

The Persistence of Gender Wage Gaps

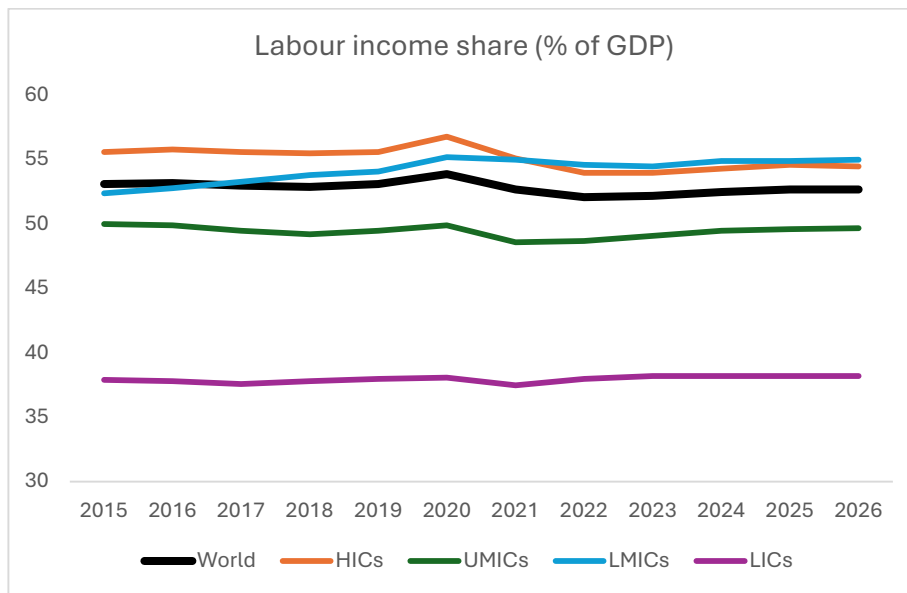
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One of the widely remarked features of the world economy—and most countries within it—has been the decline of labour income shares in national income since the 1980s. This has often been seen as a consequence of globalization, a process which effectively increased the supply of the “global” labour force, even as technological change led to reductions in the labour intensity of much work, especially in some rapidly expanding sectors of frontline manufacturing and services.

Over the past decade, however, this decline appears to have decelerated as labour income shares have remained largely stable. It should be noted that labour income shares are conceptually different from wage shares, as they include the imputed returns from labour of self-employed workers. In much of the world, particularly in low and middle income countries, self-employed workers account for anywhere between one-third to more than a half of the work force, so this can be an important difference.

Figure 1 brings out two important features. The first, the relative stability of labour incomes shares of national income over the past decade (with projected figures for 2026) is evident across the world as a whole, as well as across country groupings according to per capita income. It should be noted that this represents *stability after decline*, so that the declines of the previous three decades have not been reversed. The second, and possibly more striking, feature is the very wide variation across such country groupings, with the labour income shares noticeably lower as countries go down the per capita income scale.

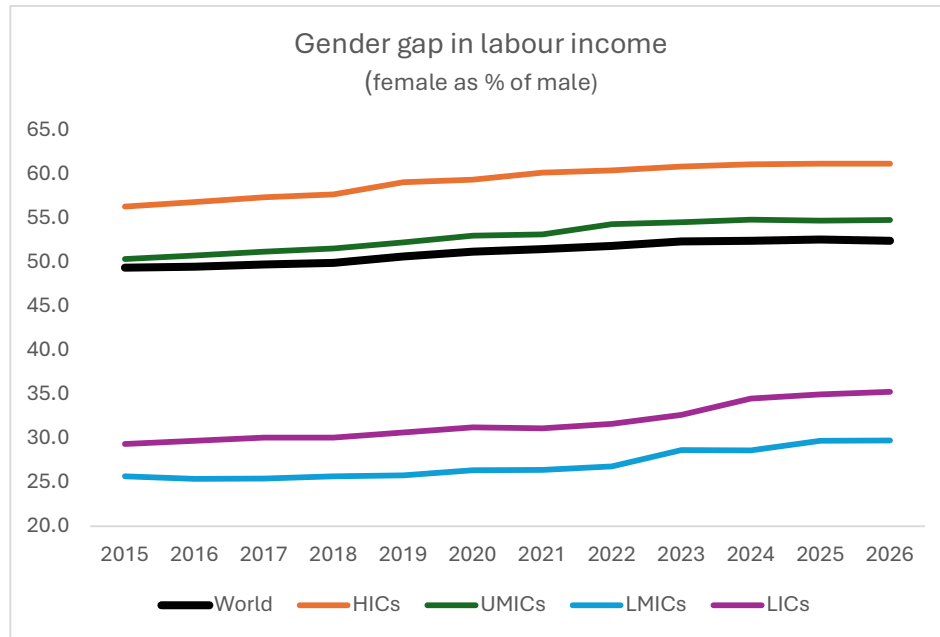
Figure 1



Source for all figures: ILOSTAT,
<https://ilostat.ilo.org/topics/wages/> accessed on 19 June 2026

