

Estimate of a Living Wage

— For Cotton Textile Workers in Bombay City

THE concept of a living wage and the problems involved in its calculation were discussed in an authoritative manner in the Report of the Textile Labour Inquiry Committee published in July 1940. This report also worked out an estimate of a living wage for the industrial workers in Bombay before the outbreak of the World War II. In the post-war period, the question was again examined by a tripartite committee consisting of the representatives of the Government, the workers and the employers. The Committee on Fair Wages, as it was titled, set out in general terms the standard of living which a living wage should ensure and prescribed the factors to be taken into consideration in determining such a wage. For all practical purposes, these two reports, therefore, provide an authoritative basis for making an estimate of a living wage for the cotton textile workers in Bombay at current prices.

CONCEPT OF LIVING WAGE

The Committee on Fair Wages quotes approvingly the basis "of minimum of health and comfort" adopted by the Commissioner of Bureau of Labour Statistics in USA for determining a living wage. What this "minimum of health and comfort" includes is explained as follows:

"This represents a slightly higher level than that of subsistence, providing not only for the material needs of food, shelter, and body covering, but also for certain comforts, such as clothing sufficient for bodily comfort, and to maintain the wearer's instinct of self-respect and decency, some insurance against the more important misfortunes—death, disability and fire—good education for the children, some amusement, and some expenditure for self-development."

The following recommendation of the Committee is more or less in similar terms:

"... the living wage should enable the male earner to provide for himself and his family not merely the bare essentials of food, clothing and shelter but a measure of frugal comfort including education for the children, protection against ill-health, requirements of essential social needs, and a measure of insurance against

the more important misfortunes including old age." (*Committee on Fair Wages, p 7*).

FACTORS TO BE CONSIDERED

In the light of the views expressed by these two committees, the considerations to be borne in mind in determining a living wage may be stated as follows:

(1) A living wage should be higher than the minimum wage necessary for ensuring the bare essentials of food, clothing and shelter to a working class family.

(2) It should be determined on an industry-cum-region basis, *ie*, in relation to the conditions prevailing for the whole of a particular industry, if not for all the industries, in a specified region.

(3) The margin by which a living wage should exceed the minimum wage so as to provide "a measure of frugal comfort" to the worker and his family should be determined in relation to a number of factors such as:

(a) the productivity of workers as calculated by means of time and motion studies. This should, as far as possible, represent the contribution of workers under a given standard of managerial and technical efficiency, type and state of installed machinery, quality of raw materials, etc, representative of the industry concerned.

(b) The general level of wages not only in the particular industry under consideration but also in all the industries in the region. The Committee on Fair Wages observes:

"The objective is not merely to determine wages which are fair in the abstract, but to see that employment at existing levels is not only maintained, but, if possible, increased... The Wages Board should also be charged with the duty of seeing that fair wages so fixed for any particular industry are not very much out of line with wages in other industries in that region. Wide disparities would inevitably lead, to movement of labour and consequent industrial unrest not

only in the industry concerned but in other industries." This observation about fair wage is equally applicable to a living wage, since fair wage is only a step towards the progressive realisation of a living wage.

(c) Capacity of the industry to pay, "The relevant criterion should be the capacity of a particular industry in a specified region and as far as possible, *the* same wages should be prescribed for all units of that industry in that region."

(d) The level of national income and its distribution.

(e) Benefits of a statutory or other kind which are available to the workers and which "go directly to reduce the expenses of a worker on items of expenditure which are taken into account for the calculation of the fair wage" should be taken into account in fixing the actual wage payable. The allowances to be made in calculating a fair wage should also be made in calculating a living wage.

(4) A living wage should be related to a specific load of work.

The considerations set out above bring out the difficulties of determining a living wage for a particular industry at any given time. They also make it clear that its estimation must in consequence be somewhat arbitrary in character.

DATA NECESSARY FOR ESTIMATION

For estimating a living wage for the cotton textile workers in Bombay City, it is essential to have as accurate information as possible on the following:

(a) the average size of the family which the worker, including himself, has to support, and

(b) items of expenditure in the monthly budget and the total expenditure on each of them which a living wage is expected to provide for.

