development Index (HDI). The analysis is limited to those who receive wages on a regular basis and who fall in the age group of 15-59. The empirical results show that wages in India are bound up with not only economic factors, but also identities such as sex and caste.

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Introduction

‘What explains wage’ has featured prominently in the literature on labor economics for the last four decades, receiving scholarly attention from academia, researchers, and policy makers (Groshen, 1990). In a competitive labor market, according to conventional wisdom, firms pay wages that result from the conflicting interests between the demand for and the supply of labor. More specifically, if the demand for labor exceeds the supply of labor, wages tend to increase in the labor market, and vice versa. Within the broad spectrum of demand and supply, a pertinent issue that has received tremendous scholarly attention relates to why workers are paid differently (Mortensen, 2003). Intuitively, the prevalence of wage differentials in various segments of the labor market can primarily be attributed to two distinct reasons: first, workers employ in sundry economic activities that are not unique in nature; second, workers are profoundly heterogeneous, consisting of different level of skills and knowledge with which they perform their work. Economists too emphasize that the market-determined wage is a function of skills and knowledge acquired through

schooling and training, broadly termed as human capital¹ (Schultz, 1961; Becker, 1962; Mincer, 1974). In other words, the factors such as years of schooling, age, and years of labor market experience account for a significant part of the variation in wages. More aptly, the proportion of wage variation is largely explained by human capital, which primarily emanates from the years of investment in schooling. In a nutshell, workers are distinct from each other and each worker possesses a unique set of skills and abilities. Quite clearly, the skills and abilities that the workers possess play not only a critical role in the entry of the labor market, but a crucial role in explaining wage differentials.

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However, from a pragmatic point of view, it is widely acknowledged that the major components of human capital may have limits in capturing much of the variations in wage, when household, personal, labor market dualistic identities such as male-female, rural-urban, formal-informal, backward-forward castes, higher-lower order occupations, and services-other activities generate critical

heterogeneity in the distribution of wages² (Livingstone, 1987; Groshen, 1990). For instance, taking cues from Groshen (1990), the conventional human capital variables – years of education, age, and age squared – account for slightly over one-fourth of the variation in wages. Typically, 6 per cent of the variation in wages can be attributed to the personal and household characteristics such as race, sex, and so on. Hence, identifying the determinants of wages not only captures the theoretical obfuscations in defining a wage function but also provides insights that pave the way for an effective policy formulation. Against this backdrop, our attempt in this paper is to identify the major explanatory variables of wages in India.

Data Source

To derive a wage function at an aggregate level, we use NSS 66th round unit level data, which was conducted from July 2009 to June 2010. At the unit level, the NSS 66th quinquennial round that includes household, personal and labor market characteristics covers 12 levels of database. For the present analysis, we consider following 4 distinct levels: level 2, level 4, level 5 and level 7. Level 2 consists of household aspects such as religion, social group, land owned, and financial status, whilst level 4 and 5 present demographic and employment status at individual level. Level 7, which constitutes a central part of this study, covers the details of wage and salary of workers. Our analysis begins by generating a spread-

¹ Schultz, Becker, and Mincer contributed much of the literature on human capital. Schultz (1961) identified five sources of human capital: (i) health facilities and services (ii) on the job training (iii) education level (iv) study program for adults (v) and migration

² See, 'Global Wage Report 2010/2011(2010).

sheet for each level with varying sample size. The merger of four level-specific spreadsheets is done using key identification items -first stage sampling unit (FSU) serial number, hamlet-group/sub-block number, household serial number, level number and item/person serial number. It is important to note that workers who are engaged in the employment status of self-employed and casual labor are ruled out from the analysis, owing to the prevalence of sparse wage data³. Further, within the group of regular wage/salaried workers, we limit our analysis to workers aged between 15 and 59. To identify the major variables that explain wages, we consider the following independent variables: type of employment, sex, sector, age, years in general education, technical education, number of workers in the enterprise, economic activity, occupation, social groups, and human development of the states (HDI). While age, general education, and human development are continuous variables, the remaining are binary categorical variables. Table 1, which depicts the wage function of regular wage/salaried workers⁴ at an aggregate level, shows the

degree to which wages are influenced by personal and labor market characteristics.

