

monster[®] Salary Index

A joint initiative of Monster India & Paycheck.in with IIM-Ahmedabad as Research Partner

MANUFACTURING SECTOR



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Bibliographic Information

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MONSTER SALARY INDEX

Monster Salary Index is a joint initiative of Monster India and Paycheck.in with IIM-Ahmedabad as a Research Partner. The MSI (Monster Salary Index) has successfully empowered job seekers with benchmarking to compare their salaries with other anonymous profiles across a broad spectrum of industry domains, experience and functional groups, both in India and other global markets.

For Employers, MSI has an online Salary Survey which is run along with WageIndicator Foundation, Netherlands and Paycheck.in, and IIMA as Research Partner. It aims to provide employers with practical information and helps them make informed decisions by analyzing the salary market and optimizing employee remuneration.



ABOUT THE TEAM

MONSTER INDIA

www.monsterindia.com

Monster India, India's leading online career and recruitment resource with its cutting edge technology provides relevant profiles to employers and relevant jobs to jobseekers across industry verticals, experience levels and geographies. More than 200 million people have registered on the Monster Worldwide network. Today, with operations in more than 40 countries, Monster

provides the widest and most sophisticated job seeking, career management, recruitment and talent management capabilities globally. Monster India started its operations in 2001. Headquartered in Hyderabad, the company has presence in 11 other cities of India viz., Mumbai, Delhi, Bangalore, Chennai, Pune, Kolkata, Ahmedabad, Baroda, Chandigarh, Jaipur and Cochin.

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Monster.com was voted Product of the Year under the 'Online Job Portals category' in a survey of over 18000 people by Nielsen. Back in 2014, Monster mPower Search was voted Product of the Year under the 'Online Job Portals category' in the same survey. Monster India and DishTV partnered in convergence of the Internet and TV medium to make job services accessible to TV viewers across all cities, bridging the unmet need of the audience for whom access to the internet is limited. This first ever job search initiative is called 'Monsterjobs Active'.



The Indian Air Force Placement Cell (IAFPC) selected Monster India for a collaboration to provide a robust platform to assist retired and shortly retiring Air Warriors seek suitable second career opportunities in the corporate world. Monster also initiated 'Rozgarduniya.com' - a job

portal exclusively for jobseekers in rural India to enable employers in corporate India to connect with rural talent, thus removing the traditional barriers they face in this process.

IIMA

RESEARCH PARTNER

Indian Institute of Management, Ahmedabad (IIMA) – www.iimahd.ernet.in IIMA is the leading school of management in India and one of the top rated management schools in Asia. It offers long duration programs in management, agri-business, executive management and faculty development programs. IIMA also conducts doctoral level research program in management and public systems. The institute

has contributed significantly to management education of working executives, government and policy makers and armed forces. Faculty members participate in governance of firms and organisations by providing advisory, capacity building support as well as taking roles in boards and trusts. IIMA hosts Paycheck India and was the first Asian B School to be part of WageIndicator.



Indian Institute of Management Ahmedabad
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WAGEINDICATOR FOUNDATION

OWNER OF SALARY INDEX CONCEPT AND FORMULA

The WageIndicator Foundation started in 2001 to contribute to a more transparent labour market for workers and employers. It collects, compares and shares labour market information through (online & face-face) surveys and desk research. It serves as an online library for wage information, Labour Law and career advice.

The WageIndicator Foundation is assisted by world-renowned universities, trade unions and employers' organisations and currently operates in 80

countries. Their international staff consists of some 100 specialists spread over the whole world. The foundation has strong relationships with Monster since 2003. The WageIndicator Foundation is a global organization reaching millions on a monthly basis. For more information please visit: WageIndicator.org. WageIndicator Foundation has offices in Amsterdam (HQ), Ahmedabad, Bratislava, Buenos Aires, Cape Town, Dar es Salaam, Maputo and Minsk.



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PAYCHECK INDIA

SALARY INDEX INTERFACE RESIDING ON MONSTER INDIA

Paycheck India a research initiative at Indian Institute of Management Ahmedabad is part of WageIndicator, an organization that collects and shares data about wages, labour law and career in more than 80 countries. Paycheck India aims to bring transparency

in the labour market by providing salary predictions for 1600 occupations in India through its Salary Checker. It also provides regular updates on state wise minimum wages in India, living wage calculation, labour laws and career advice.



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FOREWORD



Monster India is pleased to present to you the 2015 edition of Monster Salary Index Report for Manufacturing Sector. After a great response to The Monster Employment Index (MEI) which is a very quoted and credible industry benchmark for hiring activity across sectors, we launched the Salary Index in April 2013, as another point of reference for the industry. We partnered with WageIndex Foundation, Netherlands and IIM Ahmedabad as our reliable partners on this journey.

Is salary truly the most compelling tool for employee acquisition and retention, remains to be a topic for debate and deliberation amongst employers. The deliberation is intriguing as well as valid and may carry on, but salary definitely makes for one of the key fundamentals for talent acquisition.

Our customer research and market studies over the years indicated a strong need for a yardstick that provides both employers and jobseekers with comprehensive information pertaining to job market and salary trends from a single source. The MSI (Monster Salary Index) has successfully empowered jobseekers with benchmarking to compare their salaries with other anonymous profiles across a broad spectrum of industry, domains, experience, functional groups both in India and other global markets.

For Employers, Monster has an online Index which is run along with Wage Indicator Foundation Netherlands and Paycheck.in, with IIM-A as research partner. The index also features in a dynamic intelligent tool on Monster.com called Monster Analytics. Monster Analytics helps employers make informed decisions to manage their human capital effectively. It provides insights to employers with industry and salary trends.

You are holding a copy of the MSI survey capturing the highlights of the manufacturing sector covering sector-specific salaries and workers satisfaction by education, ownership of the company and gender amongst other factors. It aims to provide employers with practical information and help them make better decisions by analyzing the salary market and optimizing employee remuneration thereby fostering a stronger work force.

There are some insightful findings in this report that would help you find, retain and manage better talent.

