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CRITIQUING THE STATUTORY MINIMUM WAGE: A CASE OF THE EXPORT GARMENT SECTOR IN INDIA

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Critiquing the Statutory Minimum Wage: A case of the export garment sector in India[1]

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Abstract

With weakening of labour laws and declining collective bargaining strength, the Statutory Minimum Wage is increasingly the sole determinant of wage in many sectors of industry in India. However, there are no standard and accepted methods to determine and regulate the fixing of the Minimum Wage, or the Dearness Allowance linking wage to the Consumer Price Index and compensating for inflation impact on wage. This is therefore an issue demanding attention from trade unions, labour law regulators and other linked professionals. The present study examined Minimum Wage determination and calculation of the standard basket of commodities based on the expenditure pattern of families of workers in the ready-made export garment industry. The study covered a sample of 85 workers in and around Bangalore in Karnataka, and 71 workers in the NCR region. The average minimum monthly expenditure per family was estimated as Rs.12245 in the NCR and Rs.13742 in Karnataka. The Minimum Wage in both regions was only around 60% of this expenditure. However, this monthly expenditure cannot be said to represent the real need of workers, as it is constrained by the low income in the sector. The study suggested that for a proper estimation of the needs of a family, and therefore the Minimum Wage, at least two normative constructions of the appropriate food basket for the standard family size, which should include 3 adults and 2 children, and a minimum housing of 2 rooms and independent kitchen and bathroom facility should be included. Using the food basket calculation of the Delhi Minimum Wage Advisory Committee estimated in December 2016, and the rent estimate for a 2-room house in the areas where garment workers lived, the Need Based Minimum Wage worked out to around Rs.18000-20000 per month.

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Section 1: Background

The garment industry is a large employer of cheap labour in urban India. A large proportion of the manufacturing in the industry is for the export market. The garment export sector is mainly concentrated in urban regions around Bangalore in Karnataka; Chennai and Tirupur in Tamil Nadu; and in the NCR region (Gurugaon and Faridabad in Haryana and Noida in Uttar Pradesh) around Delhi. Around 80 percent of the workers in Karnataka and Tamil Nadu are women, from socially and economically backward sections of society. In the NCR region most of the workers in the sector are men.

Reliable estimates for the employment in the export garment sector are not easily available. One reason is that there is lack of data at the firm level, given much of the production is in closely held private enterprises. Further, subcontracting arrangements also make accurate estimates difficult. So, for instance, Bloomberg in its report of November 29, 2017, estimates the export apparel sector as “12.9 million people employed in the $17.5-billion industry”[4].A good estimate of employment in the sector would useful to understand the share of wages in the value of apparel exports. Trade union estimates place labour share as around 15% of the FOB value of exported apparels.

Data from two major apparel exporters, one with factories across India, but majority of production concentrated around Karnataka, and another with manufacturing in the NCR region help in arriving at our set of employment estimates. Shahi Exports, the largest readymade garment manufacturing company in India employs around 70000 workers. The company had annual turnover of Rs.5200 crores in the financial year 2016[5]. Orient Craft in the NCR employs 32000 workers and had an annual turnover of Rs.1600 crores in2015[6]. From this data we estimate the per worker production value for Shahi Exports as Rs.7.4 lakhs per annum, while the estimate for Orient Craft is around Rs,5 lakhs per annum. According to data from the Apparel Export Promotion Committee, the readymade garments export from India in 2016-17 was $17479 million[7]. If we estimate the average per capita production per worker in the apparel export sector as Rs.6 lakhs, the total workforce in the sector is around 20 lakhs. We see this is only a sixth of the estimate given in the Bloomberg report. Further, with wages in the sector around Rs.1 lakh per annum, with worker production at Rs.6 lakh the wage share per worker is around 16%. This is close to the union estimates for the

[4]*https://www.bloombergquint.com/.../apparel-exporters-say-six-million-people, Nov29, 2017*
[5]India Ratings Upgrades Shahi Exports to 'IND AA-'; Outlook Stable, https://indiaratings.co.in/PressRelease
[6]Sarika Malhotra(2016), The Job Machine, Business Today, Nov.6, 2016. The report also said that Shahi Exports employs 70000 workers.
[7] Apparel Export Promotion Council Annual Report 2016-17

sector. This contrasts with higher estimates often put out by employers for both employment, and wage share in production.

Estimates from government Labour Department sources and from trade unions place the employment in the garment export factories as around 5 lakh workers each in Karnataka, Tamil Nadu and the NCR region. That is, given the total employment in the sector in India is 20 lakh workers, around three fourth of export production is concentrated in these three regions.

Garment Wages

The Indian garment exports in 2016-17 constituted 3.8% of global garment exports, as compared to 33.4% for China and 7.6% for Bangladesh. The export figures for China are significant, in that China has much higher wages in the sector that India. The minimum wage levels in China are around twice the Indian garment minimum wages.[8]Despite this, China has much higher share of the global garment trade. Why is it that Chinese manufacturers make profits paying significantly higher wages than Indian garment exporters?

While the Indian export garment manufacturing sector supplies its output to premium international brands like GAP, H&M, Levi Strauss, Nike, etc., wages in the sector continue to be extremely low. This is primarily because the unionisation levels in the sector are low, and workers have very little collective bargaining space. A feature of the garment workforce is that a significant proportions are migrants (in-state and intra-state migrants), coming to cities from rural areas in search of jobs. Most workers are women. The workers constitute a very vulnerable section of the Indian working class. They are apprehensive that union membership will lead to victimisation, despite brand Labour Codes explicitly stating that they seek to encourage freedom of association in factories they source supplies from. Consequently, there are practically no instances of bargained wages in the garment sector. The statutory Minimum Wage is the main determinant of wage.

The determination of the Minimum Wage is regulated by the Minimum Wages Act. However, the actual process of Minimum Wage determination, in many instances, is in violation of provisions of the Act. Trade unions are forced to respond defensively, in the absence of information and studies clearly analysing wages against purchasing power, inflation, and minimum needs of workers. Further, even after the Minimum Wage is notified,

[8]Minimum wage in Jiangxi, Zhejiang and Guandong provinces in China where garment manufacturing is concentrated varied from Yuan 1530 to 1895 per month in the year 2017 (www.chinabankingnews.com/.../shanghai-tianjin-top-chinas-latest-minimum-wage-list).

violation of the notification at individual factory/ company level, and even at region/industry level is not uncommon.

Expenditure in the Garment Sector

A Government of India survey of income and expenditure in the year 1999-2000, among working class families in Bangalore[9], covering a large sample size of 1296 families, with the sample mainly drawn from the apparel industry, highlighted the following issues.

i. The average working class family size was 4.14. This included 3.09 adults and 1.05 children.
ii. The average family consumption expenditure was Rs.4473.65. Food constituted around 47 percent of the monthly consumption expenditure.
iii. The incidence of indebtedness was 41.4 percent. The average outstanding family loan was around Rs.21000.

Accounting for inflation, the family would require to spend Rs. 12880 in January 2018 for the same purchasing power as Rs.4473 in the year 2000-01(CPI-All India General Index for January 2018 = 288, on Base year 2001=100). More recent studies in the garment sector confirm the trend of low wages and depressed expenditure among families of garment workers. As per a recent study[10] by the Centre for Workers Management (CWM) and the Garment and Textile Workers Union (GATWU) for families of garment workers in Bangalore and neighbouring garment centres, the family expenditure was around Rs.9700 per month. That is Rs.10540 per month at 2017 prices, for a sample size of 4.5 members per family. At constant prices, the family expenditure in the CWM-GATWU study declined slightly by 7.5 percent. This decline might be partly explained by differences in sample selection and survey methodology. However, the absence of any improvement in the living standard of garment workers families in the city, even after the removal of MFA restrictions on the garment sector and substantial increase in fresh investment and employment in the sector, is striking.

The Government of India survey suggests two other important factors. First, the standard used to define the Minimum Wage refers to three consumption units, based on 2 adult family members and 2 children. However, the standard family today among the poor, with no access to good social

[9] Report on Working Class Family Income and Expenditure Survey, 1999-2000, Centre: Bangalore, *labourbureau.nic.in/CPI-MF-Bangalore.htm*
[10] Wages and Work Intensity: Study of the Garment Industry in Greater Bangalore, 2015, cwm.org.in

security measures, often has an additional dependent adult, very often an aged parent. The standard family should probably include three adults. Second, the Minimum Wage in garments (around Rs.8000 per month) covers only around 60 percent of the family expenditure. The legally accepted principle is that the Minimum Wage of a single worker should be adequate to take care of a standard family expenditure.

Minimum Wage and the Poverty Line

The latest Poverty Line estimate was made by the Rangarajan Committee set up by the Planning Commission.[11] According to the Committee Report, the urban poverty line, based on an average family size of five, was Rs.7035 per month for the year 2011-12. Given a 44% increase in the Consumer Price Index for the period 2102-18, this works out to an expenditure of Rs.10130 for March 2018. The Minimum Wage across sectors in most states in urban India therefore is less than the average Poverty Line expenditure. This is a significant issue, when we also factor in that increasingly the statutory Minimum Wage determines wages for most workers in different sectors of employment.

Critiquing the Minimum Wage and Wage Indexing through the Consumer Price Index

In Indian industry, increasingly, the Statutory Minimum Wage as determined under the Minimum Wage Act is the wage determinant for workers. Therefore the determination of the Minimum Wage and the calculation of inflation linked wage increase (Dearness Allowance of DA) through the Consumer Price Index (CPI) are critical for increasing numbers of workers in all sectors of industry. While there are clear guidelines for the determining the statutory Minimum Wage, based on the 15th Indian Labour Conference (15th ILC) and subsequent clarifications and rulings of the Indian legal system, the actual determination of the Minimum Wage has been found deficient by trade unions. The non-implementation of periodical wage revision, as mandated by the Minimum Wage Act (the Act mandates a wage revision at least once every five years), and inadequacy of the DA formula linking wage increase to inflation led in the past to many instances of declining real wages.

In Karnataka, the real value of the Minimum Wage for the garment sector declined by 10 percent in the decade from 1991 to 2000; while it increased

[11]Planning Commission(2014), Report of the Expert Group To Review The Methodology For Measurement of Poverty, Government of India, June 2014

by 21 percent in the next decade from 2000 to 2009; it increased by 37 percent from 2009 to 2015. At the same time, despite the real wage increase in the decade and a half since 2000, as per the CWM-GATWU study cited earlier[12], the expenditure on food for the family of an average garment worker was only slightly above the urban poverty line expenditure on food[13]. Further, the study also suggested that for many families, there was gross under-spend on children's education and family health care. This was despite most families having more than one adult earning member. The statutory Minimum Wage is meant to be adequate to support the needs of a standard family of two adults and two children on a single wage. The reality for most garment workers is that the family is barely able to maintain some basic living standards, only if there are two earning members.