A Wage Function

The status of employment in India is classified into two: formal and informal. While the former absorbs a small percentage of workforce, the latter covers a substantial size of India's workforce employed in both organized and unorganized enterprises, which according to India Labor Market Report 2009, accounts for around 93 per cent. The core difference between formal and informal employment is that the former type provides entitlements like social security, albeit heterogeneity in type of employers⁵, while informal employment seems to be niggardly in provisioning social security and entitlements, which are entailed to ensure conditions for decent work. Our result suggests that workers who belong to the formal category, on average, earn about 54 per cent more than informal workers. Quite interestingly, formal-informal dichotomy is significantly discernible across social groups, sex, age, technical education, number of workers in the enterprise, economic activity, occupation, and HDI of states⁶.

³ Unlike casual and regular wage workers, self-employed workers engage in own-account enterprises with one or a few associates, and the decisions such as how to produce, for whom to produce and when to produce are taken by the self-employed. A clear distinction between wage and profit cannot be made in case of the self-employed. For casual wage laborers, there is no consistent stream of wage earnings (NSS Report No. 537: 2009-10).

⁴ Regular wage or salaried workers include those who are employed in farm or non-farm enterprises and receive wages on a regular basis, excluding those who receive wage on daily basis (NSS Report No. 537: 2009-10).

⁵ Public sector/government employment in India appears to be far more generous in providing social security and other entitlements, while private sector, barring a few exceptions, is not notable for welfare employment models.

⁶ Bino & Divya (2010), using unit level data of 61st NSS round, show bi-variate distributions in which formal-informal dichotomy is pitted against select household, personal and labor market characteristics. Our results seem to match these bi-variate distributions

On average, male workers earn 25 per cent more than female workers.

A number of empirical studies have documented the male-female wage differentials, which have long been a major area of research (Madheswaran, 2010; Agrawal, 2011). It is generally observed in Indian labor markets that, as shown in table 1, on average, male workers earn 25 per cent more than female workers and the male-female wage gap is quite glaring in rural India, as compared to urban sector. Quite clearly, male regular workers in rural India receive 39 per cent more than female regular workers and the male-female wage gap is discernibly low in urban labor market, as compared to rural labor market. Contrary to Phimister's (2005) study, which postulates that women are likely to earn more than men in an urban setting, our study indicates that the rural-urban dichotomy does not significantly alter the earning capacity for female workers. Interestingly, the differentials observed in the male-female wage earnings, to a large extent, can be attributed to three aspects: skill difference, economic discrimination⁷, and occupational crowding⁸. Evidence suggests that the skewed distribution of

human development in different states deteriorate the wage inequality between women and men (Appendix 2). It is worth noting that the hypothesis put forward by Mincer and Polachek⁹ shows that the women, on average, tend to acquire less human capital than men because of their time allocation in household sector, leading to a discontinuity in women labor supply over the life cycle. In fact, the discontinuity from the labor market negatively influences the human capital formation and wage earnings.

Although the coefficient of age is statistically significant and positive, the coefficient of age-squared is negative, which reflects the concave relationship between age and wage. In other words, as age increases, workers tend to acquire more knowledge and firm specific skills, which in effect, command higher returns. Over a period of time, the increase of workers' age coupled with the accumulation of specific human capital does not contribute a discernible change in wage earnings; rather, wages tend to decline. Interestingly, this result holds true for both rural and urban sectors. However, this pattern may have extremely limited applicability to invisible, but regular feminine occupations like domestic work¹⁰.

Not surprisingly, a number of studies in India have suggested that wages and years of schooling – be it general or tech-

⁷ Economic discrimination occurs when workers receive different wages, although their skills and abilities are same.

⁸ Occupational crowding hypothesis posits that the wage gap by gender occurs when men or women disproportionately concentrate on some specific occupations, which does not necessarily be the outcome of discrimination, but resulting from a social environment. See Sorensen (1990): 55-89

⁹ Mincer & Polachek (1974)

¹⁰ Bino et al (2011), based on a sample survey of domestic workers in Mumbai, report that abysmally low average wage for women domestic workers, with scarce vent for plotting a good fit between age and wage.

nical- are positively related, implying that more years of schooling brings about an increase in wages (Tilak, 1987; Duraisamy, 2002; Madheswaran & Attewell, 2007; Agrawal, 2011). Strictly, the lower levels of education yield better returns and as it goes up, returns to education tends to decline. Taking cues from Duraisamy (2002), the rates of return to education show an increasing trend up to secondary, thereafter it tends to diminish. With a view to estimate the effect of an additional year of investment in schooling on wage, we find the returns to education for two distinct levels of education –general and technical. The results suggest that the returns to technical education are higher than that of general education. The financial returns to higher education in India, represented by years of general education square do not seem to be impressive, albeit significant and positive. The results hold true for both rural and urban India, albeit varying the degree of coefficients.

