



KAMARAJ IAS ACADEMY
Only IAS Academy by Grandson of "Per.uthalaivar" Kamarajar"

Income levels of salaried class have stagnated in recent years

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Chart 1: The chart shows the average wage/salary earnings (in ₹ and in real terms) by regular wage/salaried employees in current weekly status

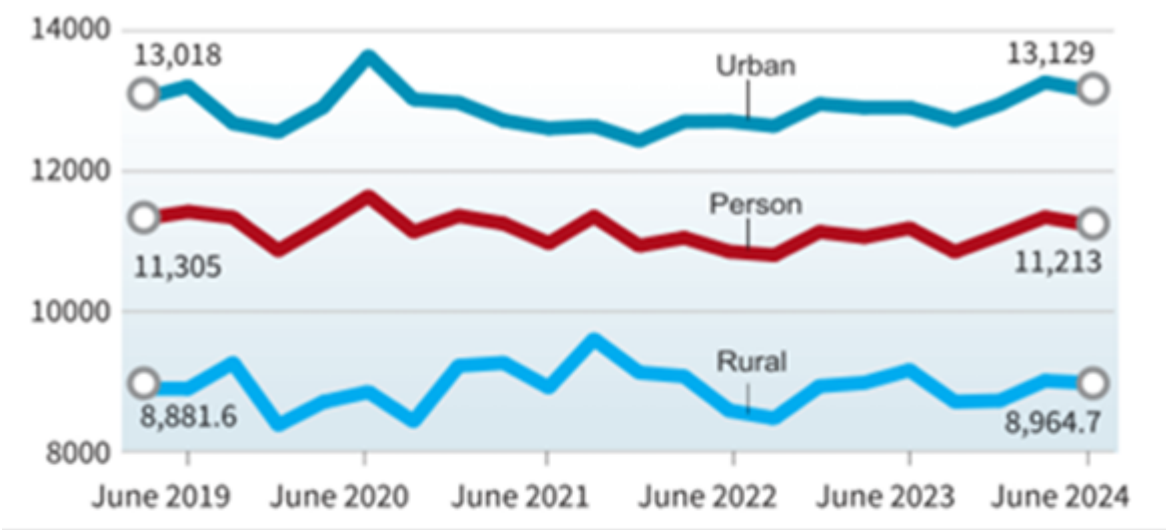


Chart 2: The chart shows the average earnings (in ₹) per day by casual labour engaged in works other than public works (in real terms)