The Shimla Bureau of the Government of India provides centralised calculation of the Consumer Price Index (CPI) for different categories of workers and different regions. This is done based on a standard basket of commodities, determined every ten years through an extensive expenditure survey. However, the lived experience of workers would suggest that the CPI is not dynamic enough to take note of the changes in relative importance of different sets of commodities in the standard basket. This is particularly true for those at the bottom of the wage hierarchy. This is of particular significance for spending on housing, education and health care, where government spending is declining, and privatisation is replacing the public systems.

Table 1.1: Changes in weights (%) for select items in CPI calculation

Item	**Weight (1982=100)**	**Weight (2001=100)**	**Weight (2012=100)**
Medical care	2.59	4.56	4.81
Education & recreation	3.14	6.18	7.66
Transport & communication	2.65	4.87	9.73

Table1.1 shows how the weights for some specific items within the Consumer Price Index for Industrial Workers[14] changed across years. It is

[12]Wages and Work Intensity: Study of the Garment Industry in Greater Bangalore, 2015, cwm.org.in
[13]Planning Commission(2014), Report of the Expert Group To Review The Methodology For Measurement of Poverty, Government of India, June 2014
[14]Weights for 1982 and 2001 from Calculation of CPI-Press Information Bureau, pib.nic.in/newsite/Print Release; weights for 2012 from Weighted diagram based on average monthly expenditure for rural and urban households obtained from the NSS 68th round of Consumer Expenditure Survey (2011-12), Consumer Price Index changes in the Revised Series (Base year = 2012), Ministry of Statistics and Programme Implementation, Central Statistics Office, National Accounts Division, Price and Cost of Living Unit, 2015

interesting to note the substantial changes in weights used for calculation of the basket of commodities for constructing the new CPI series of 1982, 2001 and 2012. The 2012 weights, while substantially increasing the importance of health care and education from earlier calculations of CPI, would still appear to underplay the standard family requirement. The CWM-GATWU study[15] showed average expenditure on education and recreation (festival spending) was over 9% of the total annual expenditure – this in itself was seen as inadequate when the family income and expenditure increased. Contrast this with the weight given of 7.66% for education and recreation in the latest 2012 series. Thus, the actual method of enumerating the CPI probably does not take into account fully the changing needs of working class populations. Further, given the significant contribution to education within the family budget of the average working class family, it would be appropriate to have education as a separate category within the accounting of the Consumer Price Index. The foregoing discussion highlights the importance of frequent monitoring of the commodity basket for calculation of the CPI.

Table 1.2: Wage fixation by the Karnataka Labour Department for unskilled worker in Zone-1 for 2014 garment wage notification[16]

A. Consumables basket

Commodity	**Cost/month/**	**Cost/month/**	**Cost/month/**	**Cost/month/**
	Consump. Unit	**Consump. Unit**	**Consump. Unit**	**3 Consump unit**
	slum shop	**Janatha shop**	**Average**	**Average**
Rice	198.90	359.55	279.23	**837.68**
Ragi/ jola	102.24	110.76	106.50	**319.50**
Pulses	178.50	183.60	181.05	**543.15**
Vegetable solids	204.00	204.00	204.00	**612.00**
Vegetable leafy	249.30	166.20	207.75	**623.25**
Milk	81.36	101.70	91.53	**274.59**
Sugar/jaggery	51.30	59.85	55.58	**166.73**
Fat/oil	136.80	176.31	156.56	**469.67**
Total	1202.40	1361.97	1282.19	**3846.56**
Cost cloth/metre	30.00	39.00	34.50	
Cost 57 metre cloth	1710.00	2223.00	1966.50	
Cost 57 metre/month				**163.88**

[15] Wages and Work Intensity: Study of the Garment Industry in Greater Bangalore, 2015, cwm.org.in
[16] From the working documents of the Labour Department, Karnataka government, obtained from the Garment and Textile Workers Union

B. Aggregate Expenditure

Average commodity	3846.56	
Average cloth	163.88	
Sub-total-1	4010.43	
19.5% extra	782.03	
Sub-total-2	4792.46	
Average rent	600.00	
Total	**5392.46**	**207.40**
		(per day)

The Karnataka government had prescribed the Shantappa Committee norms for determination of the Minimum Wage in the early nineties. These are broadly taken from the 15th ILC norms. However, in practice, it was only after the Karnataka High Court verdict, setting aside the Government order for Minimum Wage revision in 2010, that the Shantappa Committee norms were actually applied for the first time in estimating the Minimum Wage[17]. The High Court verdict was in response to a legal challenge by the Garment and Textile Workers Union (GATWU), against the Karnataka Labour Department and the Garment Manufacturers Association, for not implementing the Minimum Wage notified in 2009, and illegally revising the wage in 2010[18]. However, even with the new Minimum Wage Notification of 2014, set according to the Shantappa Committee norms, the Minimum Wage determined was inadequate to meet average expenditure of families of garment workers.

Table 1.2 outlines the Karnataka Labour Department's determination of the Minimum Wage for garment workers for the 2014 notification. There are significant heads of expenditure where the Karnataka government norms for wage fixation would seem to diverge from the reality of expenditure for a worker living with her family in the city of Bangalore. For instance, house rent was taken as a standard Rs.600 per month. This was only 11% of the total monthly expenditure estimated by the Labour Department. The Basket of Commodities for the 2012 CPI Index had a weight of 21.67% for house rent. We see how the weight for house rent in the Labour Department calculation was only around half the weight in the CPI calculation. Further, in the Karnataka government calculations, food plus clothing plus rent added up to Rs.4610.43, or 85% of the total monthly expenditure. That is,

[17]Discussions with trade union office bearers of the Garment and Textile Workers Union

[18]The Karnataka Government notified its Minimum Wage for the garment sector in 2009, which the garment manufacturers in violation of the law refused to pay for a whole year. In 2010, in response to pressure from manufacturers, the Labour Department revised the Minimum Wage downward, claiming a "clerical error". Interestingly, the previous Wage Notification in 2002 (7 years before the 2009 notification) was also revised downward by the Labour Department, claiming a "clerical error".

the expenditure on all other heads of expenditure, including health care, education, transport, recreation and other items was only 15% of the total expenditure basket. In contrast, the 2012 CPI Basket of Commodities allocated 63.5% towards food, clothing and house rent, and 36.5% towards the other expenditure heads[19]. We can see the gross under-allocation in the Karnataka government estimation of the Minimum Wage.

The difference between weights given for various expenditure heads in the CPI calculation and in the calculation by the Karnataka government for garments Minimum Wage would also impact of CPI on the annual wage revision. For instance, the CPI would give much greater weight to house rent than assumed in the Minimum Wage. In contrast, the food basket has only a weight of 36.29% in the CPI, whereas it constitutes 71% of the calculated Minimum Wage.

Challenges Before the Trade Union Movement

The Minimum Wage is critical in those sectors of employment where collective bargaining is absent, or not effective, as organisation of workers is weak. The primary challenge in the sectors would be strengthening organisation. However, better understanding of the Minimum Wages Act, and the economic framework within it operates can improve the ability of trade unions to bargain for better regulation of the Minimum Wage. Employment practices vary widely across sectors. Within the same sector, wages can vary wildly across regions. In the garment sector, manufacturing in different regions for different Indian companies may be for the same set of global buyers, as part of a global supply chain. A detailed industry analysis, and understanding of the supply chains and value addition at various stages of the supply chains would equip the trade unions in the sector to refute industry arguments that profits are too low to pay better wages.

The Central Government in the country proposes to implement a new Wage Code, according to which a National Minimum Wage will be fixed, below which no sector of employment should contract work. However, in practice this is a complex task. If trade unions have to bargain for a National Minimum Wage, and further monitor wage revision and regulation, there has to be capability within the trade union movement and supporting research organisations to be able to independently monitor wage, cost of

[19] Prices and Cost of Living Unit, Central Statistical Office, National Accounts Division (2015), 'Consumer Price Index', Ministry of Statistics and Programme Implementation, Government of India. The breakup of heads of expenditure used in the calculation of the Consumer Price Index for 2012 is given separately for rural and urban workers. The comparisons are with the indices used for the urban CPI. See Table7.1 in the report for the details of the break-up of weights for expenditure for CPI 2012.

living, and consumer price index. The working class organisations can learn from experience of wage bargaining and campaign in countries like Brazil, where independent analysis of wages and purchasing power by research organisations was used by trade unions to effectively challenge government calculation of inflation linked wages.

The official determination of Minimum Wage and the Consumer Price Index (CPI) has been an arena of constant political contestation in Brazil. There are several price indices determined by different agencies of the government and of non-government institutions. The public sector Brazilian Institute of Geography and Statistics (IBGE), under the Ministry of Planning, Budget and Management, brings out the IPCA (Broad Consumer Price Index) and the INPC (National Consumer Price Index). The private, non-profit, charitable organization Getulio Vargas Foundation (FGV) brings out the General Price Index (IGP). The Inter-Union Department of Socia-Economic Studies and Statistics (DIEESE), a specialized labour training and research organisation linked to the four major Brazilian trade union centres, brings out the Cesta Basica[20]. The CPI has been a major issue of political contention in Brazil. DIEESE in the seventies and the eighties was able to show through its alternative calculations the inadequacy of the official IPCA as a measure of real cost of living. It showed for Greater Sao Paulo decline in real wages by 38 percent between July 1986 and July 1987. By end of the year 1987, the real value of the Minimum Wage was only 32 percent of the Minimum Wage in 1940, the first year of notifying a minimum wage in the country[21]. DIEESE has been an important organisation providing alternative analyses and supporting trade unions in collective bargaining. The interventions in the past helped unions to refute mainstream official economic analysis of the IGBE, and analyses of industrial think tanks like the FGV.

In the Indian context, with the government focusing on monetary policy to hold inflation in check, the ability of workers' organisations to demonstrate the real impact of economic policy on the poor is critical to prevent erosion of their rights. The Minimum Wage and the CPI are central to this agenda. This is an area where first, defining standards for measurement become critical; second, formulating standard measurement protocols become necessary; and third, continuous and periodic monitoring on a scale large and extensive enough to become statistically significant is critical.

[20] FAQ2 – Price indices in Brazil – Banco Central, *www.bcb.gov.br/conteudo/home-en*

[21] Anglade, C and Fortin, C (1990), The State and Capital Accumulation in Latin America, Palgrave, Macmillan, UK.

This is the context in which the present pilot study has been prepared. The purpose of the study is to analyse the Minimum Wage in one sector – the export oriented readymade garment sector – from different perspectives of family needs, income in the sector, work pressure and ability of industry to pay. This is a limited analysis. The purpose of the pilot study is to examine if the analysis can be used to define a larger and sustained research agenda which can support trade union understanding and aid better collective bargaining around the statutory Minimum Wage.

Section 2: Methodology

The study of Minimum Wage in the export garment sector was undertaken in garment manufacturing locations in Bangalore, and neighbouring regions along the Mysore road; and in the NCR region around Delhi, in Noida in Uttar Pradesh (UP) and Gurugram and Faridabad in Haryana. The choice of locations was determined by the following considerations.