The rates of return to education show an increasing trend up to secondary, thereafter it tends to diminish.

How does firm size determine wage? Horowitz (1974) argues that workers employed in small firms, where the size of employment is relatively less, are more likely to experience job losses, and are highly motivated to work without an increment in wages. Unlike small firms, large firms, owing to complexity emanates from its organizational structure, tend to adopt sundry incentive mecha-

nisms, a higher wage in particular, to motivate workers. Consistent with this finding, our study shows that the coefficient of number of workers in the enterprise is significant and positive, implying that workers in firms employing 10 or above workers earn 31 per cent more than workers employed in firms having less than 10 workers. Leaving aside these intra-organizational reasons, labor market institutions such as labor laws¹¹, the formality of employment, which is associated with higher wage and entitlements is directly related to the size.

Over the last two decades, Indian economy has witnessed tremendous structural changes at both macro and micro levels. The most striking is that the share of agriculture in the GDP, which was hovering around three-fourth in the 1950s, has declined drastically, and the services sector such as banking, telecommunications, and information technology has been increasingly contributing to the growth of the Indian economy, accounting for major proportions of growth in GDP. It should be noted that the structural change¹², as a matter of fact, has widened the inequality in the distribution of wage earnings. For instance, as shown in table 1, workers employed in tertiary sector, on average, earn about 15 more than manufacturing and agriculture work-

¹¹ Dutta & Milly (2007)

¹² Although this change is not in consistent with received view of first primary, then secondary, and finally tertiary acting as the principal axes of economic growth.

¹³ In this aggregate, manufacturing constitutes the majority. The regular workforce in agriculture is confined to commercial farms and plantations.

ers combined¹³. This is due to the following two reasons. First, unlike self-employed agricultural or casual workers, those who are employed in tertiary sector are mostly regular wage or salaried workers. In India, the average daily wages of regular workers are higher than that of casual and self-employed workers. Second, the discrepancy in wage earnings, to a great extent, stems from the fact that there are considerable differences in the human capital, primarily in years of schooling. For instance, in India, participation in regular wage or salaried labor requires, on average, 9 years of schooling, as compared to 5.9 for the self-employed and 3.4 for casual workers¹⁴.

The one-digit classification of National Classification of Occupation 2004 identifies 9 broad types of occupations: managers, professionals, technicians, clerks, service workers, skilled agricultural and fishery workers, craft and related trade workers, plant and machine operators and assemblers, and elementary occupations. Of these, the first three occupations –managerial, professional and technical – are considered as highly skilled and abbreviated as *PMT* for the purpose of analysis. Elementary occupations, albeit low-skilled, are encompassed with the remaining occupations and termed as *others*. Obviously, as shown in table 1, *PMT* workers earn one-fourth more

than others in the occupational division and the variation in wages of *PMT* workers is largely due to their experience in the labor market and acquisition of specific skills. Taking cues from Pissarides and Wadsworth (1994), workers employed in low-skilled occupations are inclined to change job frequently to maximize prospective wage earnings resulting from the investment in specific skills, which in effect is the outcome of investment in search¹⁵, generating discreteness in the path of wages.

The category of SCs, STs, and OBCs, on average, earn 4 per cent less than general caste.

Does caste matter in the determination of wages? In India, caste appears to be one of the most discernible sources of stratification and, in effect, the hierarchical structure of the caste system coupled with occupational division plays a significant role in the labor market outcomes. A plethora of empirical studies examined the degree of wage discrimination in Indian labor market, showing that SCs/STs are increasingly being discriminated from the labor market (Banerjee & Knight 1985; Madheswaran & Attewell, 2007; Thorat *et al* 2009; Deshpande, 2010; Madheswaran, 2010). And the empirical estimates of Das and Dutta (2007) show clearly that caste is

¹⁴ Based on NSS 61st round, the report published by 'National Commission for Enterprises in the Unorganized Sector' computed the mean years of schooling for different segments of workers.