Many Thanks

Sanjay Modi
Managing Director
Monster.com
India, Middle East, Southeast Asia, Hong Kong



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**CENTRAL EUROPEAN LABOUR STUDIES INSTITUTE (CELSI)
WWW.CELSI.SK**

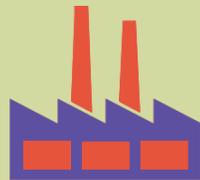
CELSI is an independent non-profit research institute based in Bratislava, Slovakia. It fosters multidisciplinary research about the functioning of labour markets and institutions, work and organizations, business and society, and ethnicity and migration in the economic, social, and political life of modern societies. Supported by its network of Research Fellows and Affiliates and a new Discussion Paper series, CELSI makes a contribution to the cutting-edge international scientific discourse. Hosting the Bratislava Office of the international WageIndicator project, CELSI provides expert data services.

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INDIAN MANUFACTURING SECTOR: KEY FINDINGS



The median gross hourly wage in the manufacturing sector is ₹254.04.



Overall, 93% of respondents in this sector hold at least a 3-year Bachelor's degree.



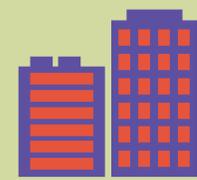
Workers below 30 years of age earn on average ₹131 per hour; workers between the ages of 30-40 earn ₹260 per hour, and workers over 40 earn ₹346 per hour.



Male supervisors out-earn female supervisors, and males are compensated higher for more experience than females with similar experience.



Workers with permanent contracts earn roughly 31% more than workers with non-temporary contracts.



Foreign companies in the manufacturing sector pay wages that are almost double than domestic firm wages, at the median.



Approximately 90% of survey respondents working in the manufacturing sector were men.



Men earn a gross hourly wage of ₹260, while a female receives only ₹195 per hour.

25%

The gender pay gap in the manufacturing sector is about 25%.



Small companies pay an hourly wage of ₹162, while large firms pay an hourly average wage of ₹344.



Profit share and annual bonuses in the manufacturing sector are more common than in other sectors of the Indian economy.



Workers are highly satisfied with their working relationships with colleagues, while least satisfied with their wages.

MANUFACTURING SECTOR – PERFORMANCE REVIEW



MANUFACTURING SECTOR – PERFORMANCE REVIEW

The manufacturing sector in India is one of the key drivers of the economy. The impact of the manufacturing industry also affects other sectors, such as agricultural and services. It is estimated that every job created in manufacturing has a multiplier effect, creating 2–3 jobs in the services sector.

The manufacturing sector employed 58 million people in 2008, constituting 12% of the workforce. It is projected that this sector can potentially account for 25% - 30% of total GDP, while creating 90 million jobs by 2025.

The manufacturing sector contributed 16% to the country's GDP and 66% to the exports in 2011. Total manufacturing exports grew to US\$168 billion in 2011 from US\$115.2 billion in 2010. The sector had been growing at a compound annual rate of 20% in the period 2007-2011.

Recent economic developments have hampered the manufacturing sector, as the rising trend has been slowed

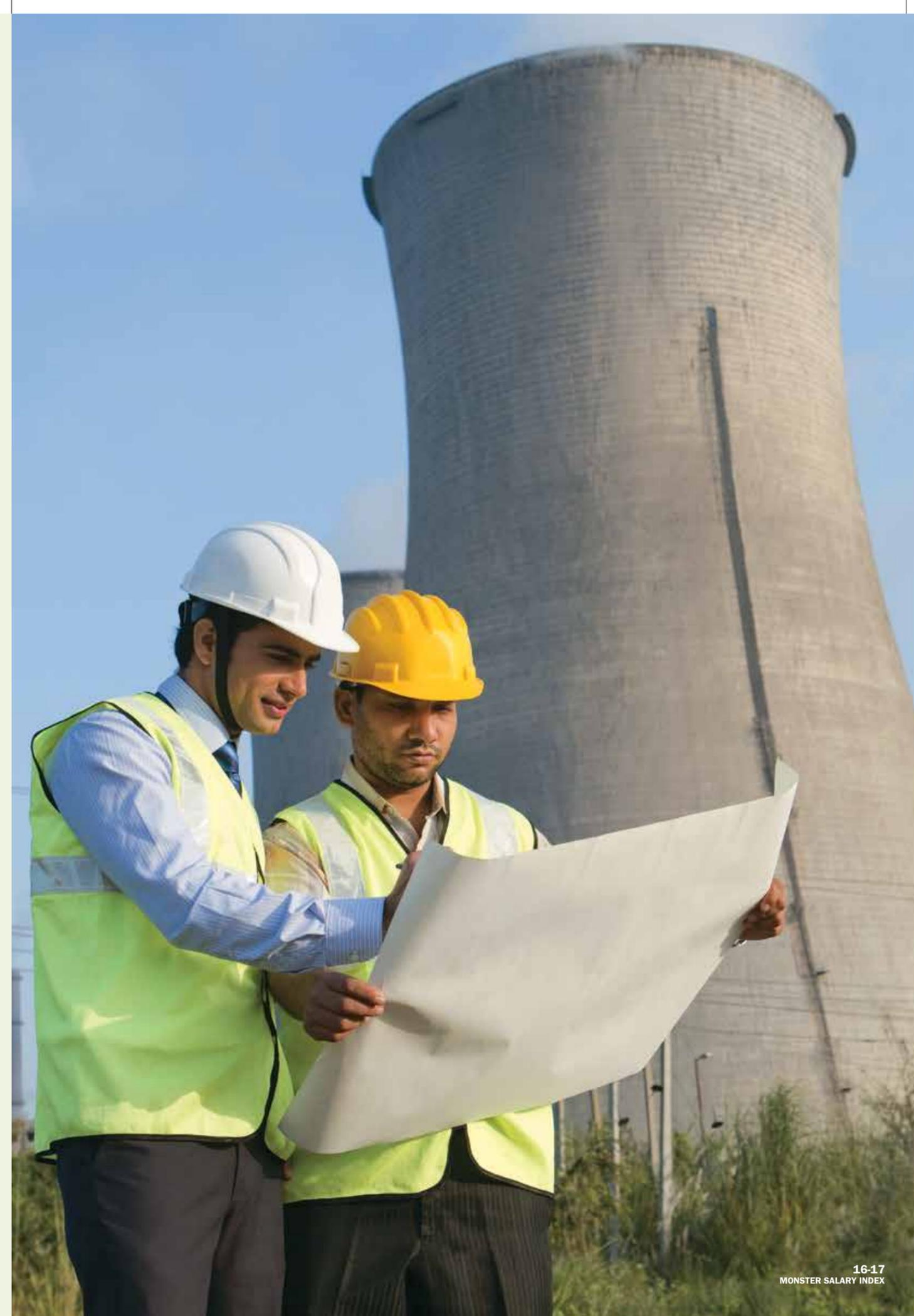
down since 2011. In 2013/2014, the manufacturing output has slightly declined by 0.2% compared with 1.1% increase in the previous year. The drop in output was caused by depressed consumer spending and low confidence level in the economy. Additionally, slow decision-making by the government and land acquisition issues stalled projects and held back capital expenditure in the sector, hence likely contribute to the slight decline. However, this slowdown was probably only temporary and growth is expected in the near future. The Government of India has received investment proposals for electronics manufacturing worth Rs. 18,000 crore (US\$ 2.89 billion) for 2015-16 and expects the figure to double in another two years.

