



## Comparative Analysis of Agricultural Wages in Assam and Highly Productive Indian States

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### ABSTRACT

This study examines agricultural wage trends in Assam compared to Punjab, Uttar Pradesh, and Madhya Pradesh, focusing on the period from 2014-15 to 2020-21. Agricultural wages are a crucial indicator of rural economic health, directly impacting the livelihood of agricultural workers. Assam, despite its large agricultural workforce, lags behind these states in terms of wage levels and growth rates. The study highlights key factors influencing these disparities, including differences in agricultural productivity, market access, infrastructure, and government support. Punjab consistently shows the highest wages due to advanced farming techniques and better economic conditions. In contrast, Assam's lower wages are linked to traditional farming practices, poor infrastructure, and limited policy support. The analysis reveals significant regional disparities, underscoring the need for targeted interventions to enhance agricultural productivity and improve wages in Assam. This research provides insights into the underlying causes of wage differentials and offers a basis for policy recommendations aimed at reducing rural poverty and inequality in Assam and other similar regions.

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**Introduction:** Agricultural wage refers to the remuneration paid to agricultural laborers and farmers for their work in the agricultural sector which is a significant contributor to India's economy. Almost 65% of India's population is directly involved in agriculture and related activities (press release from the Union Home Minister and Minister of Cooperation, 2023). With a large portion of the population engaged in agriculture, fair and equitable wages are crucial for ensuring the well-being of rural households and the overall growth of sector. Agricultural wages in India vary across states, regions and crops due to various factors such as seasonal demand and supply, crop patterns and productivity, government policies and minimum wage laws etc. Assam is predominantly a rural economy with agriculture as its backbone. Approximately 86 percent of its population resides in rural areas, a significantly higher proportion compared to the national average of 69 percent. In Assam, agriculture is the primary occupation, engaging over 50 percent of the workforce and directly or indirectly supporting more than 75 percent of the population. In Assam, agriculture plays an important role in the livelihoods of rural household, where agriculture is the primary source of employment. Assam's agricultural sector is characterized by predominance of small and marginal farmers, high dependence on labor-intensive crops and seasonal fluctuations in labor demand etc. However, the modern technology in agriculture has not been improved in Assam as compared to other states of India like Punjab, Uttar Pradesh, Madhya Pradesh etc.

**Literature Review:** Himanshu (2005) examined the impact of varying concepts, definitions, methodologies, and survey designs used by different agencies on the reported magnitude of rural wage rates and gender differentials in India. His study highlighted significant discrepancies arising from these differences, emphasizing the need for standardized data collection practices. Chavan and Bedamatta (2006) analyzed agricultural wage trends in India from 1964-65 to 1999-2000, revealing a decline in the growth rate of real daily wages for both male and female agricultural laborers during the 1990s, signaling a slowdown in rural income growth. Kumar et al. (2020) explored the trends and determinants of agricultural wages in India, identifying non-farm wages, the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), irrigation facilities, and rural literacy as positive contributors to agricultural wages, while farm mechanization was found to have a negative impact. Usami et al. (2020) critiqued the methodologies of the two major official wage data sources, the Wage Rate in Rural India (WRI) and the Agricultural Wages in India (AWI), arguing that their failure to adapt to changing farming practices has led to inaccurate wage estimations. Jose (2022) conducted a comparative analysis of wage rates between men and women across major Indian states, noting a general

decline or stability in gender disparity, with women earning about three-quarters of men's wages. Saha and Roy (2022) focused on agricultural wages in Assam, identifying a significant wage gap between Assam and the rest of India, alongside persistently low increases in both nominal and real wages for male field laborers in the state.

**Justification for the Study:** A deep understanding of agricultural wages is essential for analyzing rural poverty and inequality, and for identifying opportunities to improve agricultural productivity and labor welfare. Although numerous studies have examined agricultural wages in Assam, few have focused on the wage differences between Assam and other states in India or have explored the underlying reasons for these disparities. This study aims to fill that gap by comparing the agricultural wages of Assam with those of highly productive agricultural states such as Punjab, Uttar Pradesh, and Madhya Pradesh. The findings will contribute to a more nuanced understanding of regional wage disparities and provide insights for policy interventions aimed at enhancing the economic well-being of agricultural workers in Assam.

**Objectives:**

1. To analyze the agricultural wage differences among Assam, Punjab, Uttar Pradesh and Madhya Pradesh.
2. To find out the reasons behind the differences in agricultural wages across the above-mentioned states.