¹⁵ Krishna & Bino (2012), based on unit level data of 66th NSS round, show that propensity to search is less for *PMT* workers, as compared to non-*PMT* workers.

an important determinant of wages in India. Our result¹⁶, which is quite consistent with Das and Dutta, suggests that the category of SCs, STs, and OBCs, on average, earn 4 per cent less than general caste. What accounts for this differential? A recent study by Deshpande (2010), by way of selecting 172 students who were about to finish their post-graduate degrees from three prominent universities in Delhi -Delhi University, Jawaharlal Nehru University, and Jamia Milia Islamia- provides a detailed account of how caste background influences the various aspects of labor market outcomes such as wage, jobs, and search methods. Interestingly, the study shows that while a majority of students, who fall in the reservation category, expect to find out their ideal jobs in the public sector, implicitly reflecting the role of the affirmative action, a number of non-reserved students look for jobs in the buoyant sectors, in particular business field. The differential in the labor market outcomes is due in large part to the fact that there exist considerable differences in family wealth that comprises family business, family connections, social capital and parental education of non-reservation and reservation students.

¹⁶ In Banerjee &Bucci's (1995) study, caste is a dummy variable, where 1 if scheduled caste and 0 otherwise. Similarly, Das & Dutta's (2007) estimates on the role of caste in the wage determination rule out STs in their analysis owing to definitional and empirical issues. STs are distinct from SCs in many respects, particularly in terms of the type and nature of employment. However, in classifying the social identities, our analysis does not strictly adhere to this category put forward by earlier attempts in this field.

While states with low human development report the lowest household incomes, states with high development are endowed with better employment prospects and income status.

The overall human well-being of a state, which is represented in terms of human development index consisting of three broad indicators –health, income and education- has significant impact on wages. Our study shows clearly that the overall human development and wages are positively related, suggesting that wage earnings tend to scale up in tandem with the improvement of human well-being. For instance, the average per day wage of regular wage / salaried workers, who fall in the age group of 15-59 years, in high human development states like Chandigarh, Kerala, Lakshadweep, Mizoram, and Delhi, is higher than that of states with low human development such as Orissa, Bihar and Uttar Pradesh¹⁷. Consistent with this finding, a recent study by Desai *et al* (2010) also show that while states with low human development report the lowest household incomes, high development are endowed with better employment prospects and income status (Appendix 2). According to a recent UNDP report (2010), low human development coupled with high degree of inequality tends to generate imbalance in the economic outcomes. More importantly, a great deal of inequality in wage earnings across various types of workers in

¹⁷ NSS Report No. 537: Employment and Unemployment Situation in India, 2009-10.

India can be minimized, if states play a bigger role in enhancing the capability of human beings.

Emerging Issues & Challenges

The results presented in table 1 raise some serious challenges to the conventional notion of viewing wage as a func-

tion of merely human capital variables such as age and education. A salient feature of human capital theory is that a great deal of disparity in wage earnings can be explained by differentials in human capital. This leads to ask an important question: what explains human capital? Although there are considerable sources of human capital formation, much of the

Table 1 Regression Analysis of Log Weekly Wages of Regular Employees

Independent variables	Coefficient (Overall)	Coefficient (Rural)	Coefficient (Urban)
Constant	4.66*** (.084)	4.78*** (.128)	4.52*** (.111)
Type of employment (=1, if formal; 0, otherwise)	.535*** (.016)	.699*** (.024)	.428*** (.022)
Sex (=1, if male; 0, otherwise)	.258*** (.018)	.367*** (.025)	.178*** (.024)
Sector (=1, if rural; 0, otherwise)	-.178*** (.013)	—	—
Age	.061*** (.004)	.037*** (.006)	.073*** (.005)
Age ²	-.001*** (.000)	-.000*** (.000)	-.001*** (.000)
General education (in years)	.008 (.005)	.005 (.008)	.009 (.006)
General education (in years) ²	.001*** (.000)	.002*** (.000)	.001*** (.000)
Technical education (=1, if yes; 0, otherwise)	.126*** (.021)	.127*** (.029)	.141*** (.028)
Number of workers (=1, if 10 and above; 0, otherwise)	.103*** (.013)	.170*** (.019)	.084*** (.020)
Economic activity (=1, if tertiary, 0, otherwise)	.105*** (.016)	.148*** (.027)	.083*** (.020)
Occupation (=1, if PMT; 0, otherwise)	.189*** (.016)	.167*** (.023)	.194*** (.021)
Social group (=1, if SC, ST and OBC; 0, otherwise)	-.062*** (.012)	-.052*** (.019)	-.076*** (.017)
Human Development Index (HDI)	.621*** (.060)	.573*** (.084)	.611*** (.084)
Sample size	15,027	6,110	8,917
R-squared	0.40	0.50	0.34