The top five sub-sectors of manufacturing are food products, basic metals, rubber and petrochemicals, chemicals, and electrical machinery. Together they account for over 66% of total revenues in manufacturing.

Manufacturing of various products in different industries are included in this section's analysis. Some of these industries include paper products, chemicals, refined petrol, pharmaceuticals, rubber, plastic goods, automobiles, bricks, glass, cement, and machinery, among others.

Foreign investors are targeting India as a prominent location for production of mobile phones, luxury goods, and automobile brands.

Some of the largest manufacturing companies operating in India are Aditya Birla Group, Larsen & Toubro, Bombay Dyeing, Hindustan Lever Network, Haldia Petrochemicals Ltd., and Apollo Tyres.





**WAGES AND
WORKING
CONDITIONS
IN THE INDIAN
MANUFACTURING
SECTOR**

WAGES AND WORKING CONDITIONS IN THE INDIAN MANUFACTURING SECTOR

The average gross hourly wage in the industry is ₹254.04.

The median hourly wage in the manufacturing sector is about 9% less than the median wage for the entire Indian economy taken together (₹279.7). Despite this relatively lower wage, nearly all of the respondents reported having 15-17 years of schooling, which amounts to a college degree.

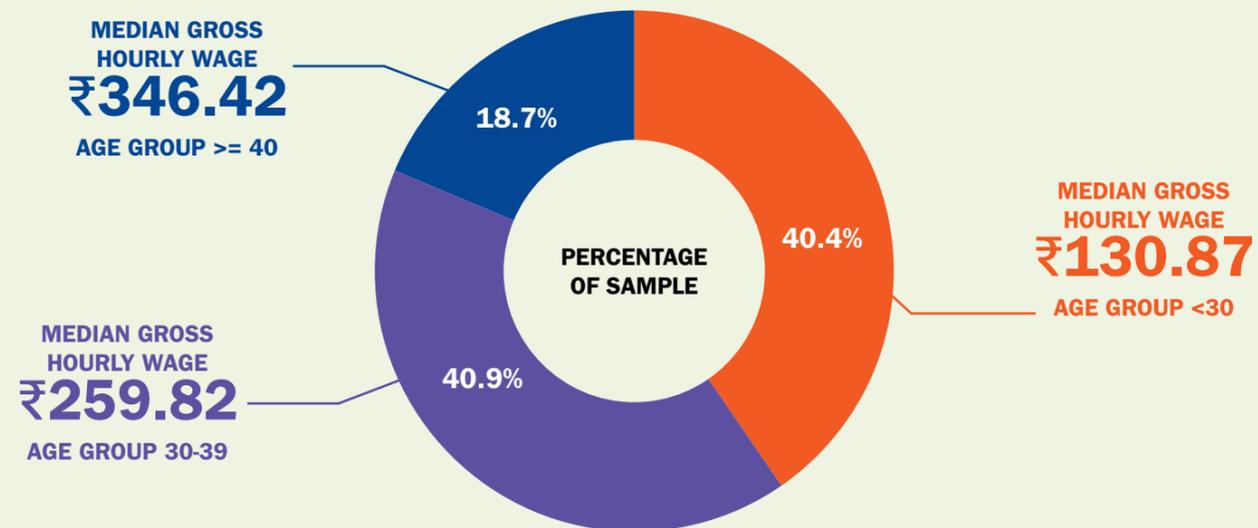
Thus, survey respondents in this sector were mostly educated, with

93% of them holding at least a three-year Bachelor's degree, or at least 15 years of schooling. However, those with 4-5 year Bachelor's degrees earned a median hourly wage of ₹288.7, compared to a median hourly wage of ₹170.7 for those with only 3-year Bachelor's degrees. Master's degree holders had median hourly wages of ₹260.8.

Figure 3.1 below shows that workers in the manufacturing sector are predominantly under the age of 40

– about 40% of our respondents are below the age of 30, and about 41% belong to the 30-40 age group; with the remaining almost 19% being over 40 years of age. When it comes to wages, young workers below 30 earn on average ₹131 per hour, much lower than the sector median hourly wage; workers in the 30-40-age category earn ₹260, and workers over 40 earn ₹346.

3.1. AVERAGE EARNINGS OF MEN AND WOMEN IN THE INDIAN MANUFACTURING SECTOR PER AGE GROUP



Source: WageIndicator Foundation



WAGES AND WORKING CONDITIONS IN THE INDIAN MANUFACTURING SECTOR

IMPACT OF GENDER

Respondents of the survey in the manufacturing sector were predominantly male. Approximately 90% of survey respondents working in the manufacturing sector were men. Male workers in this sector also receive higher wage compensation than their female counterparts. A male in the manufacturing sector receives a gross hourly wage of INR 259.8, while a female receives only INR 195.1 per hour. The gender pay gap in the

manufacturing sector is roughly about 25%. Although western countries have tried to reduce or eliminate the gender pay gap, it is worth noting that no country has been able to close down the gender pay gap completely (Tijdens & Klaveren, 2012), but further effort to indeed eliminate the gap should strongly persist.