Indeed, for Low Income Countries (LICs) the labour income share is as low as around 38 per cent, compared to around 55 per cent for High Income Countries (HICs). Interestingly, labour shares appear to have improved slightly for Lower Middle Income Countries (LMICs), from 52 to 55 per cent, much higher than for Upper Middle Income Countries (UMICs) at just below 50 per cent. It could be that the incomes attributed to self-employed workers (who are more prevalent in LMICs) may have played a role in this.

Figure 2



The gender gaps in labour income also show similarly divergent patterns across levels of per capita income. The data in Figures 2 and 4 express the gender gap as female wages/incomes as a share of male wages/incomes, so that a lower figure is a higher gender gap. There appears to have been a very slight reduction in this gap for the whole world, with LMICs and LICs showing the most reduction in the gaps. Yet these gaps are still very large: women workers get only around 52 per cent of what male workers earn on average for the world as a whole, and even in HICs only 61 per cent. Interestingly, the gender gap is even higher for LMICs than for LICs, with women in LMICs receiving less than 30 per cent of men receive for their work. (Of course, this ignores the unpaid work largely performed by women—if this were to be included, the gender labour income gaps would be very much worse.)

It is worth considering how South Asia (which is dominated by India because of the sheer size of the population and workforce) compares with other LMICs, since most countries in the region are also part of this country grouping. Figure 3 is interesting because it suggests that labour shares of national income have been higher in South Asia than in other LMICs. Furthermore, both have increased since 2015, although the increases were mainly until 2020, after which labour share of income have largely remained at the same level of around 57 per cent.

Figure 3

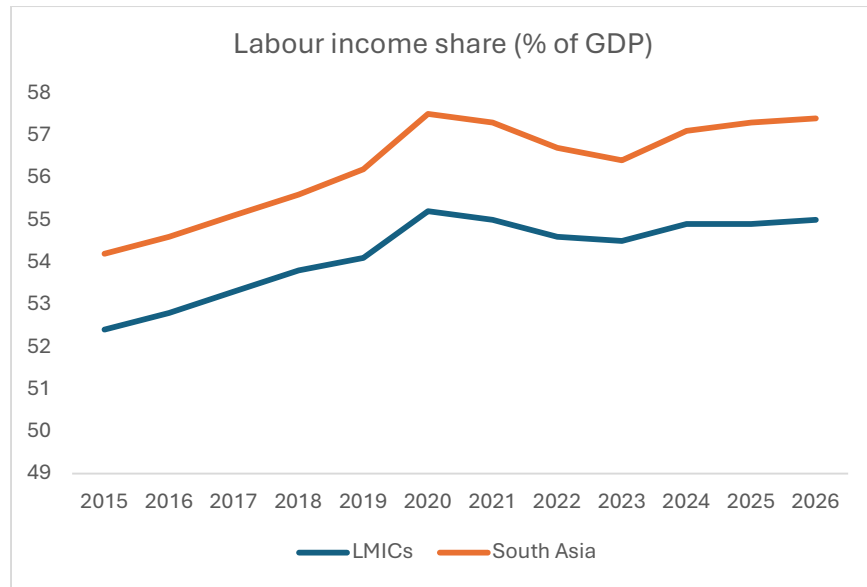
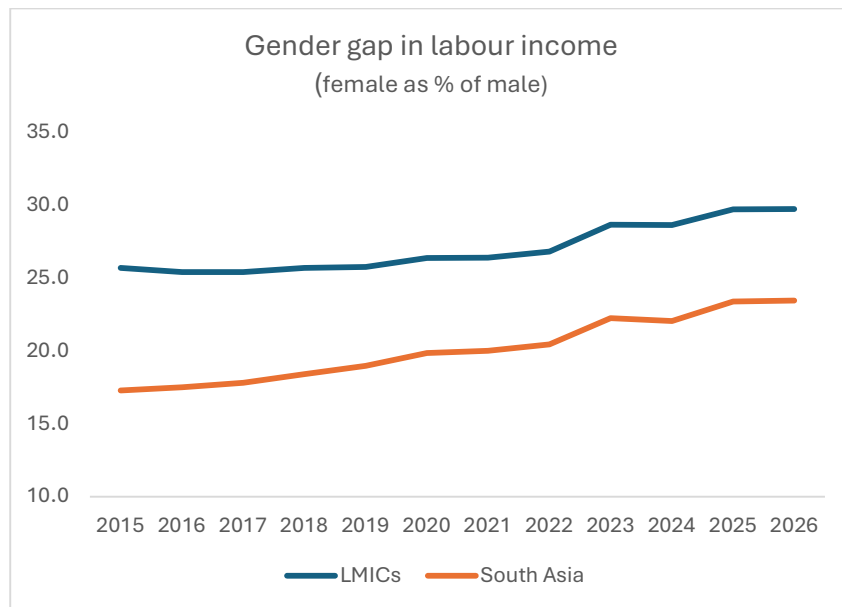