Bangalore and surrounding regions in Karnataka, and the NCR region, along with Tamil Nadu, have the largest concentrations of employment in the export garment sector. Between them the two centres in Karnataka and the NCR cover most of the patterns of employment relations and workforce composition in the sector. The workforce in Bangalore is primarily drawn from Karnataka, including workers migrating from rural Karnataka, with some workers from the neighbouring Tamil Nadu and Andhra Pradesh/ Telangana. More than 80 percent of the workforce is women, drawn from socially and economically backward sections of society. In the NCR, the majority of garment workers are men. The workforce has a higher proportion of migrants from other states. In both regions, garment manufacture is primarily factory based, with single factories employing up to even 5000 workers. The employment is therefore of an organized nature, but reflects many practices of the informal sector. Many workers in the sector, in both Karnataka and the NCR region, are first generation industrial workers, often migrated to the city for work from rural areas.

Organisation of Research

The research study is a collaborative exercise of the Centre for Labour Studies (CLS) at the National Law School of India University, Bangalore with the Centre for Workers Management Delhi, and Garment and Textile Workers Union Bangalore. The actual survey work was done in Karnataka with the help of activists from the Garment and Textile Workers Union (GATWU), and in the NCR region with researchers from the Centre for Workers Management (CWM). GATWU and CWM had in the past conducted studies of wages and working conditions among garment workers in Karnataka. Both organisations also engage with the Centre for Labour Studies at the National Law School on issues of labour law and public policy.

Discussion around the research objectives and design was held in Bangalore, and in Delhi, to ensure that there was shared understanding on the purpose of the study and methodology followed. An interview schedule was prepared by CLS, in collaboration with CWM and GATWU, separately covering issues of workers staying with their families, and workers staying alone. The interview schedule was piloted in both study regions, based on which, region specific modifications were included. Care was taken to ensure the researchers had a shared understanding and clarity on each question.

Sample selection was location based, and adopted a snowball technique. Researchers in the NCR went to the factory gates at shift closing time, talked to a few workers, and set appointments to meet them later at their homes. They then managed to meet more workers through these initial sets of worker contacts in the localities where garment workers stayed. In Karnataka, the GATWU activists were able to access workers through their ground level contacts. Interviews were conducted both at locations near the factory gates, and in the homes of workers. Contact details were taken from workers interviewed in both regions, so that follow-up questions could be asked and clarification taken where required. All respondents were assured that their identities would be fully protected in the study report.

Based on the more detailed worker discussions, brief case studies have also been prepared and included in the study. All names of workers used in the case studies are assumed names.

Sample Description

The overall sample size used in the study was 156 garment workers: 71 workers (65men and 6women) in the NCR region, and 85 workers (all women) in Karnataka.

From the sample of respondents in the NCR, 32 respondents lived in the city with their families. Sixteen of them were from Noida, 6 from Gurugram and 10 from Faridabad. Six respondents were women. Table 2.1 gives an age profile of the workers.

Table 2.1: Age profile-with family

Age of respondents	Number
22-30 years	10
31-40 years	19
41-55 years	3

The average age of respondents was 33.6 years. The median age range was 32-40 years, and most workers were under 40 years of age. It is interesting to note that the oldest respondent was 55 years old. Despite the job stress and largely migrant nature of workforce, workers continued in the occupation till well past their middle age.

Table2.2: Age profile-living alone

Age	Number
20-25 yrs	15
26-30 yrs	11
31-45 yrs	13

There were 39 respondents, who lived alone in the city, having left their families behind in their "native" place. Twenty were from Noida, 10 from Gurugram and 9 from Faridabad. There were no women among the respondents. The average age of the respondent (see Table 2.2) was 29.1 years. The respondents were evenly distributed across the age groups. Most workers were under 30 years of age.

Table 2.3: Age profile-Karnataka

Age	Number
19-25 yrs.	11
26-30 yrs.	11
31-35 yrs.	21
36-40 yrs.	28
41-51 yrs.	14

The age profile of respondents in Karnataka is shown in Table 2.3.The average age across the sample was 35 years. While the median range was 31-40 years, there were a significant number of older workers in the age range of 41-51 years. The age profile of the sample suggested a relatively old workforce in the garment sector in Karnataka. This conforms to feedback from trade unions and company management that the garment sector in Bangalore finds it difficult to attract younger workers in the city. The younger women prefer employment in the service sector, including large malls and shopping complexes, where the supervisory pressure is less, and wages are slightly higher.

Study Limitations

One major limitation in the study was the difficulty of getting more time from workers. Workers were impatient to get home, and at home had many other chores requiring their attention. While getting introduction to workers was relatively easier in Bangalore, where the union had ground level support, as the attempt was to include more workers in the sample who were not union members, restricted time available from workers was a limitation here too. Some workers were willing to give their telephone details, and accept some follow-up questions, and in these cases the conversation could be extended further. Data tabulation and analysis was done simultaneously with data collection. In the process, ambiguities could be addressed even while the survey was going on. With workers who gave their contact details, clarifications could be got simultaneously as the survey progressed.

The second major limitation was sample size. In the NCR, as the sample had to be divided further between workers living alone and workers living with families, there was a further fragmentation of the sample. In Karnataka, where the sample was all workers living with their families, the sample size was larger. However, here too, there were differences between rural and urban workers which could not be sufficiently explored. The study attempted to address this issue with careful stratification, to ensure that proper representation could be maintained between the different regions covered by the survey.

The following sections detail the significant findings from the study, and discuss the relevance of the findings for defining a rational policy towards Minimum Wage determination for the export garment industry in India.

Section 3: The Garment Worker Family

In both Karnataka and the NCR, according to activists and researchers from the regions, the workers are predominantly migrants. However, the difference is that the proportion of migrant workers living on their own in the garment sector is still small in Bangalore and surrounding areas; while in the NCR, there were both male garment workers who lived and worked on their own in garment factories, sending back money to their extended families in the native place, and workers who had over a period of time settled down with their families in the city. The survey sample in both places reflected this difference, with the NCR sample containing workers living with family and workers living alone, while the Bangalore sample had all workers with their families.

The Migrant Garment Worker

Table 3.1 gives details of the period for which the respondents from the NCR had been residents in the city. Twenty eight of the workers residing in the city with family (88%) were migrants. Only four were born in the city. The average time in the city spent by the workers was 12 years. Sixteen respondents had come to the city less than ten years ago. Twenty two workers were less than25 years old at the time of first coming to the city.

Table 3.1: Years spent in NCR

Years in NCR	With family	Living alone
0-4 years	9	20
5-10 years	7	8
11-20 years	12	9
> 20 years	4	2

All the respondents among workers staying alone were migrants to the city. Most workers were recent migrants. Twenty had been in the NCR for less than 4 years. The average period spent in the city was 7 years. The two oldest migrants, both aged 40 years, had come to the city 25 years and 22 years ago respectively. They would have been young migrants around 15-18 years when they first arrived in the city. The average age for all respondents at which they had migrated to the city was 22 years. Thirty five of the respondents (90% of sample) were less than 25 years old at the time of migration.

In Karnataka, sixty three respondents (74%) were migrants to the city. While one respondent was from Tamil Nadu, and two were from Andhra Pradesh, the remaining sixty migrants were from different districts within Karnataka. Forty eight respondents answered the question of when they had migrated to the city. The average period before which they had migrated was 10 years. Twenty nine of them were under 25 years old when they first came to the city.

Table 3.2: Karnataka-Years of migration

Years of migration	**Number**
<= 5 years	15
5 - 10 years	14
> 10 years	19

The common pattern that emerges from the survey is of a predominantly migrant workforce in the garment sector around Bangalore, and in the NCR region. Taking all three samples of workers living with families and living alone in the NCR, and workers in the Bangalore region, 130 workers out of 156 (83%) were migrants. Most migrants first came to the city when they were less than 25 years of age. Many also maintained close relationship with their extended families in the native place.

Among workers living in the NCR with their families, three said they retained no family contact with their native place. The remaining twenty nine visited their native place regularly. The family trip home was a major expenditure for most. Nine families spent Rs.10000 or more for each of their annual/biannual trips home. Nine of the respondents also regularly sent money home. Five respondents got some provisions from home; 4 of those five respondents also said they sent money home.

For most workers in the NCR living alone, the primary objective was to be able to repatriate money home to their families. Only three respondents did not send any home. Of the 36 respondents who sent money home, 22 sent Rs.5000 or more. The maximum amount was Rs.12000 sent by a respondent who earned Rs.16000 each month.

Table 3.3: NCR-Money repatriated by workers living alone

Money sent home per month	Number
Rs. 0	3
Rs.500-2000	6
Rs.2500-5000	15
Rs.6000-12000	15

Only one respondent did not visit home at all. He was 45 years old and single. He stayed by himself in a one-room place with a cooking area, spending a third of his wage on housing. He did not plan to get married as, according to him, it was impossible to maintain a family with any dignity in the city, and there was no hope of a livelihood in his native place. Four workers made monthly visits home; 26 made half-yearly visits; and eight made annual trips home. Twenty one respondents spent Rs.6000 or more each trip. Many said that they did not send money home for 1-2 months before going home, saving for their trip.

In Karnataka, respondents did not mention sending money regularly home. They helped out when a specific need arose. However, the family tie and the native village were seen as important. Most families said that the annual religious festivals were important events for them. Seventy nine respondents (93% of sample) celebrated religious festivals each year. The average expenditure was Rs.8560 for the year. Workers explained that this was very important, to be able to maintain their relationship with their native place.

The study highlights the importance of the native place for the migrant garment worker. Each year, most of the garment workers spent a significant proportion of their savings in order to sustain the ties with their roots. These ties could be reciprocal with the worker getting grains and other consumption items from home, or could be purely emotional, sustaining the workers to be able to carry on working in the city.

Satish Yadav, NOIDA (M, 28)

Satish Yadav, aged 28 years, works as a tailor in a garment manufacturing factory in Noida in the NCR region. He has been working as a tailor in a garment export factory since 2014. He lives in a single rented room which he shares with his father and younger brother. They pay a rent of Rs. 3500 per month for the room which has a shared bathroom used by 15 other people. Satish's mother and two other two sisters live in Azamgarh, Uttar Pradesh which is 782 kms from Noida. Satish earns around Rs.16000 every month after working more than 90 hours every week and is able to keep aside Rs.12000 to send home. Between him, his father and younger brother they earn almost Rs.40000 per month. They spend together Rs.12000 for their expenses in Noida, and jointly send nearly Rs.30000 home every month. The money is saved in a bank back in their village, and is a fall-back option to see them through tough times.