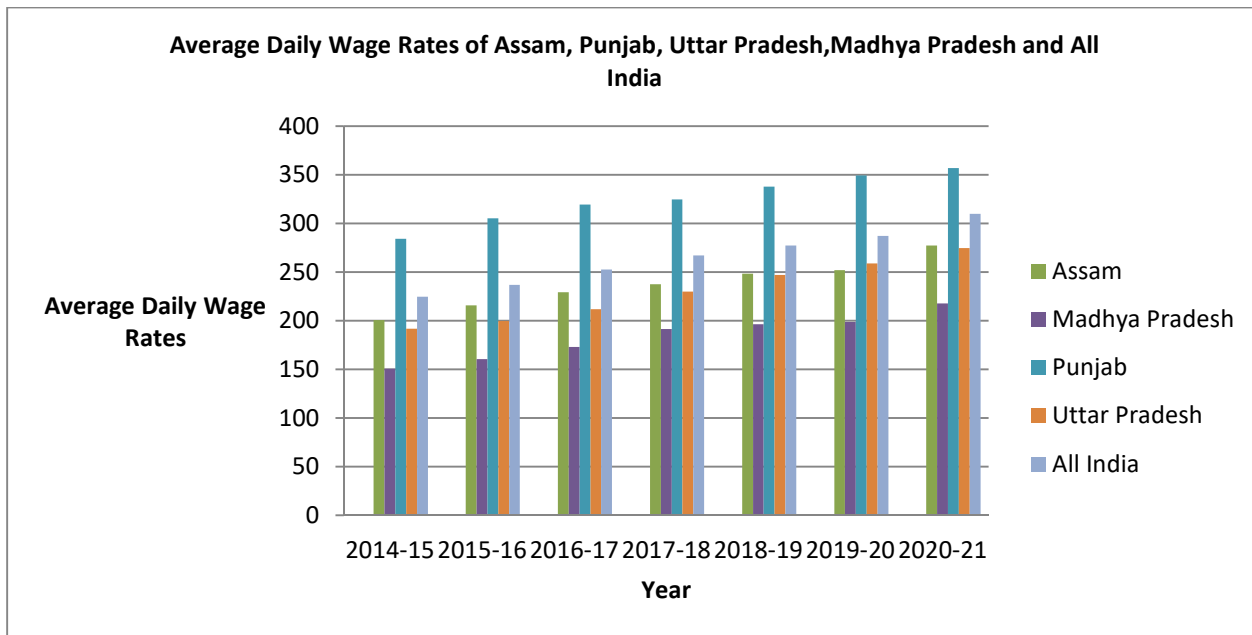
**Methodology:** This study employs a descriptive research design to analyze and interpret secondary data. The data was sourced from the Indian Labour Journal, Labour Bureau, Government of India, and various other relevant issues. The research focuses on conducting a comparative analysis of agricultural wages in Assam compared to highly productive states of India, with an emphasis on identifying the factors contributing to any disparities.

**Results and Discussion:** According to the Indian Journal of Labour Economics (2023, Volume 66, Issue 2), Uttar Pradesh, Madhya Pradesh, and Punjab are identified as the states with the highest agricultural productivity. Given this context, it becomes essential to compare the average agricultural wages in Assam with those in these top-performing states to understand regional disparities and economic conditions in the agricultural sector.

Table 1: Average Daily Wage Rates of Assam, Punjab, Uttar Pradesh, Madhya Pradesh and All India  
(Men-General Agricultural Labourers)

Year \ States	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Assam	200.6	215.7	229.3	237.5	248.5	252.1	277.4
Madhya Pradesh	150.5	160.4	173.1	191.3	196.3	198.6	217.6
Punjab	284.1	305.3	319.3	324.6	337.7	349.2	357.0
Uttar Pradesh	191.9	199.6	211.8	229.8	247.1	258.8	274.5
All India	224.6	236.9	252.6	267.1	277.4	287.1	309.9

Source: Indian Labour Journal, Labour Bureau, Government of India, Various Issues.



The table 1 outlines the average agricultural wages across various Indian states from 2014-15 to 2020-21. This information can offer insights into regional wage trends and comparisons with national averages.