SIZE OF FAMILY

Regarding the size of the family, there seems to be a general unanimity of opinion amongst the various official committees and the Industrial Courts and Tribunals which had to examine the question in one connection or another. The "Tex-

tile Labour Inquiry Committee made *its* calculation in the pre-war period on the basis of a family of 4 persons, namely, husband, wife and 2 children under 14 years of age. Expressed in terms of adult equivalents or "consumption units", the average size of a worker's family according to this Committee was of 3-consumption units. The Industrial Courts and Tribunals have also assumed the family to consist of 3 consumption units. The Committee on Fair Wages, which had before it the results of the family budget enquiries made at the various industrial centres, also arrived at the same conclusion. The inquiry into the family budgets of industrial workers in Bombay conducted by the Director, Cost of Living Index Scheme, between January 1944 and February 1945, showed that the average size of the family, including the dependents living out of Bombay, was 4.65 persons. This was equivalent to 3.15 consumption units. More than 40 per cent of the families covered by this Inquiry had, however, two or more earners each. (Report on an Enquiry into Family Budgets of Industrial Workers in Bombay). Since the calculation has to be made on the assumption of only one earner per family, if the family is taken to consist of 3 consumption units, it should err on the safe side.

ITEMS OF EXPENDITURE

The items of expenditure in the monthly budget of a worker which a living wage is expected to provide for, should, according to the Committee on Fair Wages, comprise the following categories:

- (a) Bare essentials of food, clothing and shelter.
- (b) A measure of frugal comfort including (i) education for children, (ii) protection against ill-health, (iii) requirements of essential social needs and a measure of insurance against old age and other misfortunes.

For the textile workers in Bombay, expenditure on the items under the above categories can be estimated on the basis of the actual expenditure of working class families in Bombay from the family budget enquiries conducted in 1937 and 1944-45. The results of the enquiries made by the Central Government in 1945-46 into the family budgets of middle class employees also provide useful guidance. The best course would be to compile an actual budget for a recent month

showing all the individual items in the budget, quantitative estimates of the consumption of each of these items, and the cost of each of them. This would, however, be too laborious and might involve innumerable difficulties in fixing the qualities and quantities of the individual items which one would consider essential for providing a measure of 'frugal comfort' to the working classes, and in the collection of appropriate price data. An easier method would be to examine the estimate of the living wage made by the Textile Labour Inquiry Committee for the pre-war period and to make such adjustments and modifications in it as might be necessary in order to satisfying the standard laid down by the Committee on Fair Wages. This would also involve a number of arbitrary decisions but as mentioned earlier, they are unavoidable in the calculation of a living wage.

ESTIMATE OF THE TEXTILE LABOUR INQUIRY COMMITTEE

The calculations of the Textile Labour Inquiry Committee relate either to the year 1937 or 1938. During these two years the Bombay working class cost of living index number (year ending June 1934 - 1001) was 106. The Committee assumes the standard family to consist of 3 consumption units and works out its estimate of food expenditure on the basis of a dietary standard (of about 2,600 calories per adult) specially laid down by Dr Aykroyd and that of rent on the basis of the minimum standard of 180 sq ft per family as recommended by the Rent Inquiry Committee. For fuel and lighting, clothing, bedding, foot-wear and miscellaneous articles the Committee takes into account the actual expenditure incurred by the working classes in 1937. The results are as follows:

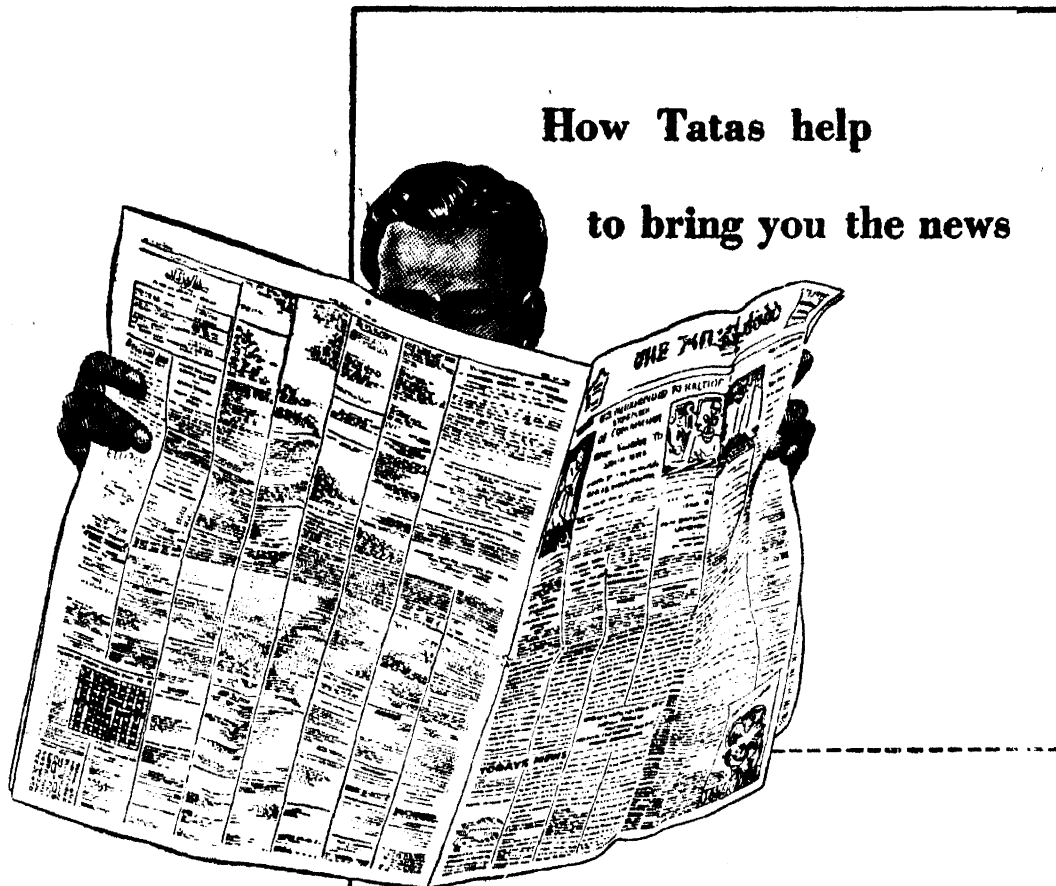
EXPENDITURE PER MONTH	
PER FAMILY	
Item	Rs a p
Food	22 8 0
House rent	12 0 0
Fuel & lighting	3 6 3
Clothing, bedding, etc	3 9 9
Miscellaneous	7 14 4
Total:	49 6 4

The miscellaneous expenditure in this estimate does not make adequate allowance for occasional expenditure on festivals and marriages, and for expenditure on education, medical relief, insurance, etc. The

Committee, therefore, makes a lump sum addition of Rs 5 on account of these and estimates the minimum living wage at Rs 50 to Rs 55 per month. This estimate relates to the year 1937 or 1938 when the Bombay working class cost of living index stood at 106. To express it in terms of the prices ruling in December 1953- instead of using the composite index, group index numbers must be used. (The weights of the composite index are obtained from the Family Budget Enquiry of 1932-33 and are, therefore, different from the weights which the composition of a budget framed on a living standard basis as described above would yield.) Following this method, the figures for December 1953, corresponding to the estimate made by the Textile Labour Inquiry Committee for the pre-war period, work out to Rs 156-3 and Rs 174-6 respectively. In round figures, the living wage for a textile worker in Bombay today would be Rs 175.

The basis adopted by the Textile Labour Inquiry Committee is in consonance with the recommendations of the Committee on Fair Wages. The estimate of food expenditure is based on the recommendations made by nutrition experts. The housing accommodation of 180 sq ft for a family of 4 persons would appear to satisfy the test of frugal comfort, if it is borne in mind that about 90 per cent of the working class families are living in one-room tenements today, and that it corresponds to the accommodation available to about 60 per cent of the middle class employees with an average family size of 5.6 persons. (Report on an Enquiry into the Family Budgets of Middle Class Employees of the Central Government.) The expenditure on clothing, fuel and lighting, education, medical relief, insurance and miscellaneous articles appears to be reasonable.

The provision for education, medical relief, insurance, etc, which the Textile Labour Inquiry Committee has made by adding a lump sum of Rs 5 per month without indicating any basis, can be checked by means of independent calculations. Primary education up to the Vernacular 4th Standard is now provided free of cost by the Bombay Municipality. For secondary and technical education the working classes would, however, be required to incur some expenditure. Assuming, that they spent on the education of their children the same amount as the middle class employees in the in-