Migrant Workers and Bargaining Power

In the study sample for NCR, the number of out of state migrants was significantly higher in Haryana (Gurugram and Faridabad) than in UP (Noida). The Noida sample showed 12 out of 20 workers (60%) among workers living alone, and 12 out of 16 workers (75%) among workers living with families as having migrated from the same state of UP; in contrast in Haryana the figures were 4 of 19 workers (21%) for workers living alone and 3 of 16 workers (19%) for workers living with family who had migrated from within Haryana state. Is this significantly lower proportion of in-state migration in garment employment in Haryana only a quirk of sample selection, or would it reflect the industry reality? There are two reasons that suggest that this reflects the wider situation of employment in the industry in the NCR region. First, in conversation with CWM researchers, workers from the Maruti factory in Manesar claimed that Haryana had a stronger economy than UP. The migrant from Haryana came from a stronger economical background, allowing him to access a technical education. The workforce therefore tended to join the higher paying automobile sector, rather than low pay employment in garments or the service sector. Second, some older garment companies like Orient Crafts had employed workers from Haryana. However, the workers because of their local support base, were more militant than out of state workers, demanding better wages and service conditions. Orient Craft factories had been the site of some violent worker unrests in 2016 and 2017. Factory management had in private conversations said they would only seek to employ non-Haryana workers in future.

An increasing proportion of out of state migrant workers could have implication on the Minimum Wage fixation in states. Migrant workers from outside the state have much less political power than in-state workers, even when they are migrants. In the context, the presence of large numbers of out of state migrants might also tend to weaken the ability of workers and their organisations to bargain for improving wages or demanding better regulation of work. The state would be much less willing to accede to their demands. This is however not reflected in the garment Minimum Wage, where the Haryana wage is slightly higher.

The Family of the Garment Worker

Table 3.5 details the family profile among respondents for the three samples. Note that for the respondent living alone in the NCR, the family size is for the family staying back in the native place, and the earning member is the member at home with a wage. The family size in this case does not include the garment worker living alone in the city.

Among the garment worker families in the NCR, twenty respondents said they were the sole wage earner; in the remaining twelve families there were two wage earners per family. Twenty five families had at least one dependent adult staying with them; two of the families had 2 dependent adults, and one had 3 dependent adults. Only four respondents did not have any dependent children with them. Of the remaining 28 families, while five had 1 dependent child, twelve had 2 dependent children, seven had 3 dependent children, and four had 4 children.

Table 3.3: Family profile

Description	NCR with family	NCR living alone	Karnataka
Family size	4.4	5.0	3.8
Earning members	1.4	1.0	2.1
Dependent children	2.2	1.4	1.4
Dependent adults	0.9	2.6	0.3

Nineteen of the respondents living alone in the NCR were married, while 20 said they were single. All except one respondent maintained close ties with their extended families and their native place. The average family size, living in their native place, was five members. The median family size was 5-6 members. Only three respondents said the family size at home was more than seven members.

The average number of earning members at home was one. Fourteen respondents reported there was no other earning member at home, and they were therefore the sole earning members. Thirty seven respondents said there was at least one more dependent non-earning member at home; twenty two said the family at home included dependent children.

Rajamma, aged around 45 years, Bengaluru

Rajamma was originally from a village near Mandya. She was the oldest among 6 children, spent her childhood at her grandparent's house, and was married at the age of 16. Though her family had land, continuous failure of rains and poor agricultural returns forced the family to come to Bengaluru over 20 years ago. She and her husband initially worked as construction workers. Rajamma had four girl children in a period of 10 years, before "I mercifully had a son". Her husband used to threaten to remarry if she could not "give him a son".

Between pregnancies Rajamma used earn money making agarbattis and selling garlands made of flowers at home. After her son was born, she ventured out of the house and joined garment factory. She has been with the factory, Anwartha Apparel, where she has worked continuously for the past 15 years. She joined work at Rs.1500 per month, and now has a salary of Rs.9000. After PF and ESI deductions she gets around Rs.8000 each month.

As the income from garment work alone was not sufficient to support the large family, Rajamma needed some means to augment her income. "There was little support from my husband, who was addicted to alcohol. I did not know any other work. So after the factory work I brought flowers home and strung them into garments. Every evening I bought flowers from the market on credit, tied them into garlands, and early morning go to each house to sell these garlands. I make around Rs.3000 in a month This way I have managed to educate all my children. The older three have studied till class 10, and have got married. The others have studied till class 12 and I am hoping my son will go to college. All this would not been possible only from my income only in the garment factory."

In Karnataka, the average family size for the sample of respondents was 3.8, and the median family size range (55 respondents) was 3-4 family members. However, a significant number (19 respondents) reported their family as having 5-7 members. 80 respondents were married, and sixty six had children. Nine of these respondents said they had 3 children or more in their family.

Table 3.4: Karnataka- Family profile

Adults in family	**Number of families**	**Children in family**	**Number of families**
1 adult	8	1 child	20
2 adults	48	2 children	37
3 adults	20	3 children	7
4 adults	6	4 children and more	2

The responses showed in many instances the family profile varied from the standard of one earning adult, one dependent adult and two dependent children, used for the purpose of defining the Minimum Wage.

Section 4: Wage, Social Security and Work Intensity

There was wide variation in the extent of regulation of employment relations and implementation of social security measure in the garment sector in Karnataka and in the NCR. This also influenced the attitude of workers towards entitlements.

Wage of Workers

Most respondents in the survey, both in the NCR and in Karnataka, were on regular wages. Only six workers from the NCR, all living with their families (4 women and 2 men), worked on piece-rate. The four women working on piece rate had earlier been employed on regular wages. However, as they had to balance work with other pressures at home, they shifted to piece rated work. The women said they were able to make only between Rs.3500-7000 each month.

Table 4.1: NCR Wage profile-living with family

Average wage (Rs./month)	Number
3500-7000	4
9000-11000	14
12000-14000	10
15000-22500	3
Rs.10500-12000	15
Rs.12500-14000	6
Rs.14500-16000	2

On the other hand, the two men working on piece rate were the highest paid workers across the samples in NCR, earning around Rs.18000 and Rs.22500 per month. They worked around 100 hours in a week, but got to work on an average only 2-3 weeks in a month. We see the contrasting reasons for which women and men opted for piece rated work – the women as they needed greater work flexibility, and the men to earn more money.

Basanti, Noida (F, 35)

Basanti is a 35 year old garment worker hailing from Ghaziabad, Uttar Pradesh. Her husband is a mason. She worked as a tailor for 9 years and 5 months in Noida with a garment export company, Global Exports. However after the birth of her second child in the ESIC hospital, she had to shift to a private hospital to treat post birth complications. The family had to take a loan from neighbours and relatives of Rs. 1.5 Lakhs. To repay the loan, she quit her job at Global Exports, so that she could claim her Provident Fund money, and accumulated gratuity of around Rs. 40,000 from Global Exports. As she could not afford with a small child to work full time, travelling daily 24 kms to Ghaziabad each way, she had opted from November 2017 to work flexible hours as a piece rated worker, in another nearby factory. In the last few months she earned around Rs.

The remaining workers in the NCR worked on regular wages. The wages were comparable for both workers living alone and those living with families. The median wage range was Rs.9000-14000, with 24 respondents falling in that range (see Table 3.7). Among the workers living with families the average monthly wage was Rs.11023, while among workers living alone the average was Rs.11159. The median wage range was Rs.9000-14000 for both sets of workers.

In Karnataka, all respondents worked on regular wages. The range of wages reported was fairly narrow. 53 workers earned a monthly wage in the range of Rs.6000-8000 per month, while 30 workers reported wages of Rs.8000-10000. Only two workers earned more than Rs.10000 per month. The average wage was Rs.8000 per month.

There was however a much greater variation in the range of family wages reported by respondents. Table 4.3 details the profile of family wages within the sample.

Table 4.3: Karnataka - Family wage

Family wage	**Number**
Rs.6500-10000	15
Rs.10001-15000	12
Rs.15001-20000	35
Rs.20001-25000	8
Rs.25001-30000	7
Rs.30001-40000	8

Fifty three respondents reported that there were two earning adults in the family; thirteen families had three earning adults, and five reported four wage earners.

More significantly, 14 of respondents said they were the sole wage earners in their family. The youngest among them was 28 years old. Ten were in the age group of 30-40 years. Only three of the sole wage earners were more than 40 years old, with the oldest being 51 years. Most of these women had inherited the responsibility of bringing up their families on their own at a relatively young age. While three women did not have any children, one woman had four children. Eight had the additional responsibility of having to pay off debts. Five women were slightly better off, not having to pay a rent, as they owned the house they stayed in.

The incidence of single women headed households is not small among the women garment workers in Karnataka. These workers find it very difficult to be able to sustain the monthly expense on what they earn. Often, women took work home to be able to make ends meet.

Varalakshmi, aged 40 years, Bengaluru

Varalaxmi was originally a resident of Chitoor in Andhra Pradesh. She has no formal education, and spent her childhood looking after goats and working on the small family farm. She was married when she was 16years to another marginal farmer. As farming gave no earnings, they migrated to Bengaluru around 20 years ago. Varalaxmi joined work as a helper for six months at the K.Mohan factory in Hosur Road area. She quit working briefly when her son was born in Bengaluru. Her husband was not earning anything, and any small income he might earn went primarily towards his habit of consuming alcohol. “I had to get back to work, to earn and look after my son. So I rejoined garment industry over ten years ago, at an income of Rs.95 per day.” She now earns 9000 per month, working with Shahi Exports as a 'A' grade tailor.

In the early days the family lived in a small room rented for 400 per month. There were days when couldn't even eat properly. She also worked as a domestic worker after factory work and on weekends to augment the garment wage. Her husband deserted her 7 years ago. Things improved after that, as she needed to earn only for herself and her son’s upkeep and education. She now faces many health issues, heavy giddiness, pain in joints and back pain and is therefore not able to do any extra work beyond the factory work.

Work Intensity

In the NCR, all respondents worked beyond 48 hours per week, excepting for the four women who opted to do piece work to get more flexible work hours. The average time worked per week was 68 hours among workers staying with their families, and 61 hours for workers staying alone. Nine workers among workers staying with families, and five among workers staying alone worked beyond 70 hours each week. Six workers said they worked up to 100 hours on some weeks.

Interestingly, the average hours worked per week was significantly higher among workers staying with their families. This could be because the workers had to earn more in order to be able to have their families staying with them. Twenty of the respondents were the sole wage earners in their families. This could also be because the men had women to look after domestic chores, and free them to work longer hours.

Seventeen among the workers staying with their families, and twenty three workers staying alone said they also worked on many Sundays, even though they were eligible to the weekly off. They were willing to work the extra day to be able to earn more money. They sometimes worked weeks together without a single day off from work.

In Karnataka, sixty five workers (76%) said they typically worked 48 hours each week. Only 15 workers said they had to work beyond 48 hours on most weeks. Only one respondent worked beyond 60 hours in a week. All workers said that they normally got their weekly off on Sundays, and were paid overtime for any extra work they had to do. Only three workers in the sample took on additional economic activity at home, after finishing work in the factory. Most workers said they did not have any time after work in the factory and domestic work at home, to do any other activity.