Dependent variable: log weekly wage

Figures in parenthesis represent robust standard error.

***indicates that coefficient are statistically significant at 1per cent level.

Source: Computed by authors based on unit level data, NSS 66th round, 2009-2010

empirical studies that attempt to trace factors accountable for the variation in wage earnings focus on two core aspects: education and training. A pertinent question is: to what extent education and training account for the variation in wages? It is acknowledged that, as pointed out by Schultz (1961:9) “except for education, not much is known about these activities that is germane here”.

Over three-fifth of the variation in log weekly wages are not explained by the given explanatory variables.

Table 2 presents a summary of results of 5 groups that comprise different variables. In fact, group 1, which largely comprise human capital variables, indicates that slightly above one-fourth of the variation in log wages are explained by education, be it general or technical, and age. It is worth noting that adding two variables to the human capital –number of workers in enterprise and occupation

–increases explanatory power by 3 per cent. In addition to group 1 and group 2 variables, group 3, which includes sector, explains 1 per cent. Interestingly, group 4, which includes demographic variables such as sex, accounts for just 1 per cent. It is striking that over three-fifth of the variation in log weekly wages are not explained by the given explanatory variables. Empirical evidence suggests that a significant proportion of the unexplained part in the variation of wages can be attributed to the employer and firm-related characteristics¹⁸ such as sourcing of employees, location of workplace, union membership, employee-em-

A Significant proportion of the unexplained part in the variation of wages can be attributed to the employer and firm-related characteristics.

¹⁸ The problem with the NSS data is that employment status is obtained through household surveys, lacking in-depth industry-specific information.

Table 2 Regression Results of Regular Employees' Wages

Group	Explanatory variables	Changes in wages explained (R-squared)
1	Years of general education, Technical education, Age, Age-squared	.29
2	Years of general education, Technical education, Age, Age-squared, Number of workers in enterprise, Occupation	.33
3	Years of general education, Technical education, Age, Age-squared, Number of workers in enterprise, Occupation, Sector, Employment status	.38
4	Years of general education, Technical education, Age, Age-squared, Number of workers in enterprise, Occupation, Sector, Employment status, Sex, Social groups	.39
5	Years of general education, Technical education, Age, Age-squared, Number of workers in enterprise, Occupation, Sector, Employment status, Sex, Social groups, Activity, HDI	.40

Dependent variable: log weekly wage and number of observations: 15,027

Source: Computed by authors based on unit level data, NSS 66th round, 2009-2010

ployer relationship, and organizational structure (Groschen, 1990). What is essentially important is that, as Stigler (1962:103) put it: "The information a man possesses on the labor market is capital: it was produced at the costs of search, and it yields a higher wage rate than on average would be received in its absence". Equally important is that the means of job access - be it formal or informal- that primarily emanates from the investment in social capital triggers off a slight variation in the labor market outcomes.

The information a man possesses on the labor market is capital.

Concluding Remarks

The purpose of this paper has been to identify the major determinants of wages in India, based on NSS 66th round unit level data. By way of combining different variables, which broadly cover the household, personal, labor market characteristics, the results of our paper tend to suggest that wage function in India is bound up with conventional variables predicted by human capital theory, personal and social dualistic identities, and human development. As emerging in this paper, proportionate change in wage in India seems to be largely explained by HDI of states, and the type of employment while other variables, albeit statistically significant, lie in the lower tier in the hierarchy of explanation. It is important to note that perhaps the model presented in this paper, if applied to a region with homogeneous HDI distribution, may not be as obvious as our results. Further, it is to be

reiterated that, in India, the formal-informal duality has been remaining distinctly glaring with visible skewness in wage distribution.