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come group of Rs 100—Rs 150 per month did in 1946, (the period for which an enquiry into family budgets of middle class employees was made by the Government of India), a provision of Rs 3-13 per month may be made on this account. Under the Employees' State Insurance Scheme which has already been introduced in Delhi, Kanpur and some other places and which is to be introduced very soon in Bombay, a worker earning a weekly wage of Rs 6 to Rs 8 (below Rs 8) would be required to contribute Rs 3-12 per month. This contribution would enable him to secure, besides medical assistance, a partial wage during the period of sickness. If therefore, we assume an expenditure of Rs 5 per month for the whole family, it should be adequate to meet the requirements of medical relief. For protection against old age and other calamities, the provident fund which has now been made compulsory for workers in selected industries, which include the cotton textile industry, should be more than enough. On the basis of a monthly wage of Rs 175, the deduction from the worker's pay packet at the rate of 1 anna per rupee would amount to Rs 11 per month. This is much greater than the average expenditure on provident fund and insurance incurred by the middle class employees of the Central Government in the income range Rs 100—Rs 150, which amounted to Rs 8-14 in 1946. Under the Factories Act, workers are now entitled to leave with pay at the rate of 1 day's leave for 20 days' work subject to a minimum of 10 days in a year. No provision need, therefore, be made for expenditure on holidays. Adding the expenditure on education, medical relief and provident fund to the equivalent, in terms of December 1953 prices, of the pre-war living wage estimate of the Textile Labour Inquiry Committee of Rs 50, we get the figure of Rs 176 per month as the living wage.* This is almost the same as the equivalent of Rs 55, which included a lump sum allowance of Rs 5 for education, medical relief, insurance, etc, in terms of current prices.

This rough estimate of Rs 176 as a living wage for the cotton textile workers in Bombay may be compar-

* The corresponding figure for April 1954, the latest month for which the cost of living index is available, would be a shade lower, viz, Rs 174-14-6.

ed with the minimum wage of Rs 98 (Rs 30 basic plus Rs 67-14 dearness allowance) for December 1953,† and the *per capita* national income of Rs 205 per annum in 1950-51 (Rs 88 per month for a family of 4 persons). The living wage would have to be coupled with a proper work load to be fixed on the basis of time and motion studies.

Taking the cotton textile industry

† Rs 96-6 for February 1954, the latest available.

The Five Principles

(From Our Delhi Correspondent)

CHOU EN-LAI's press conference in the capital last Sunday was a tame affair the External Affairs Ministry having wisely dissuaded the Chinese Prime Minister from attempting impromptu answers, if, indeed, he had ever considered that idea. But the press was not really disappointed. Arrangements in connection with the visit were less rigorous than could have been feared; and the live principles which have been announced in the joint communique have enough news value for even a sleepy capital to appreciate that something of value was achieved in New Delhi last week-end.

The live principles confirm the Tibetan Agreement and can be regarded as reinforcing it. Whether they are to be interpreted as the final word in international relationships, each one must judge for himself. Pandits may be unable to reconcile them with the Three Principles of the People (the San Min Chu I) and cynical realists may point out that declarations do not matter. Little comment on these lines is, however, heard—in the capital at any rate. On the other hand, even the realists, outside the ranks of the India-China Friendship Association and other *ad hoc* and left-wing bodies, cannot overlook a few things.

1. The visit has undoubtedly eased the tension and the inclusion of Burma lessens China's isolation to some extent.

2. It may yet be proved that India's ability to influence China and China's ability to influence Russia are no totally negligible quantities.

3. In any case, whether the Five Principles which the Chinese Prime Minister broadcast over the radio

in the Bombay City as a whole, this living wage is beyond the capacity of the industry to pay. Assuming, the average monthly earnings, including dearness allowance, of a mill employee to be Rs 105, the additional monthly cost which a living wage would entail, would be Rs 71 per employee. For the two lakhs of textile workers in the City, the extra expenditure would, therefore, amount to Rs 17 crores per annum, which is more than twice the gross profits of the 38 mills which made profits during the year 1952.

and in the press constitute a landmark in the history of co-existence or not, the alternatives which are immediately not to accept them or to reject them—with the United States' conditions for intervention in Indo-China, with Britain's military dispositions and conditions for SEA TO being brought into existence being what they are, and with the known views of the Colombo Powers—the only practical course which is open is to accept the Five Principles at their face value.

It goes without saying that the Geneva talks can, therefore, proceed; and to have averted the crisis which was threatening there and to have made at least a limited east-west understanding on Indo-China possible is certainly no mean achievement. Even the United States is sometimes able to realise that neutrals have their value. But more than an Indo-China truce can come out of the Chinese Premier's visit. Since this visit has made it possible for Nehru to go to China, communication with the Communists will continue to be kept open in the future; and this, as has been demonstrated this week, may not always be in vain.

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