The significantly better regulation of hours of work in Karnataka could be because of two reasons. One, most workers also had other earning members, contributing to the family income. However, in the sample, 32 workers (38%) earned wages equal to at least half the total family wage. The wage of these women workers cannot be seen as secondary to wages of other male earners in the family. The other reason would be that in Karnataka, the respondents were all women. They had to balance work in the factory with work at home. They could not therefore afford to work the long hours that the men in NCR were able to put in.

The improved regulation of the work-day in Karnataka was also to an extent the result of trade union action in garment factories. For instance, the practice of "compensatory off" or "comp-off" was common in the industry till a couple of years ago. Factory management arbitrarily decided the factory closed on days when there was not much production, and forced workers to take the day off, forcing them to compensate the hours by working on weekends. This was not legal, as the responsibility was with the factory to provide sufficient work to its workers. The practice was in effect forcing workers to work overtime without any payment. Union action with the Labour Department, along with campaign with the major brands sourcing from the factories forced many factories to discontinue this illegal practice. Similarly, most other forms of forced and unpaid overtime work were also substantially reduced in the industry.

In the context of the long hours at work each week among workers in the NCR, it was surprising that almost all workers reported they did not suffer from any chronic work related ailments. In contrast, in Karnataka, thirty four workers (40%) said they suffered from various forms of chronic ailments. All of them said that their ailment was occupation related.

Amit Kumar, Faridabad (M, 38)

Amit Kumar, aged 38 years, is a garment worker from Faridabad. He earns around Rs.11000 per month as a tailor in a garment manufacturing factory in Faridabad. Amit Kumar was born in Faridabad, and stays in the family house. He resides with his wife and 2 children. Being the sole earning member in the family, he works around 100 hours per week to make ends meet. He is better off than most other workers as he does not have to pay a rent. His income is also supplemented by the rent of Rs. 2500 that he receives, by letting out part of his house. Earlier, Amit Kumar used to do odd jobs in a college, but quit it since he could not sustain his family on that income. He spends around Rs.4000 per month on food and Rs.1000 on children's education. He works on almost all Sundays.

Social Security

Table 4.4 summarises the level of access to benefits at workplace for workers in the NCR.

Table 4.4: Benefits at work

Benefit	**With family**	**Living alone**
Access to bonus	13	25
	(41%)	(64%)
Average bonus amount	Rs. 7,850	Rs. 7,080
Have PF account	23	28
	(72%)	(72%)
Have ESI card	16	22
	(50%)	(56%)
Availed ESI benefits	8	9
	(25%)	(23%)

The survey suggests there is a higher level of compliance in the NCR in the garment sector on PF than on ESI or Payment of Bonus. The average bonus amount paid was around 80 percent of the existing statutory Minimum

Wage in the sector, both for Noida in UP, and Gurugram and Faridabad in Haryana. However, only half the respondents said they were paid bonus.

While around half the respondents reported having access to ESI, only a quarter of them had availed of the ESI benefits. Many workers said that the ESI service was bad. They also reported that the factory did not facilitate workers being able to access their ESI benefits, denying them leave and often docking wages for the time taken off to visit the ESI facility.

The compliance on social security was significantly higher among respondents from Karnataka. Seventy nine respondents (93%) were members of the Provident Fund (PF). Only one respondent said she did not have a PF membership. Seventy one respondents were paid annual bonus the previous year; only 8 said they had not received any bonus payment. Of the respondents, 18 received bonus ranging from Rs.6000-6900; 35 said they got bonus in the range of Rs.7000-8500. Bonus payment therefore was approximately the minimum legal amount of one month's basic wage per year for these workers.

Forty three workers in Karnataka had utilised the ESI facilities for various treatments for themselves and family members. While workers found it difficult to always access the ESI facilities, because of difficulty in taking time off from work, they also said that the ESI helped them substantially in controlling health care expenditure during major ailments. Significantly, thirty three said that they had to deal with hospitalisation expenditure, either for themselves or a family member, in the past three years. In the context, workers felt it was very important that they had health insurance.

Manjamma aged 35 years, Bengaluru

Manjamma came to Bengaluru around 15 years ago, along with her husband, in search of work. She joined work at Bhanu Gartex company. Her husband joined work in a factory manufacturing packing cases. Manjamma later changed jobs to work in Triangle Apparels belonging to Gokuldas Exports. She has been working in the factory for the past over a decade. The company has changed its name a number of times in the period, and each time she gets a new appointment letter, thus decreasing her service duration in the newly designated factory. For the past two years Manjamma is working at Triangle- 6.

Manjamma studied up to 10th class in her village in Tumkur. She was then married to her husband who had studied till class 5. As they had no property in the village they had to move to the city in search of livelihood. She lives with her husband and two children, a son is studying in the 10th class, and a daughter in class 8. Both study in an English medium private school. Manjamma's mother aged around 60 also stays with them and looks after the house.

Manjamma gets a salary of Rs.7000 per month as salary after deducting E.S.I and P.F. Her husband gets around Rs. 7000, but with only ESI and no PF benefit.

A year ago, on September 7th, 2017, while returning home from the factory Manjamma met with an accident and suffered a head injury. At the time of changing her employment status with a fresh employment letter at Triangle-6 two years ago, the factory had made an error in her ESI number. Therefore, in the emergency situation after her accident, Manjamma's family could not get her admitted to the ESI hospital. She had to be admitted to the private sector M. S. Ramiah Hospital. The family spent Rs. 50000 for hospital care. She was unable to work for 3 months, and as the company initially refused to pay wages for the period she was on medical leave, the family had to take further loan of Rs.30000 for household expenses. Through the intervention of the trade union, she has been paid wages for the 3 month period of medical absence. She has with the union's help also applied to the ESI through the company for repayment of hospitalisation expenses.

Manjamma rejoined work in December, 2017. There is work pressure in the company. After the accident and head injury she is not able to hear properly. This affects her ability to work. The factory management is sympathetic, but says she has to either work, or sit at home and forego wages till she is well enough. With a loan of around Rs.30000 still outstanding, she has no option but to keep working.

Section 5: Wage and Living Conditions

The fixation of the statutory Minimum Wage is an important part of the Minimum Wages Act. The proper fixation of the Minimum Wage requires carefully enumeration of the family wage, in the sector for which wage fixation is being done. This also needs a sociological understanding of the family of the worker, family composition, priorities of family expenditure, and social relations. However, in reality, this is an exercise that receives scant attention. The following tries to understand the expenditure pattern and impact on living conditions among the sample of surveyed workers.

A. Family Expenditure

In the NCR, the average family monthly expenditure given by respondents was Rs.12245 per month. This was for an average family size of 4.4, including 1.4 children. Table 5.1 details the proportion of family expenditure on various expense categories.

Table 5.1: NCR - Family monthly expenditure

Expense head	Amount	Ratio
Food	5351.56	44%
Other consumables	419.23	3%
Utilities	468.75	4%
House rent	2468.75	20%
Education	1931.46	16%
Health care	282.81	2%
Transportation	329.33	3%
Clothes	270.60	2%
Entertainment	60.94	0%
Telephone	345.31	3%
Festival expenses	316.17	3%
Total	**12244.91**	**100%**

The maximum expenditure for all households was on food. Food along with other consumables and expenditure on utilities, including electricity, water and cooking fuel was about half the monthly expenditure. Twenty five respondents reported expenditure on food alone as half the total expenditure per month.

The second major expenditure head was house rent, accounting for 20% of the total monthly expenditure. If we excluded the four responses of zero house rent from house owners, the ratio of house rent to total expenditure increased to 23%. Despite this high proportion of expenditure on house rent, the families were forced to live in very crowded circumstances. Of the 32 respondents, 23 lived in single room accommodation, 6 in two-room, and just 3 in three room accommodations. 25 families had to share their kitchen; 26 families shared bathroom facilities with others. One major criterion for selection of residence was proximity to the workplace. In the sample 22 respondents lived within 4 kms of their workplace; while nine of them lived less than 2 kms away. The average distance of residence from workplace was 4.3 kms.

Expenditure on education, including school fees, tuition, school books and school uniform was 16% of the total expenditure. Four respondent families did not have children and did not spend on education.

Only nine respondents said they had spent on health care in the previous month. Even among them, expenditure on health care was only 2% of the total monthly expenditure. The low expenditure on health care is surprising, given that only around half the respondents in the NCR were enrolled with the ESI, and only a quarter had used the facilities.

Raghuvish, Faridabad (M, 35)

Raghuvish, aged 35 years, works as a tailor in a garment manufacturing factory in Faridabad where he earns around Rs. 10500 per month. He has been working as a tailor in a garment export factory since 2008. He used to stay alone in Faridabad, sharing a rented room with another person. But with a dream of providing better education to his children than what was available in his village in Kanpur, he shifted his family to Faridabad in 2016. Since it was not possible to survive with one person's income in the city, his wife also started working as a tailor in Shahi Exports after taking training from a local training centre. She earns around 8000 per month. With a family income of around Rs. 20,000 (including overtime earnings), they are able to send their three children to private schools and private tuitions. They spend around Rs. 5000 per month on their children's education. There is no government school nearby, but Raghuvish would anyway prefer a private school as he thinks that private schools provide better education. Raghuvish also took a loan of Rs. 5000 from a friend, to pay the admission fees for his children. The family stays in a one room flat without separate kitchen and a common bathroom that is to be shared with several other tenants, for which they pay a rent of Rs. 3000 per month. Regular travelling expenses are saved as they walk to the workplace, around 2.5 km away. They are not able to send any money back home to Kanpur, where Raghuvish's father, mother and sister lives.

The family expenditure for garment workers in in Karnataka is discussed below. Table 5.2 details the expenditure pattern for the sample, with average family size of 3.8. The average monthly expenditure per family was Rs.13742.

Some aspects are striking while comparing the family expenditure pattern in Karnataka and the NCR. First, the average monthly family expenditure in Karnataka was around 10% higher than in the NCR, despite the average family size being slightly smaller. Second, the expenditure on food was considerably lower in Karnataka. Even after adding consumables (condiments like tea and coffee, milk, biscuits, sweets etc plus soaps, toothpaste etc.) the total food plus consumables was Rs.3986 per month. The corresponding figure for the NCR for food and consumables wasRs.5770 per month.

Table 5.2: Karnataka - Family monthly expenditure

Expense head	**Amount**	**Percent**
Food	3270.59	24%
Other consumables	715.88	5%
Fuel/gas	344.92	3%
House rent	3394.94	25%
Education	1824.07	13%
Health care	897.54	7%
Transportation	716.47	5%
Clothes	597.62	4%
Entertainment	775.10	6%
Telephone	491.19	4%
Festival expenses	713.86	5%
Total	**13742.17**	**100%**

Expenditure on housing in Karnataka was significantly higher than in the NCR. Eleven respondents owned their homes, while the others lived in rented accommodations. Only five respondents said they had houses with more than just a single room. However, all respondents had independent kitchen and toilet facility with their houses. What was of primary importance to respondents in Karnataka in choice of accommodation was having approachable roads and access to bus service. Seventy four respondents in the total sample said they had houses with accessible roads and nearby bus service. Despite access to bus facility, expenditure on transport remained a significant head for the sample, contributing to 5% of the overall month expenditure.