The gender inequality can further be explored by looking at the frequency of supervisory positions held by gender. 62% of males responded to

holding a supervisory position, while only 49% of women did so. In relation to wage inequality, male supervisors earned a median gross hourly wage of INR 294.4, compared to an hourly wage of INR 231.0 for women. This represents a 22% gap between male and female supervisors, leading to believe that more experienced women often face higher inequality in pay (Duraisamy & Duraisamy, 1998).

IMPACT OF SUPERVISORY POSITION

There are major differences between wages received by supervisors and non-supervisors, as summarized in Table 3.2 below. On average, supervisor positions in the manufacturing sector receive an hourly wage of INR 288.7, while hourly median wage for non-supervisor roles is INR 205.3. Breaking down the supervisory role per gender, we see that the hourly wage for male non-supervisors is INR 210.0, and for female non-supervisors INR 184.8. Again, male supervisors earn INR 294.4 per hour while female supervisors earn INR 231.0 per hour. In case of supervisory positions, women earn about 22% less than men. This figure is lower than the overall manufacturing sector gender pay gap, which means that part of the gender inequality can be explained by the fact that men get promoted to supervisory position more often than women.

The possible explanations for this could be (1) Socio-cultural factors: In Indian society, some male workers may become disgruntled when obligated to work with or take orders from women. And therefore, in the interest of productivity and profits, employers may decide to segregate men and women employees on the job⁷, (2) Employer's perspective: Many employers have preconceived notions about the job capabilities of women⁸ and (3) Marital Status: A promotion or a supervisory role is offered to an employee only after certain years of experience on the job. In India, the average age of

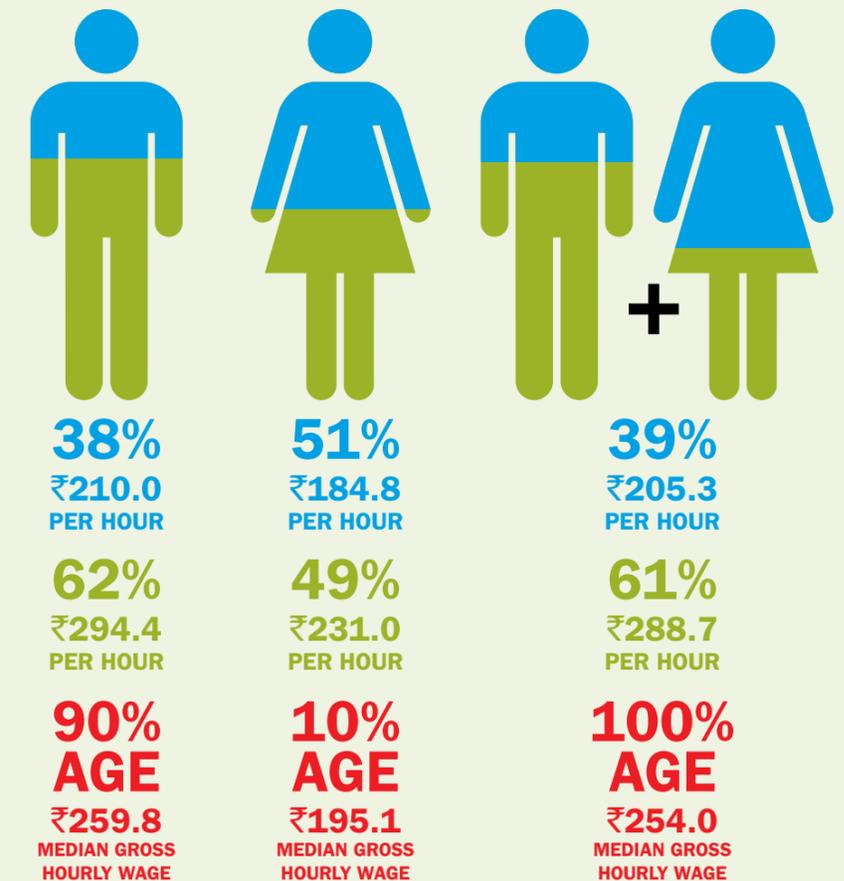
marriage for women in 19 years.⁹ Employers feel that with marriage comes an additional responsibility for women, and hence they may not be able to devote the same amount of time to work (Varkkey, Korde, &

Anand, 2012). Thus, it is often seen that women are not preferred for promotion to higher designations in the occupational hierarchy. This may result in most women crowding at the lower end of the occupational hierarchy.

3.2. AVERAGE EARNINGS FOR MEN AND WOMEN IN THE MANUFACTURING SECTOR, FOR THE WHOLE SECTOR AND BROKEN DOWN PER GENDER

HAS A SUPERVISORY POSITION

• NO • YES • %AGE & MEDIAN GROSS HOURLY WAGE



Source: WageIndicator Foundation

⁷Bergmann's crowding model (1974). ⁸Becker (1957) had developed a model for race discrimination followed by employers, employees and customers. But the theory behind the model has been used by other economists and Becker himself to explain gender discrimination in employment.

⁹The average age of marriage in India is 18.3 (UNICEF, 2001) (though it has been increasing over the years with social and cultural reforms).

WAGES AND WORKING CONDITIONS IN THE INDIAN MANUFACTURING SECTOR

IMPACT OF TENURE

Tenure is another important factor that is positively associated with wages, as shown in Table 3.3 and illustrated in Figure 1 below. The more experienced workers are paid better than those with less experience. While the average worker with less than 3 years of experience earns INR 126 per hour, the average worker with more than 10 years of experience gets INR 412 per hour.

Taking socio-cultural factors into consideration, such as family obligations and late entry into the workforce, women in India are less likely to have accumulated as much tenure as men. However, disparities between women and men in the manufacturing sector are narrower than in other areas of India's economy. Roughly 14% of men have less than 3 years of experience, indicating either high career progression or career transition in the sector. Women with 0-2 years of experience account for 19% of the respective group. In the category of workers with 5 years of experience or less, women make up 34% of the group, while 22% of men do. Meanwhile, 31% of male workers and only 16% of female workers have more than 10 years of experience. Nevertheless, female workers in the sample tend to be less experienced than male workers. The gender pay gap is 11% for workers with less than 3 years of experience. Between 3-5 years of experience, the gender pay gap is negative (-10%). This unexpected exemption can be explained by a quite low sample of women (50 observations), and it indicates that other factors influence the gender pay gap as well (e.g. supervisor positions). The gender pay gap is 22% for workers with 6-10

years of experience, and 35% for workers with 11+ years of experience. This narrower, but persistent, gender pay gap reflects the higher likelihood for promotion to supervisory position for men.

