

**DO LARGER FIRMS PAY MORE? – EVIDENCE ON FIRM  
SIZE WAGE PREMIUM FROM ESTABLISHMENT LEVEL  
PANEL DATA ON INDIA’S ORGANIZED MANUFACTURING**

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## **ABSTRACT**

Firm Size Wage Premium is recorded to be a key source of wage inequality in the literature. No studies have been conducted investigating this aspect in the Indian context. In this study I have investigated the existence of firm size wage premium in the Indian organized manufacturing sector. Annual Survey of Industries panel data, a rich source of detailed account of establishment level data in India is used in the study. The study covers a time period of 14 years from 2008-09 to 2021-22. I have also collected the data for Consumer Price Index, Wholesale Price Index, Labour Quality. Fixed effects panel regression and Instrument Variable regressions to estimate the effect of the size of the firm on the total emoluments. My findings strongly prove the existence of a positive firm size wage premium. Further sources of the premium are examined, capital labour ratio in the firm is identified to be a contributor of the firm size wage premium. Further effect of size of firm on wages of male workers, female workers, contract workers, supervisory staff are estimated and analyzed.