Health care was a significant expenditure head in Karnataka. This was despite higher enrolment and usage of the ESI facility in Karnataka than in the NCR. It is possible that there was underreporting of health related expenditure among respondents in the NCR.

The family of garment workers in Karnataka spent significantly more on goods of a non-basic nature than in the NCR. The expenditure was higher on clothes, entertainment, and festivals. One possible reason for this could be that there were more earners per family in Karnataka than in the NCR.

The study has not tried to estimate the annual expenditure on visits home that most families undertook, many of them several times in a year. This was not a small expenditure for many families. Similarly, many workers also had debts they were repaying. This would have further added to the monthly expenditure. This has also not been included.

Wage Inadequacy

In the NCR, among workers living with their families, twenty respondents (62.5%) said they were the sole wage earner for the family. The respondents were categorical that their wives would not work, and the role of the wives was only to take care of the home. Therefore the family wage was restricted to a single wage earner. The ability of the family to spend would therefore have been constrained. Even among the remaining ten families where the spouse also worked, in four instances, the wife had to leave waged employment and settle for piece rated work with flexible work timings, and therefore much lower wages.

In contrast, in Karnataka, most of the women garment workers had at least one more earning member at home. There were only fourteen respondents (16.5%) who said they were the sole wage earners. Therefore most families were able to spend significantly more than the garment worker's wage. The average wage of the garment worker, across the sample, was Rs.8022 per month, while the monthly expenditure was Rs.13742. Only six respondents earned wages higher than the per month expenditure.

Fourteen families in the sample had total family income less than the total family expenditure. This number included ten respondents who were the sole family wage earners. We would assume in these cases that there was some over-stating of expenditure, or under-reporting income. However, evidently these households would be constantly on the edge each month, cutting back even on necessary expenses. Without the wage of the spouse or any other earner in the family, most garment worker families would not have been able to afford even the modest quality of life they presently had.

In the context of low wages and rising costs, it was not surprising that the incidence of debt was high among garment workers. Workers had to take out debt to meet any large or unexpected expenditure. Among families in the NCR, sixteen respondents (50%) said that they were paying back debts, and the average size of their debts was Rs.40000. It is interesting that while the response on regular health care expense was low, health was the most important reason for taking loans, with six respondents reporting taking loans for health care. Three respondents had taken debt to finance education of children.

In Karnataka, 61 respondents (70%) reported taking debts for various purposes. Table 5.3gives data on debt amount and reasons for debt.The debt amount ranged from Rs.10000 to Rs. 5 lakhs. The maximum number of respondents said they had taken out debt for reasons of housing (house construction, repairs, and even in one case registration of a house). Health, marriage and education were the other major reasons for incurring debts.

Table 5.3: Karnataka - Debt profile

Debt amount	**Number**	**Reason for debt**	**Number**
Rs.10000-40000	14	Housing	18
Rs.50000-100000	15	Health	14
Rs.120000-200000	24	Marriage	10
Rs.300000-500000	8	Education	7

Impact of Wage Inadequacy

Most respondents in Karnataka and the NCR said the wages were low, and it was difficult to maintain their families on these wages. In order to examine how the expenditure pattern might change with increased wage, the expenditure for those families in Karnataka with family income greater than Rs.15000 per month was compared with the sample average. The sample size for this new sample was 61, a significant proportion of the total sample of 85 respondents. The basic sample characteristics did not differ significantly for the new sample. The average family size increased slightly to 4 from the sample average of 3.8; with average number of children remained unchanged at 1.4, and average number of adults increasing slightly to 1.6.

Table 5.4: Karnataka- Expenditure comparison with families earning more than Rs.15000 monthly

Expense head	Amount (all sample)	Amount (Family income> Rs.15000pm)	Percent increase
Food	3270.59	3425.00	5%
Consumables	715.88	733.33	2%
Rent	3394.94	3958.53	14%
Education	1824.07	2234.00	18%
Health care	897.54	1065.62	16%
Clothes	597.62	644.22	7%
Entertainment	775.10	833.92	7%

Despite the low level of food expenditure, the average expenditure on food increased only by 5% with the family wage increasing to Rs.15000 plus. The major increase was expenditure on school fees. The new sample of higher wage families had the same average number of children as the overall sample. Therefore the increased expenditure can be assumed to be because the families were spending more to give their children a better quality of education. The expenditure on health care also increased significantly with increase in family income. Significantly, the families also felt more able to spend on clothes and entertainment with increased income levels.

Another significant head of expenditure increase was house rent. This was not surprising, given the high rental costs in the city, and the poor quality of housing that most families were forced to accept.

Expenditure Pattern in Semi-Urban Areas in Karnataka

In Karnataka the survey also covered workers in garment factories outside Bangalore city, in Maddur and Srirangapatna. Both Maddur and Srirangapatna are small towns, still exhibiting features of rural Karnataka. The expenditure pattern in Maddur and Srirangapatna were calculated separately and compared with the overall sample data.

Table 5.5: Karnataka- Comparison of expenditure across urbanisation levels

Head	All sample	Maddur+Srirangapatna	Difference
Family size	3.8	3.3	
Month expense			
Food	Rs.3270.59	3025.00	-8%
Consumables	Rs.715.88	670.00	-6%
Rent	Rs.3394.94	2056.84	-39%
Education	Rs.1824.07	1769.73	-3%
Health care	Rs.897.54	401.92	-55%
Clothes	Rs.597.62	462.50	-23%

There were thirteen respondents from Maddur and seven from Srirangapatna. Given the small sample size from the two areas, the comparisons would not have any statistical significance. Further, the family size was smaller in both areas.

However, it was of interest that while the overall expenditure was significantly less, the expenditure on education was almost the same as the sample average. Garment worker families in less urban areas alsoplaced significant importance on education of children, trying to give them English medium education in private schools.

B. Comparison of family expenditure – NCR and Karnataka

The monthly family expenditure for the sample in the NCR was Rs.12245, for an average family size of 4.4; in Karnataka it was Rs.13742 with an average family size of 3.8. The per capita monthly family expenditure therefore was Rs.2783 in the NCR, and Rs.3616 in the NCR. These are estimates at current (2018) prices. The median per capita monthly expenditure for urban India, as estimated by the Rangarajan Committee for the year 2011-12 was Rs.1955. At 2011-12 prices the consumption in the

NCR per capita per month works out to Rs.1932 for the NCR; and Rs.2511 in Karnataka. That is to say that the family per capita expenditure in the NCR for a garment worker's family was only equal to the median (45-50%) class as per the NSS 68th Round (2011-12). For Karnataka the per capita monthly expenditure for the garment worker's family was around 1.28 times the median expenditure. This corresponded to the 60-65% class[22].We see therefore from the study sample, more than half the Indian population spent more per capita than the average expenditure of a garment worker in the NCR; and more than a third of the population had a higher monthly expenditure than the garment worker's family in Karnataka. This is surely a sobering statistic considering that garment workers are employed in the formal sector of the economy; and they work as part of the global supply chain for garments catering to high value markets in the global North.

Table 5.6: Comparison of expenditures in the NCR and Karnataka

Expense head	NCR	Karnataka
Food & consumables	5770	3986
House rent	2468	3395
Education	1931	1824
Health	283	896
Transport	330	716

Table 5.6 compares expenditure for families in the NCR and in Karnataka under different expense heads.

The average expenditure on food in the NCR was 44% higher than in Karnataka. This substantial difference in food expenditure can be partially explained by the fact that the family size in the NCR sample (4.4) was 16% higher than in Karnataka. However, even comparing per capita food expenditure, the NCR food expenditure was 25% higher. This could partly be because of diet differences. There is one other reason that might contribute to the difference in food expenditure. In the NCR there was a larger proportion of out-of-state migrants than in Karnataka. These migrants might have lower access to subsidized provisions and commodities through the Public Distribution System (PDS). Further, the functioning of PDS in southern states could be more efficient. There was some anecdotal evidence from respondents in the NCR that they were tied in to buying provisions

[22]Planning Commission (2014), Report of the Expert Group to Review The Methodology For Measurement of Poverty, Government of India, June 2014. Table 3.6 (pg.48) of the Report estimates the percentage of people below different levels of median per capita consumer expenditure in urban areas based on NSS 68th Round data. The expenditure class for the garment families in the study have been approximated based on these figures.

from shops run by their landlords, where the price to be paid was often higher than open market price.

Expenditure on house rent was 30% lower in the NCR. In both areas most respondents lived in single room houses. However, in Karnataka most of these houses had independent toilets and kitchens, while the NCR families had to share these facilities with other families.

Education expenditure was roughly the same, with the expenditure slightly higher in the NCR. However, factoring for the larger average number of children per family in the NCR sample (2.2 as against 1.4 in Karnataka), the average per child expenditure on education in the NCR was only two-third that in the Karnataka sample.

The higher transport cost in the Karnataka sample could be partly because both spouses worked in most families.

The response on health care expenditure in the NCR was surprising. The respondents reported spending only 30% of what the average family expenditure on health care in Karnataka was. This was even more surprising when additionally taking into account the much lower utilization of ESI facilities in the NCR than among respondents in Karnataka. We also have the debt related responses, where the most frequent reason given for taking debt in the NCR was health care.

At the same time, in Karnataka the primary reason for debt was house construction. The purpose of debt therefore was investment, rather than consumption. We might reason from this that the sample of garment workers in Karnataka had a more stable economic profile than the sample in the NCR. This again might be partially explained by the greater economic vulnerability of the out-of-state migrant as compared to the in-state migrant worker. Further, the larger number of earners per family in the Karnataka sample would also place them on a firmer economic footing than the family in the NCR.

C. Expenditure for Workers Living Alone

Workers living alone in the NCR spent Rs.4880 per month for all their needs. Nearly half the monthly expenditure of these workers was on food, and more than a third on house rent. The rent share included standard deduction by the landlord against use of electricity and water. Together food and house rent added to 84% of the total monthly budget.

Table 5.7: Expenditure – living alone

Expense head	Amount	Ratio
Food	2396.15	49%
Rent share	1700.53	35%
Transport	178.97	4%
Health care	15.79	0%
Telephone	223.95	5%
Entertainment	230.77	5%
Others	134.62	3%
Total	4880.78	100%

Despite spending on an average more than a third of their monthly expenditure on house rent, most workers lived in very restricted circumstances. Only nine respondents lived on their own, in single room accommodations. The average rent paid by these nine respondents was Rs.2840 per month, or more than 50% higher than the sample average rent. All others shared a single room with one or two other persons. Only two respondents had separate kitchens, while others shared common kitchen space, or were not allowed to cook on their premises. 38 respondents shared a common bathroom with other residents.