Figure 4 suggests that the gender gap in labour incomes has improved for both South Asia and for LMICs taken together. But South Asia has a larger gender gap in labour remuneration than other LMICs. Even after improving over the decade, women's labour income in South Asia amounts to only around 22-23 per cent of that of men, a truly shocking figure.

Figure 4



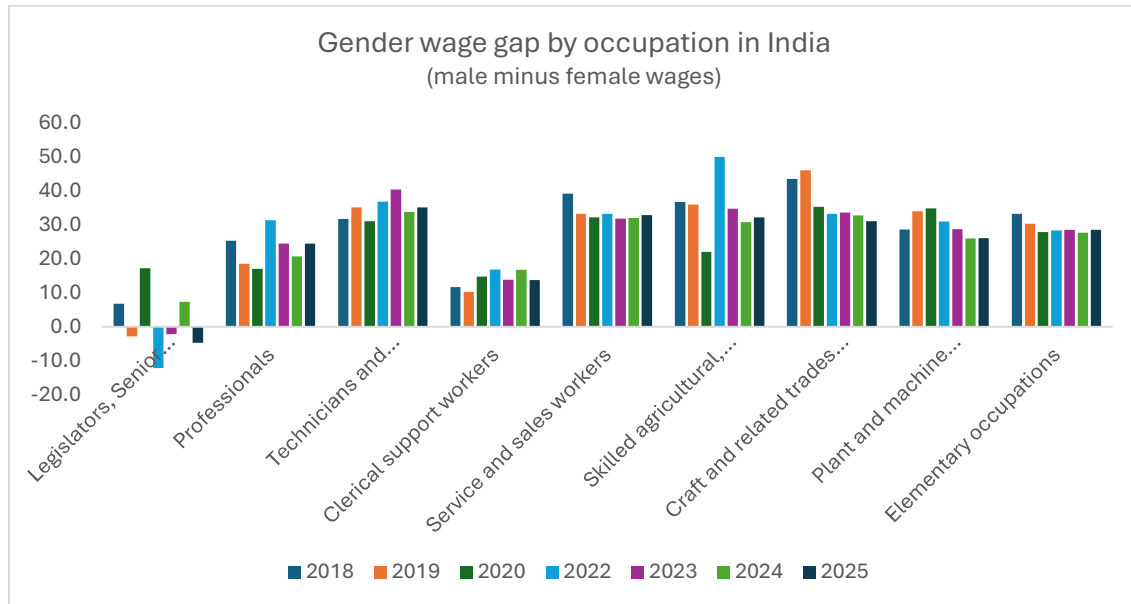
India dominates the data for South Asia because of its much greater proportion of both population and work force. In exploring gender gaps, the more disaggregated data for India can be helpful in analysing why the gender gaps are so large.

One important reason, which is not shown here, is that of occupational segregation: women tend to be clustered in and more prevalent in lower paid occupations. These include not only

some services but also what are described in the data as “elementary occupations” typically requiring less training or education. But there is also significant variation in gender gaps in remuneration across types of activity.

This is shown in Figure 5. Here, the gender wage gap (referring now only to paid workers and employees, not including self-employed workers) is expressed as the difference between male and female wages, in percentage terms. A negative number thus indicates that women on average earn more than men.

Figure 5



It is evident from Figure 5 that gender wage gaps have varied but generally been low and in some years even negative for the top range of employees, which includes managers, legislators and the like. But very few women workers are included in this group. The other group that has relatively low gender wage gaps is clerical support workers, although it could very reasonably be asked why there should be any gender gap at all for such work.

Indeed, it is interesting that while some gender gaps could be justified on the grounds of the greater physical requirements of such work, such as in some elementary occupations and some specific agricultural tasks, there is really no justification for large gaps in other occupations, such as service and sales workers, craft and related trades and the like. This clearly indicates the deep-seated and pervasive gender discrimination evident in labour markets in India. This is obviously unjustified, but it does serve an important purpose: enabling the accumulation process in India (and other South Asian and lower income countries) to further exploit workers through gendered patterns of labour market segmentation.

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