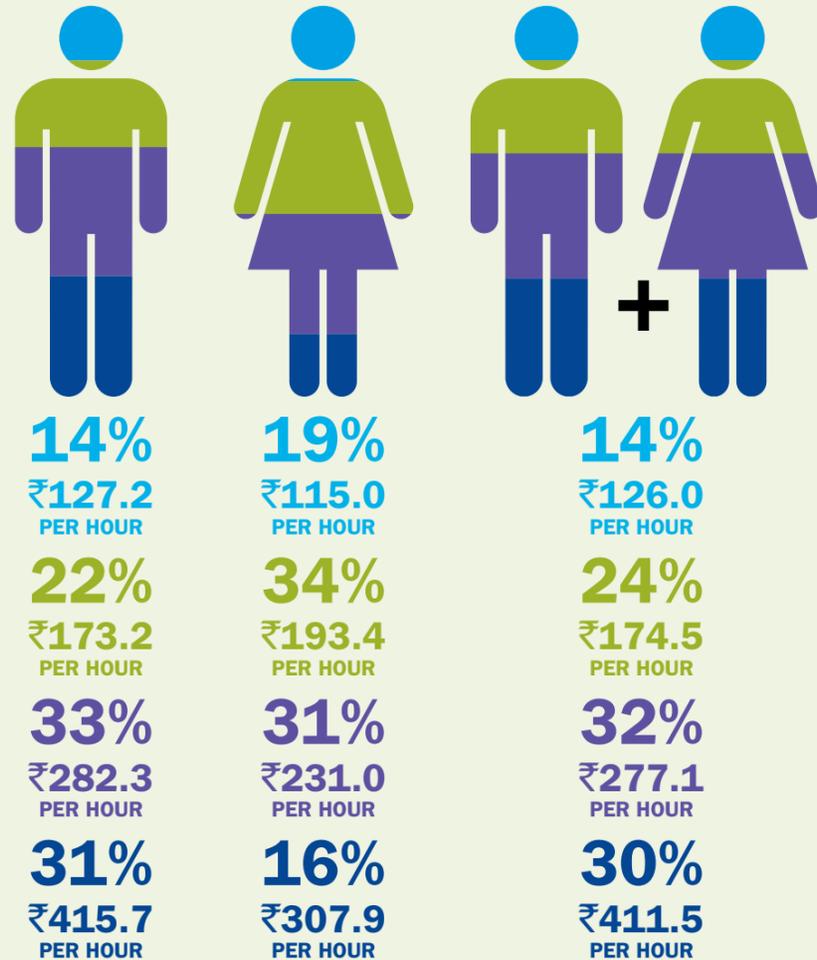
The possible explanations for this could be, (1) women in India have to balance multiple roles and this often results in multiple career breaks (could be because of marriage and relocation, child bearing, child

rearing, etc). With more number of career breaks in their job history, the bargaining capacity of women in the labour market declines. Hence, men in the same bracket earn a higher salary compared to women (Goldberg & Hill, 2007) and (2) re-entry to the job market is difficult for women as compared to men and often women are paid less when they decide to enter the labour market again (Education International, 2011).

3.3. AVERAGE EARNINGS OF MEN AND WOMEN DEPENDING ON THE LENGTH OF TENURE

TENURE GROUPS (YEARS OF SERVICE)