Many workers lived near their place of work, and walked to the factory. Only 8 respondents spent money on transport. The workers also led a very spartan life, with time divided between work, cooking and eating, and sleep. Only eleven workers said they spent any money on entertainment. Only one said he spent any money on health care.

Seventeen respondents had taken out debts, and the average debt amount was Rs.40000. Marriage of a sibling, with seven respondents, was the most common reason for debt. Three respondents had taken debt for health reasons in the family.

D. Staying on in the City

In the NCR, twenty workers living in the city with their families and twenty one workers living alone said they did not see themselves returning to their native places. The native place had nothing to offer in terms of livelihood.

Only eight workers with families said they were temporary migrants, and would eventually return. Five of them said they would leave the city and go back to their native place when they were too old to work 'after retirement'. They did not however have a clear notion of a retirement age.

Eighteen workers living alone in the city said they eventually planned to return. Seven of them said they would return after 'retirement', while five said they would leave the city and go back after marriage. Six said they would work for 2-5 years, and save some money before returning to their native place.

All workers living alone said that bringing their families to the city was an extremely expensive proposition, and not possible with their present earnings. Thirty four respondents said that they would need to spend at least Rs.15000 each month if their families were to shift and live with them. Many workers said their families were better off in the native place, as long as they could continue to send money home each month. The model of living apart and repatriating money was more sustainable. They said it was better for one person to suffer hardships, if the others could continue to live a relatively decent existence. Only six respondents who were unmarried said that once they married, they would bring their families to join them in the city. They were all recent migrants, having come to the city 1-4 years ago; and in the age group of 20-26 years.

We see thus among the workers living alone that the views they had on living on in the city were not fully formed. Most workers said that there was no going back to the native place. At the same time they also despaired of ever being able to bring their families to join them in the city. They found the wages they earned to be inadequate. However, most workers also said they would not want their wives to seek employment, to augment the family wage. In this respect the women in the garment sector in Karnataka had a clearer understanding that at the present wage level, it was best to have at least two wage earners in the family.

Md. Iqbal, Gurgaon (M, 30)

Md. Iqbal, aged 30 years, works as a tailor in a garment manufacturing factory in Gurgaon. He comes from Gaya district in Bihar, and shifted to Gurgaon in 2013. He earns around Rs.12000 per month after working 65 hours, including overtime every week. He sends back home around Rs.7000 per month and saves around Rs.1000 per month. His wife, who is an Anganwadi worker earns Rs.7000 every month, and lives in Gaya with their 2 children. Iqbal shares a room in Gurgaon with another person, paying his share of Rs.1200 per month towards rent. He walks 4.5 km each way to the factory and back. Since there is another earning member at home, Iqbal can afford to visit home thrice in a year, although Gaya is almost 1100 km away, and he spends around Rs. 6000 per trip. He does not intend to bring his family to Gurgaon as they would not able to survive with one person's income, and his wife might not be able to get a similar occupation in the city.

Section 6: Regulation of wage – role of the State and Industry

The fixation of the statutory Minimum Wage in India is a tripartite process, involving the State Labour Department, industry representatives and representatives of trade unions. However, given that in sectors of industry where the Minimum Wage determines wage rather than a bargained wage, there is usually no strong union, violation of the regulatory process is endemic. Many basic features of Minimum Wage fixation remain flawed. We discuss some of these here, focusing on the garment sector and the states of Karnataka, and Haryana and Uttar Pradesh for the NCR region.

Notifying the Minimum Wage

The Minimum Wages Act recommends that the Minimum Wage should be revised at least once every five years. However, in reality fresh notifications are rarely made within five years. In many instances, various companies go to court and get the notification stayed on technical grounds. In the garment sector in Tamil Nadu, from the mid-nineties to 2015, for two decades, fresh notifications were successfully stayed by the industry. Finally, it was the sustained legal challenge by the Garment and Fashion Workers Union that led to the various stays being vacated and a fresh notification being implemented. In the meanwhile, workers in the sector had to be content with low wages determined by the 1995 wage notification. There was a similar situation in Karnataka, with wage notifications of 2002 and 2009 being 'modified' by the Labour Department, each time reducing entitlements from the previously gazetted Minimum Wage, using the plea of 'clerical error'. The second time in 2009-10, a legal challenge from the Garment and Textile Workers Union resulted in the High Court striking down the change in the 2009 notification as violating the law, but did not order any compensation to workers. However, the Court ruling paved the way for a new notification in 2014, which gave significant wage increase to workers in the sector.

Issues with the Notification

An examination of the Minimum Wage notifications for garment workers in the NCR (Uttar Pradesh (UP) and Haryana) and Karnataka revealed several interesting issues.

In the NCR, the last Minimum Wage notifications were issued in March (02-03-2017 in Haryana and 23-03-2017 in UP). The notification for Haryana was effective for the period January to December 2017. The actual implementation of the notification would therefore happen only in April at the earliest, or three months later. Workers are paid back wages for the period from when the new wages are applicable. However, in cases where workers had left employment in the interim, their back-wages would not have been collected. It would then depend on the bargaining strength of these workers to be able to access factory management and get wage arrears.

There is merit in the Minimum Wages legislation covering this contingency, either through speedier notification, or through a system that allows workers to track back-wages more effectively. In Bangladesh, this contingency was tried to be addressed through giving each worker in the sector a wage book which stayed with the worker and could be used even when the worker moved jobs within the garment sector.

Another aspect of the notification, in UP and in Haryana, was that the notification did not specify that the Minimum Wage was for 8 hours work[23]. The Minimum Wages Act does not specify a standard work-day for which the Minimum Wage is applicable. Section 13 (a) of the Act empowers the appropriate government to "fix the number of hours of work which shall constitute a normal working day, inclusive of one or more specified intervals". The Minimum Wages (Central) Rules 1950 specify the number of hours which will constitute a normal working day as 9 hours for an adult

[23]The Minimum Wage notifications for the garment sector in the NCR were as per the Notification IR 0-2/7083-7193 dated 2-3-17 for Haryana; and No.471-500/MW/15 dated 27-03-2017 for Uttar Pradesh.. Both the notifications do not define the day's work in terms of hours of work.

worker. This could raise an ambiguity. For instance, in the NCR region, the normal work-day is taken as 9 hours with an hour as break for lunch and tea. However, the break periods could get restricted in situations where workers are faced with impossible work norms. In such situation an unambiguous Minimum Wage notification specifying hours of work could aid workers trying to push for better regulation. Here the Karnataka notification[24] is more unambiguous, with the State Rules clearly linking the Minimum Wage to 8 hours work.

Consumer price index (CPI) and Dearness Allowance

The various Minimum Wage notifications for UP, Haryana and Karnataka also specified the calculation of Dearness Allowance (DA), linked to the CPI points. There was no standard formula, and each state had its own measure for DA.

In UP the method of DA calculation was clear and unambiguous. The last notified Basic Wage was fixed, as well as the CPI points as of that time (for explanatory ease we refer to it here as the Base CPI). The new DA was calculated using the percentage increase in new CPI points over the Base CPI, and multiplying this with the Basic Wage. This unambiguously corrects the wage for inflation.

In Haryana, the new wage was also calculated based on the last fixed Basic Wage. However, the difference was that here the percentage increase in CPI was calculated over the CPI six months ago, and not over the Base CPI. Therefore the percentage CPI increase used was lower than the increase for the whole period from the Basic Wage notification. The DA was calculated multiplying this smaller increase with the Base Wage. This meant that as the years progressed from the last Basic Wage notification, there was a progressive reduction in the DA neutralisation for inflation.

The following working of the 2017 DA provided in the Haryana notification would help clarify this point.

[24]The Karnataka Minimum Wage draft notification for the Tailoring Industry No: KE 76 LMW 2017 was issued dated 22-02-2018. The Notification was however subsequently withdrawn, as discussed later in this report. Para 6 of the notification clearly stated that a day's work means 8 hours of work.

Table 6.1: Working of Haryana DA for 2017 as per the Haryana Notification dated 2-3-2017

CPI for June 2016	2275
CPI for December 2016	2338
Increase in CPI points	63
Percentage increase over 2016	2.77%
Basic wage for unskilled worker in 2015	Rs. 7,600.00
Wage including DA for 2016	Rs. 8,070.44
Correct DA calculation (multiplying % increase with 2016 wage)	Rs. 223.49
Calculation by Haryana Labour Department (multiplying % increase with Base Wage)	Rs. 209.76
Loss of wage per day to worker	Rs. 13.73

In Karnataka the DA calculation is based on a fixed neutralisation per CPI point increase, on the 1960 Index. The present neutralisation rate is 4 paise per point. We give below the details for the 2017 April Notification.

Table 6.2: Working of Karnataka garment sector DA

CPI points (2016)	6843
CPI points (2017)	7106
Increase in CPI points	263
DA increase at 4 paise per point	Rs. 10.52
Minimum Wage 2016 for unskilled worker	Rs. 291.04
Minimum Wage 2017 for unskilled worker (adding DA)	Rs. 301.56
Percentage CPI points increase for 2017 over 2016	3.8%
Actual DA required to fully neutralise inflation	Rs. 11.19
Correct Minimum Wage 2017	Rs. 302.23
Wage loss to worker per day	Rs. 0.67

The calculations show how the 4 paise per point neutralisation is inadequate to compensate for inflation. The difference here might be small here. However, the new draft Notification for the sector in Karnataka (yet to be gazetted), fixes the Basic Wage for the unskilled worker in Grade 1 areas at Rs.12000 per month (Rs.462 per day), while retaining the 4 paise per point DA neutralisation. In this case, at the current level of CPI points (7106 points for 2017-18), the DA neutralisation at 4 paise per point would compensate only to the extent of 61 percent for inflation. The correct DA neutralisation rate would have to be more than 6.5 paise per CPI point. We may recall here that some of the most protracted trade union struggles in Karnataka, for instance in the bidi industry, was around implementation of amended DA neutralisation rates.

Profitability and Industry’s Ability to Pay

The argument used constantly by the garment industry is that companies operate within an intensely competitive global industry, where profit margins are small for manufacturing, and therefore companies cannot afford to raise wages. They also refer to the large numbers of workers employed by the industry and constantly hold out the threat that they will be forced to move out to another state where wages are lower, or even out of the country. However, the reality of the sector appears to be somewhat different.

First, the garment sector continues to thrive in the South Asian countries. Between India, Bangladesh, Pakistan and Sri Lanka, the industry employs around 5 million workers, and has a global market share of nearly 20 percent. Major Indian garment manufacturers have seen healthy growth. These are not markers of an industry under stress.

Second, the argument of ability to pay should not be used in determining the Minimum Wage. The legal position is clear that any industry that refuses to pay Minimum Wage is engaged in forced labour.