### Wage Trends by State

1. Assam: Agricultural wages in Assam show a steady increase over the years, from ₹200.6 in 2014-15 to ₹277.4 in 2020-21. This rise reflects a consistent upward trend, though the growth rate is less pronounced compared to some other states. The year-to-year increase is generally gradual, with notable jumps in 2016-17 and 2020-21. The wage gap between Assam and the national average suggests that while wages are improving, they remain below the national average throughout the period.
2. Madhya Pradesh: Madhya Pradesh also experiences a steady increase in agricultural wages from ₹150.5 in 2014-15 to ₹217.6 in 2020-21. The growth is relatively consistent, with noticeable increases each year. The state's wages, however, lag behind the national average and those of the more affluent states like Punjab and Uttar Pradesh. This indicates a slower wage growth compared to the national trend.
3. Punjab: Punjab has the highest agricultural wages among the states listed, starting at ₹284.1 in 2014-15 and reaching ₹357.0 in 2020-21. The state demonstrates robust wage growth, with significant year-to-year increases, particularly in the later years. Punjab's wages are consistently above the national average, reflecting its higher levels of agricultural productivity and possibly better economic conditions for farm workers.
4. Uttar Pradesh: Uttar Pradesh shows a steady increase in agricultural wages from ₹191.9 in 2014-15 to ₹274.5 in 2020-21. The growth pattern mirrors the national average more closely compared to the other states. Uttar Pradesh's wages are higher than Assam and Madhya Pradesh but lower than Punjab, indicating a balanced progression in wage increases.
5. All India: The national average agricultural wage rises from ₹224.6 in 2014-15 to ₹309.9 in 2020-21. This overall increase represents a general trend of rising agricultural wages across India. The national average growth rate is consistent and more pronounced in the later years, which suggests that agricultural wages are increasing at a steady pace across the country.

## Analysis of Trends

- **Growth Patterns:** The data shows that while all states experienced wage increases over the period, the rate of growth varies significantly. Punjab leads in wage levels and growth, indicating a stronger agricultural sector and better economic conditions for farm workers. Assam's growth, although steady, is slower, reflecting potential regional economic challenges.
- **Comparative Wages:** Punjab's consistently higher wages highlight its relative affluence in the agricultural sector compared to other states. Madhya Pradesh and Assam, on the other hand, have lower wages compared to the national average and Punjab, indicating more modest economic conditions.
- **Wage Disparities:** The disparity in wages among states can be attributed to various factors such as regional agricultural productivity, economic development, government policies, and cost of living differences. Punjab's high wages might reflect higher productivity or better economic conditions, whereas the lower wages in Assam and Madhya Pradesh could be due to less favorable economic conditions or lower productivity.
- **National Trends:** The national average data demonstrates a positive trend in agricultural wages, with the average wage increasing each year. This indicates overall progress in the agricultural sector's compensation levels, aligning with broader economic growth trends.

### **Important reasons behind low agricultural wage rates in Assam compared to Uttar Pradesh, Madhya Pradesh, and Punjab:**

1. **Productivity Differences:** Assam's agricultural productivity is lower due to factors like less advanced farming techniques and less fertile soil compared to Punjab and parts of Uttar Pradesh and Madhya Pradesh, where high-yield crops and better technology increase overall output and, consequently, wages.
2. **Market Access and Infrastructure:** Poor infrastructure and limited market access in Assam restrict farmers' ability to sell their produce at competitive prices. In contrast, better infrastructure in Punjab and other states helps farmers get better prices and higher wages.
3. **Land and Resource Constraints:** Land fragmentation and limited irrigation facilities in Assam reduce the efficiency of farming operations, leading to lower income and wages.

States like Punjab benefit from larger, more consolidated farms and extensive irrigation systems.

4. Government Policies and Support: Punjab, Uttar Pradesh, and Madhya Pradesh have more supportive agricultural policies and better subsidies, which enhance farmer incomes and wages. Assam's policies may not be as effective or well-implemented.
5. Labor Market Dynamics: In Assam, a higher supply of labor relative to demand can suppress wages. Conversely, states with higher wages often have more competitive labor markets and better employment opportunities.

**Conclusion:** In summary, the data reveals a general increase in agricultural wages across the Indian states from 2014-15 to 2020-21, with substantial regional variations. Punjab stands out with the highest wages and significant growth, while Assam and Madhya Pradesh lag behind both in absolute terms and growth rates. Uttar Pradesh's wages are closer to the national average, indicating a moderate but steady improvement. These trends suggest that while there is overall progress in agricultural wages, the pace and level of increase vary widely depending on regional economic conditions and productivity levels. However, Due to dependence on traditional crops, limited diversification, inadequate infrastructure, climate change vulnerability and low productivity, the agricultural wage in Assam is lower than the other states.

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