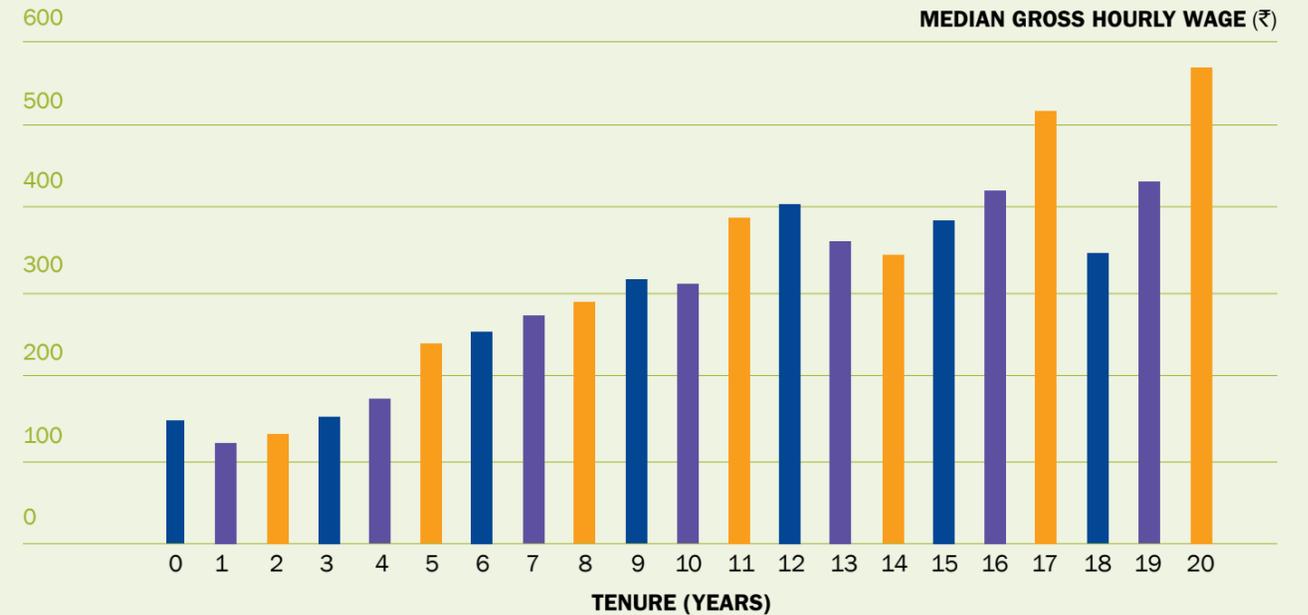
- 0-2 • 3-5 • 6-10 • 11+



Source: WageIndicator Foundation

TENURE VS. HOURLY GROSS

FIGURE 1: GRAPHICAL ILLUSTRATION OF THE RELATIONSHIP BETWEEN TENURE AND WAGE



Source: WageIndicator Foundation



WAGES AND WORKING CONDITIONS IN THE INDIAN MANUFACTURING SECTOR

IMPACT OF CONTRACT TYPE

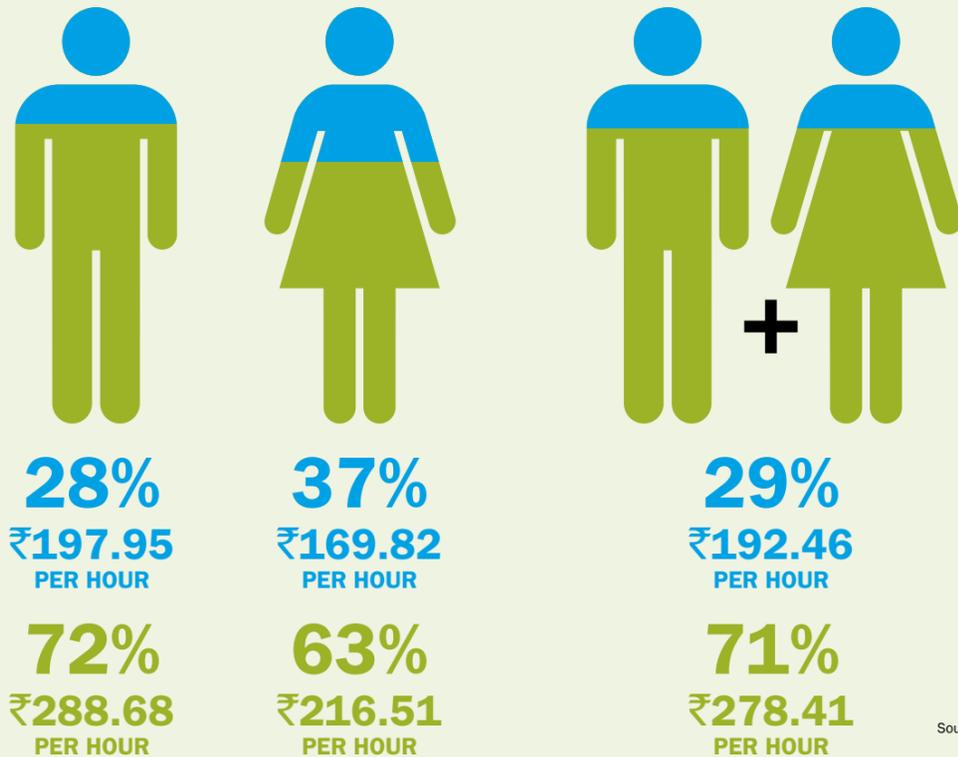
Table 3.4 provides figures for the type of contracts issued in the manufacturing sector, per gender. Overall, workers with permanent contracts earn roughly 31% more than workers with non-temporary contracts. The table suggests a slight dual labor

market exists for men and women in the manufacturing sector. This can be seen when we look at the data concerning the working arrangements. 72% of men, but only 63% of women have full time contracts. Both male and female workers with permanent contracts get paid better than those employed for temporary periods. Males with temporary contracts earn roughly

14% more than female workers with similar contracts. The wage premium for men is also visible in the segment of workers with permanent contracts. Women in the sector often prefer or are compelled to take up part-time jobs because it is expected that they fulfill primary responsibility of taking care of household activities and children (Goldberg & Hill, 2007).

3.4. TYPE OF CONTRACTS IN THE MANUFACTURING SECTOR HAS PERMANENT EMPLOYMENT CONTRACT

• NO • YES



Source: WageIndicator Foundation

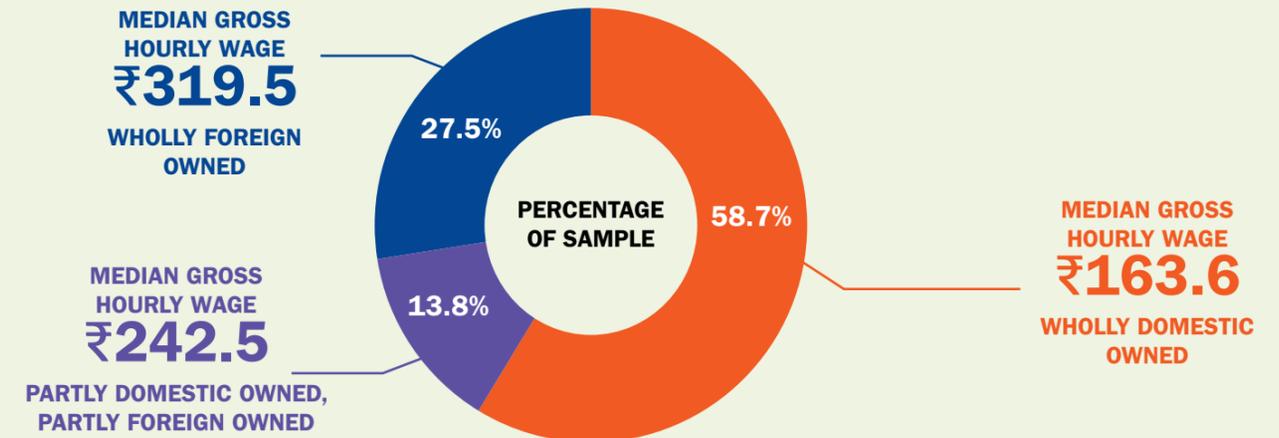
IMPACT OF OWNERSHIP

Table 3.5 shows that there are three main kinds of company ownership structures in India's manufacturing sector: wholly domestic owned, partially domestic, and partially foreign

owned and wholly foreign owned. Generally, the more foreign capital there is in the company, the higher the wages. Wholly-owned domestic companies comprise about 59% of the sample, but wages paid in these companies are significantly lower

than those paid in firms with other ownership structures. The median wage for wholly-owned domestic firms is INR 163.6, and this median hourly wage is almost doubled by the wage paid by foreign-owned companies in the manufacturing sector.