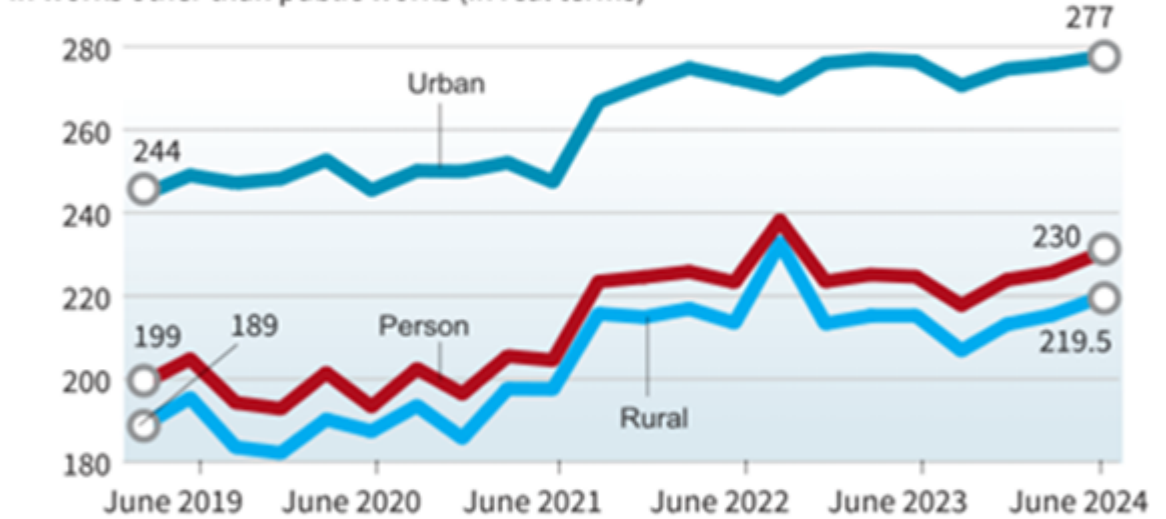
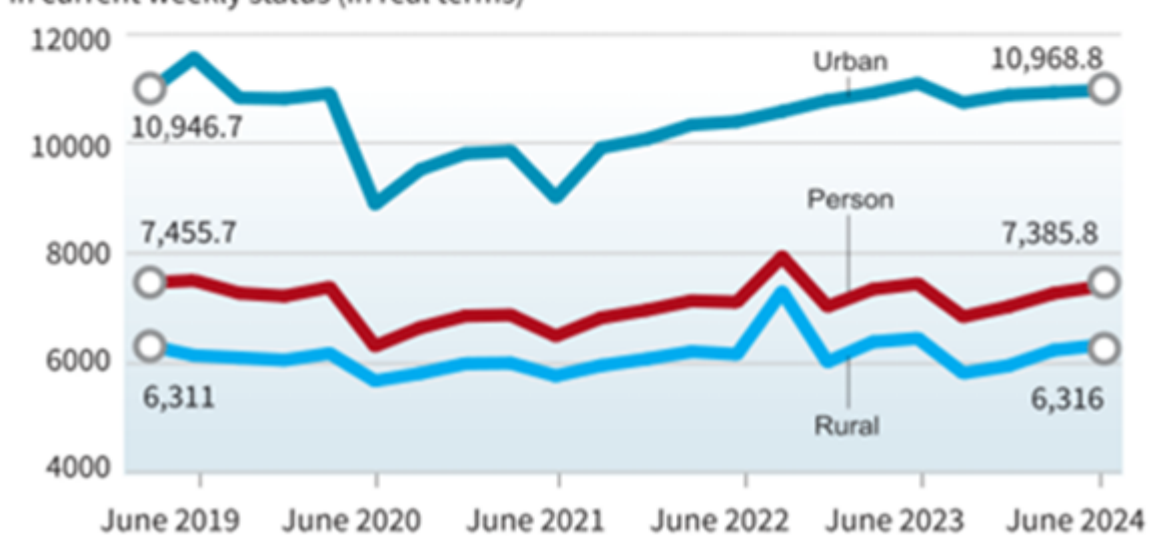


Chart 3: The chart shows the average gross earnings (in ₹) from self-employment work in current weekly status (in real terms)



Context

Last week, Niti Aayog member Arvind Virmani said in an interview that **while employment is increasing, real wages for regular salaried jobs have not kept up with inflation over the last seven years. Real wages refer to the income a worker earns that is adjusted for inflation. They reflect actual purchasing power.**

An analysis of the earnings data for salaried workers, casual labourers, and self-employed persons from Periodic Labour Force Survey (PLFS) reports shows that when adjusted for inflation, wages for salaried workers in India have stagnated since 2019.

Stagnation in the growth of real wages for salaried workers is “concerning” because there is more supply of labour than demand. “The **returns to higher education are declining**. People are **overqualified for the jobs** they have. So while there is **growth in employment numbers, well paying jobs are not available**. It is a question of the quality of employment,” he says.

Mr. Virmani cited the **lack of skills as the main reason for wages not keeping up with inflation**. He said skill development is needed at every level of education and for all kinds of jobs

On the other hand, **wages for casual labour have significantly increased in real terms**.

Wages [for casual labour] may show an increase relative to other forms of work, **but this is highly irregular and insecure work**. An increase in wages for casual labour is not a net positive for the economy.