Clearly, we raise an important challenge to conventional notion of representing wages as merely the outcome of human capital, the years of schooling in particular; rather, as shown by the patterns, wages seem to be directly related to HDI. An important policy implication of our research is that states by designing appropriate public and social policies for human development can trigger off progress towards mitigating deficits in decent work. However, the complexity of wage differential, emanating from overlapping dualistic identities, entails active participative social-democratic institutions to work towards equitable employment scenarios, which may not be the principal agenda of conventional demand-supply forces in the labor markets.

By designing appropriate public and social policies for human development can trigger off progress towards mitigating deficits in decent work.

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Appendix 1 Regression Analysis of Log Weekly Wages of Formal & Informal Workers

Independent variables	Coefficient (Formal workers)	Coefficient (Informal workers)
Constant	5.12*** (.148)	4.53*** (.115)
Sex (=1, if male; 0, otherwise)	.176*** (.023)	.367*** (.025)
Sector (=1, if rural; 0, otherwise)	-.015 (.016)	-.307*** (.019)
Age	.061*** (.007)	.067*** (.006)
Age ²	-.000*** (.000)	-.001*** (.000)
General education (in years)	.014 (.009)	.014** (.007)
General education (in years) ²	.001*** (.000)	.001* (.007)
Technical education (=1, if yes; 0, otherwise)	.155*** (.023)	.098** (.044)
Number of workers (=1, if 10 and above; 0, otherwise)	.199*** (.018)	.080*** (.020)
Economic activity (=1, if tertiary, 0, otherwise)	.167*** (.026)	.070*** (.019)
Occupation (=1, if PMT; 0, otherwise)	.218*** (.021)	.132*** (.022)
Social group (=1, if SC, ST and OBC; 0, otherwise)	-.077*** (.017)	-.047** (.019)
Human Development Index (HDI)	.313*** (.078)	.788*** (.090)
Sample size	6785	8242
R-squared	0.2535	0.1912

Dependent variable: log weekly wage

Figures in parenthesis represent robust standard error.

* ** *** indicate that coefficient is statistically significant at 10, 5 and 1 per cent respectively

Source: Computed by authors based on unit level data, NSS 66th round, 2009-2010

Appendix 2 Regression Analysis of Log Weekly Wages of Regular Employees

Independent variables	Coefficient (High Human Development)	Coefficient (Medium Human Development)	Coefficient (Low Human Development)
Constant	5.51*** (.178)	4.83*** (.106)	5.19*** (.111)
Employment Status (=1, if formal; 0, otherwise)	.413*** (.035)	.553*** (.022)	.566*** (.029)
Sex (=1, if male; 0, otherwise)	.229*** (.035)	.267*** (.025)	.281*** (.033)
Sector (=1, if rural; 0, otherwise)	-.119*** (.013)	-.167*** (.018)	-.225*** (.023)
Age	.056*** (.009)	.070*** (.006)	.049*** (.007)
Age ²	-.000*** (.000)	-.001*** (.000)	-.000*** (.000)
General education (in years)	.001 (.014)	.009 (.007)	.011 (.008)
General education (in years) ²	.001** (.002)	.001*** (.000)	.001* (.000)
Technical education (=1, if yes; 0, otherwise)	.096** (.042)	.134*** (.029)	.102** (.044)
Number of workers (=1, if 10 and above; 0, otherwise)	.031 (.030)	.136*** (.020)	.089*** (.025)
Economic activity (=1, if tertiary, 0, otherwise)	.135*** (.039)	.125*** (.020)	.055* (.031)
Occupation (=1, if PMT; 0, otherwise)	.109*** (.034)	.234*** (.023)	.173*** (.029)
Social group (=1, if SC, ST and OBC; 0, otherwise)	-.191*** (.029)	-.040** (.018)	-.020 (.025)
Sample size	2,659	7,902	4,466
R-squared	0.34	0.40	0.41

Dependent variable: log weekly wage

Figures in parenthesis represent robust standard error

High Human Development- if HDI is 0.7 and above; Medium Human Development- if HDI is between 0.6 and 0.699; Low Human Development- if HDI is below 0.599

* ** *** indicate that coefficient is statistically significant at 10, 5 and 1 per cent respectively

Source: Computed by authors based on unit level data, NSS 66th round, 2009-2010