3.5. OWNERSHIP STRUCTURE OF THE COMPANY AND WAGES



IMPACT OF COMPANY SIZE

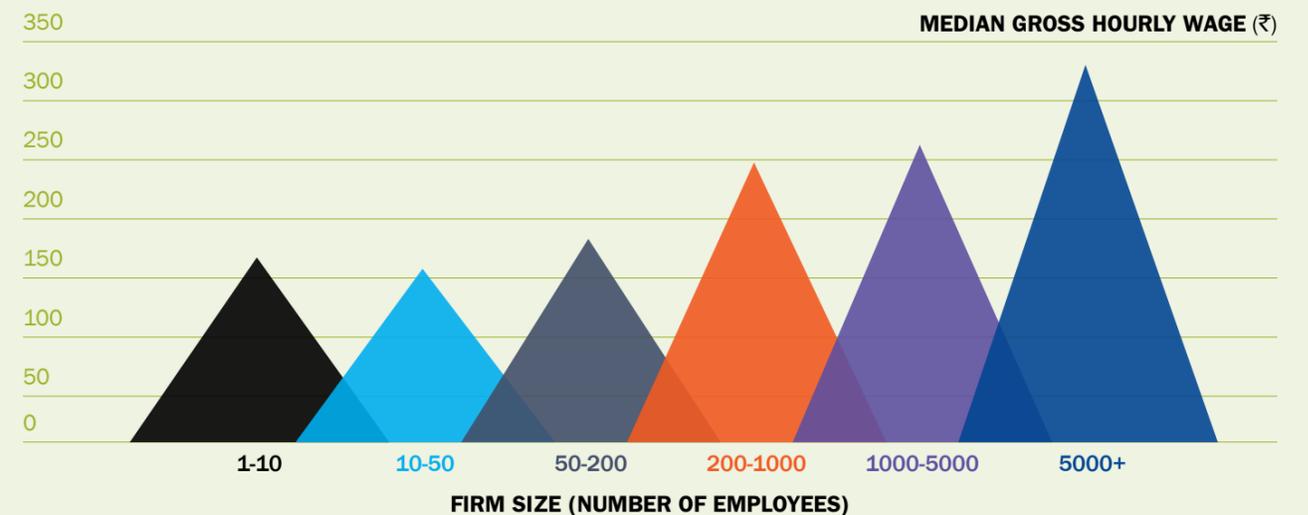
Figure 2 below illustrates the relationship between firm size and hourly median wages. First, large companies in the manufacturing sector tend to hire more workers. In India, about 67% of the workforce in

the respective sector works in large to mid-sized companies (those with over 200 employees). Moreover, 22% of the sample reported to work in a company with more than 5,000 employees. While in small companies (with up to 10 employees), the average reported

hourly wage was INR 161.74; workers in companies with more than 5,000 employees received an average wage of ₹343.89. This graph shows that people working in larger companies earn, on average, higher wages (with a tiny exception for those working in firms with 10-50 employees).

FIRM SIZE VS. HOURLY GROSS

FIGURE 2: GRAPHICAL ILLUSTRATION OF THE RELATIONSHIP BETWEEN SIZE OF COMPANY AND WAGE



Source: WageIndicator Foundation

WAGES AND WORKING CONDITIONS IN THE INDIAN MANUFACTURING SECTOR

OVERTIME WORK

Table 3.6 below highlights that only 9.0% of surveyed manufacturing sector workers reported receiving extra money

for work during night shifts or during weekends. This is generally in the form of a lump sum payment/allowance. This type of compensation amounted to a monthly median payment INR 600.

Only about 11.0% of workers received compensation for working overtime, with the median monthly payment valued at INR 3750.

3.6. ALLOWANCES AND OVERTIME PAYMENTS

NIGHT SHIFTS/ WEEKEND ALLOWANCE

SPECIAL WORK HOURS

9%
PERCENTAGE OF SAMPLE

₹600
MEDIAN GROSS HOURLY WAGE

OVERTIME PAYMENT

SPECIAL WORK HOURS

11%
PERCENTAGE OF SAMPLE

₹3,750
MEDIAN GROSS HOURLY WAGE

Source: WageIndicator Foundation

BONUS STRUCTURE

Workers in the manufacturing sector, as show in Table 3.7, reported to have received three types of bonuses: annual bonus, profit share, and

performance bonus. The annual bonus was the most common, received by almost 29% of workers; 25% of manufacturing sector workers received a performance bonus, while roughly 6% of workers benefited from profit

sharing. When compared to India's national average, more workers in the manufacturing sector enjoy the privilege of receiving annual bonuses.

3.7. BONUS STRUCTURE

• PERCENTAGE OF SAMPLE • INDIAN AVERAGE



Source: WageIndicator Foundation



WAGES AND WORKING CONDITIONS IN THE INDIAN MANUFACTURING SECTOR

SATISFACTION

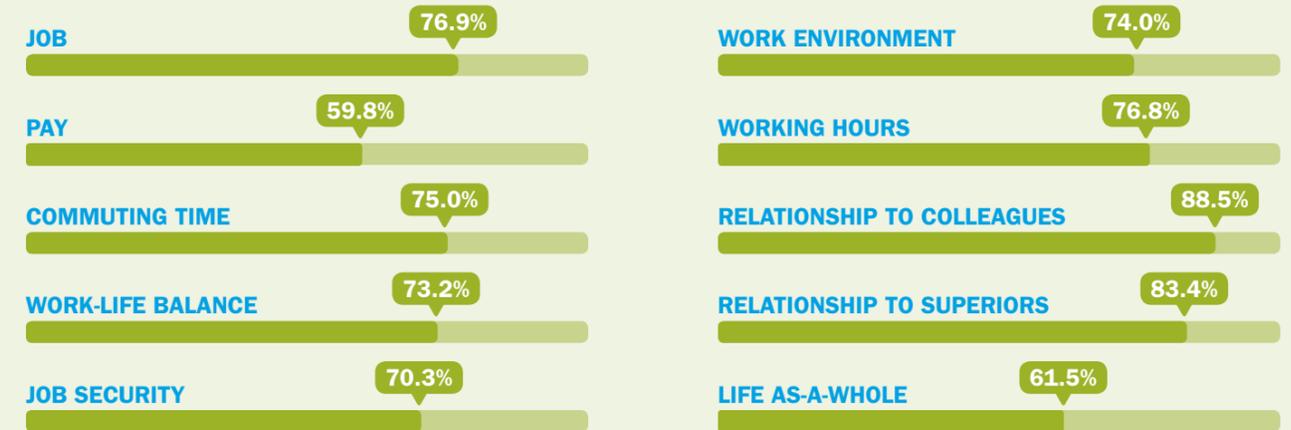
Workers in the manufacturing sector were mostly satisfied with their relationship with colleagues (89%), their relationships with superiors (83%) and working hours (77%),

as detailed in Table 3.8. On the other hand, only around 60% of respondents were satisfied with their wage. Overall, roughly 62% of workers reported to be satisfied with their life as a whole. The Indian average of satisfaction with job and other related

work factors range between 40% - 50%, according to Varkkey & Korde (2013). This implies that workers in the manufacturing sector enjoy slightly higher satisfaction levels when compared to the Indian average.

3.8. SATISFACTION OF WORKERS

• SATISFACTION WITH • SATISFACTION LEVEL FOR SECTOR



Source: WageIndicator Foundation



APPENDIX

ABOUT THE DATASET AND DEFINITIONS

The analysis presented in this report is based on the WageIndicator dataset covering the period of January 2013 - May 2015. The wage analysis is based on data collected from Paycheck India's (www.paycheck.in) Salary Calculator and Monster Salary Index from the aforementioned period. The sample used for the analysis consists of 6,726 observations.

GROSS HOURLY WAGE AND BONUSES

Gross hourly wage, for our purposes, is computed based on the hourly

wage calculated on the ground of wage and working hours reported by respondents. We report median¹ of gross hourly wage. The calculations are based on dataset cleared from outliers².

PURCHASING POWER PARITY (PPP)

Is based on differences in prices of goods and services in different country. Using the PPP index we can calculate an "international dollar" that has the same purchasing power as the US dollars have in the USA.

The implied conversion rate used for India is 1:17.6, valid by April 2013 (WEO Database, 2015). For calculation of annual wage, we assume a total of 2000 working hours per year.

GENDER PAY GAP

Gender pay gap is computed according to the formula:

$$\text{PAY GAP} = \frac{\text{MEDIAN WAGE MALE} - \text{MEDIAN WAGE FEMALE}}{\text{MEDIAN WAGE MALE}} \times 100\%$$

¹A median is the numeric value separating the upper half of a sample from its lower half. For example, by definition of median wage 50% of the sample earn more and 50% less than median wage.

²These are respondents reporting wages significantly lower or higher than usual.



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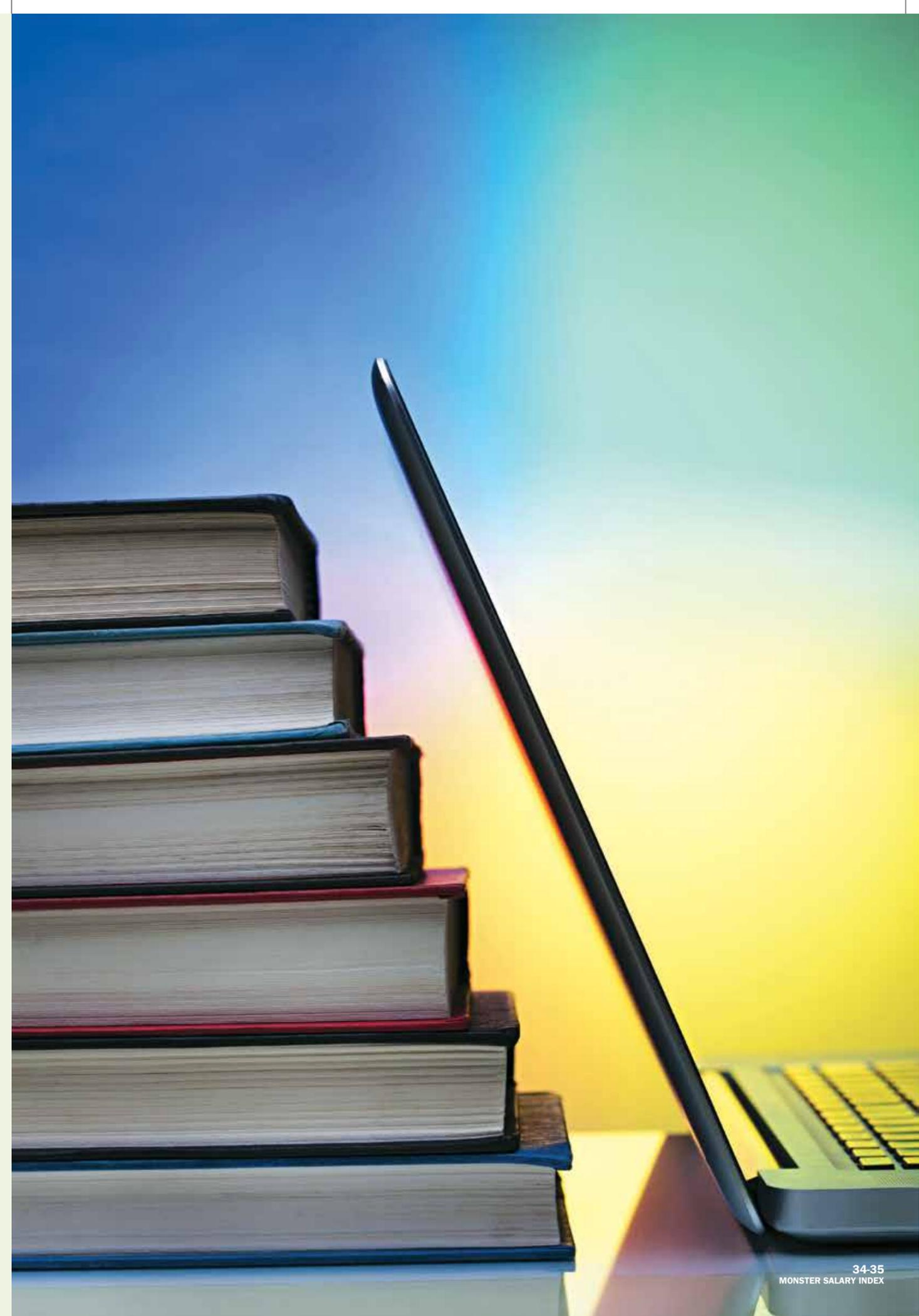
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