Third, industry shift is not determined solely by wage differentials. The example of Tamil Nadu and Karnataka, where wages in the garment sector two neighbouring states remained higher in Karnataka for over a decade is a case in point. The wage difference, which was nearly 60% in 2014 with the new Wage Notification in Karnataka, did not lead to any perceptible change in growth rates or shift of industry from Karnataka to Tamil Nadu. Similarly, in the NCR region, the current garment sector Minimum Wage in Haryana is 10% higher than the Minimum Wage in Uttar Pradesh. The unskilled wage in Uttar Pradesh is Rs.284 per day, as compared to Rs.318 per day in Haryana. Corresponding wages are also higher in Haryana for semi-skilled and skilled categories of workers. Despite this, Gurgaon and Faridabad in Haryana together employ significantly more workers that Noida in Uttar Pradesh. The wage differential does not seem to have impacted investment flows in the sector.

The reasons for industry to concentrate in a geographical region are determined by multiple factors, including access to good infrastructure and skilled workers in sufficient numbers. The companies also seek to maintain tight control over their multiple factory locations, both for efficiency and to prevent losses due to corrupt practices among factory management. Gokaldas Exports has 22 of its 24 manufacturing units in Karnataka, around Bangalore city. Shahi Exports has its units clustered primarily in the NCR region and around Bangalore. These examples show how even the largest companies large companies seek to cluster their manufacturing facilities for better managerial control and increased access between factories. Further, there are multiple other factors, including infrastructure and skilled workforce availability, transport facility, etc. which influence investment decisions. Therefore the threat of shift is often a bogey used by manufacturers to pressure workers to accept low wage increases and state governments to grant more concessions and dilute regulation.

Examples of large Indian garment manufacturers

Shahi Exports, the largest readymade garment manufacturing company in India has an annual manufacturing capacity of 160 million pieces of garments. It has 51 manufacturing facilities, distributed around the NCR, Karnataka (Bangalore and suburbs, Mysore, Shimoga), Tirupur and Hyderabad, and employs 70000 workers. The company had annual turnover of Rs.5200 crores in the financial year 2016. It had a compounded annual growth rate (CAGR) of 30% on operating profits (EBITDA) for the period 2013-16[25].

Orient Craft in the NCR employs 32000 workers and had an annual turnover of Rs.1600 crores in 2015[26].

[25]India Ratings Upgrades Shahi Exports to 'IND AA-'; Outlook Stable, https://indiaratings.co.in/PressRelease
[26]Sarika Malhotra(2016), The Job Machine, Business Today, Nov.6, 2016. The report also said that Shahi Exports employs 70000 workers.

The Annual Report of Gokaldas Exports for 2015-16 reported the company made post tax profit of Rs.60.67 crores on a turnover of Rs.1150.96 crores. The company had 24 production units, 22 of which were in Karnataka. In 2016 the company had 58% of its shareholding owned by the American equity company Blackstone Venture Capital [27]. Blackstone sold its shareholding to other private investors in 2016-17.

We see from the foregoing examples that the industry has many large companies even by global standards. The employment and turnover of these companies do not speak of an industry anticipating hard times.

Fourth, the largest exporter of garments in the world by a big margin is China. As explained earlier in the report, in 2016-17, China had a global market share of 33.4% in apparels, as compared to 3.8% for India and 7.6% for Bangladesh. The Minimum Wage in China was around twice the average garment sector wage in India in 2015[28]. This also would call to question the threat held out by employers that investment would shift out with wage demands.

Fifth, it is important to highlight the profits available across the global garment value chain, and the extent to which the profits are built on cheap labour in the sector. The following analysis in Table 6.3 for the Swedish garment multinational H&M and the Spanish multinational Inditex brings out this aspect of the global value chain. A similar analysis could not be done for the USA multinational GAP, as the presentation of accounts did not reveal the cost of goods sold as a separate amount. The presentation of accounts therefore did not reveal separately any costs related to the garment outsourcing activity.

[27] Gokaldas Exports Company Annual Report 2015-16

[28] Minimum wage for the year 2017 in China where garment manufacturing is concentrated varied from 1530 Yuan per month in Jiangxi to 1860 Yuan in Zhejiang and 1895 Yuan in Guandong provinces, where garment manufacturing is concentrated (www.chinabankingnews.com/.../shanghai-tianjin-top-chinas-latest-minimum-wage-list). At current exchange rates this works out in Indian rupees to between Rs.15900 per month and Rs.19700 per month. The current garment wage in Karnataka is only around Rs.310 per day, or around Rs.8000 per month. Therefore the Chinese wage in the garment sector would on average be more than twice the Indian garment sector wage.

Table 6.3: Analysis of Annual Report 2017 –H&M[29] and Inditex[30]

Head of account	H&M (Million SEK)	Inditex (Million Euro)
Net sales	231771.0	25336
Cost goods sold	91914.0	11076
FOB cost of goods (70% cost of goods sold)	64339.8	7753.2
Labour component of goods (15% FOB cost)	9651.0	1163.0
Labour cost to sales	**4%**	**5%**
New labour cost if garments manufactured in Europe (20 times cost in India)	193019.4	23259.6
Saving from outsourcing	**183368.4**	**22096.6**
Sales to retain same profits with goods manufactured in Europe	415139.4	47432.6
Percentage increase in price for goods manufactured in Europe	**79%**	**87%**

The analysis is based on the following assumptions:

i. Cost of labour as a proportion to the price the manufacturer gets (the FOB price) is around 15 percent. This is based on industry feedback, for India, Bangladesh and Sri Lanka.

ii. The FOB price is taken as 70 percent of the Cost of goods sold. The mark-up of 30 percent is to cover freight and insurance costs, plus the cost to H&M to manage its global buying operations. This is a conservative estimate, especially as the direct employee costs for the company are separately accounted in their Group Income Statement.

iii. Labour cost in India is assumed to be around Rs.300 per day, or Euro 4 per day. This is compared to an assumed wage if garments were to be manufactured in Europe, of Euro 10 per hour. This wage assumption is based on the Minimum Wage in Germany of around Euro 9 per hour. Therefore the wage cost for manufacturing in Europe works out to 20 times wage cost in South Asia. This is a conservative estimate, as we do not take into account here the higher costs associated with social security and benefits to workers, and higher supervisory and managerial costs.

[29] H&M Hennes & Mauritz AB, Full Year Report (1 December 2016 – 30 November 2017)
[30] Inditex Goup Consolidated Annual Accounts as at 31 January 2018

iv. We are also not taking into account the higher costs for safety, environment standards and other regulation that would accrue to manufacture in Europe in the analysis.

We see that the savings to H&M from outsourcing even using very conservative assumptions was nearly 80 percent of its turnover. In other words, if H&M sought to earn the same quantum of profits while manufacturing its goods in Europe, it would have to increase its product prices by 80 percent. For Inditex, the impact of local manufacturing on product pricing is even greater. This is without factoring in the increased costs of environmental compliance and safety, and for social security of workers that production in Europe would entail, as compared to production in India. With all these costs added, the price for manufacturing in Europe could well be doubling of the product price.

Further, given labour cost was only 4 to 5 percent of the final product price, even a doubling of wage in South Asia would only require the company to increase product price by around 5 percent to retain the same profit quantum. This argument is critical to any discussion on industry's ability to pay.

Post script – Another Minimum Wage notification withdrawn

The Karnataka Government had issued the preliminary Minimum Wage Notification for the garment sector on 22-02-2018 (notification included as Annexure 3). In the third week of March 2018, the government withdrew its own Notification through an undated letter[31]. The reason given was that the industry had represented that the increased minimum wage would make garment manufacturing non-competitive in Karnataka. Further, the Labour Commissioner had on his own, in a report submitted to the government, said that as the new minimum wages for garment manufacturing (tailoring industry) would be higher than the wages fixed and in implementation in three other industries, spinning mills, silk textiles, and printing & dyeing industry, and as these factories might be "situated in the same premises, a situation of getting different wages by workers working in the same premises may arise which may lead to serious IR issues". The letter therefore not only withdrew the preliminary Notification for the garment sector, but also in effect, the already in implementation Notification for the other sectors.

[31] The undated Proceedings of the Karnataka Government was with reference to withdrawal of the Minimum Wage notification under Section 5 (1)(B) of the Minimum Wages Act 1948, for the Spinning Mills Industry, Cloth Dyeing & Printing Industry, Tailoring Industry and Textile (Silk) Industry. The Proceedings issued a new Government Order KAE 21 LMW 2017 (1) dated 22-03-2018 withdrawing the Minimum Wage notifications for all four industries.

None of the reasons given questioned the computation of the Minimum Wage for the garment sector in the new Notification. The Minimum Wage was computed by the Labour Department as per the accepted guidelines of the Shantappa Committee. This was an established basis for Minimum Wages calculation. The process was therefore not arbitrary. Therefore, in effect, the management without challenging the wage fixation method, sought to say that the wage would impact competitiveness. The various legal pronouncements on the implementation of Minimum Wage are clear – that inability to pay is not reason for a company or industry to challenge the Minimum Wage. Not paying the Minimum Wage is therefore equivalent to employing forced labour in the industry.

The Labour Commissioner's argument that the nature of work in the Spinning Mills Industry, Cloth Dyeing and Printing Industry, Tailoring Industry and Textile (Silk) Industry were related, and therefore different minimum wages for workers in these industries might lead to serious industrial relations issues appear completely specious and contrived. First, garment manufacturing is not done along with Spinning, Cloth Dyeing and Printing, or Textile (Silk) activities. Only one company in Karnataka, Shahi Exports, combines some hosiery activities with garment manufacture. Second, even if activities pertaining to different industry groups might coexist in a single premise, the exception cannot be used to deny the large majority of workers the benefits of the newly calculated Minimum Wage. Third, even under the Labour Commissioner's argument the remedy would be to declare that the properly calculated Minimum Wage for the Tailoring Industry should be extended to revise Minimum Wage in other industries related to it, if those sectors paid a lower wage. Otherwise employment in those sectors would be forced labour.

Moreover, while withdrawing the Notification of 22-02-2018, the Labour Department only listened to the arguments put forward by the industry, and did not ask the trade unions for their opinions on the matter before its action. In fact, trade unions first came to know of withdrawal of the new Minimum Wage notification through the withdrawal letter. This unilateral action of the Karnataka government, after having heard only industry representations, goes against all principles of natural justice.

The Labour Department in Karnataka has a past history of withdrawing and revising downward the Minimum Wages to workers in the garment industry. In 2002, the new Notification, after being brought into force, was revised downward on the plea that there was a clerical error. The same argument of clerical error was used in 2010 while withdrawing the 2009 Minimum Wage notification and issuing a fresh notification with reduced Minimum Wage. In fact, the 2010 action of the Labour Department was struck down by the Karnataka High Court as illegal.

The Labour Department proposes to restart the process of Minimum Wage determination once again under Section 5(1) A of the Minimum Wages Act, when no procedural error was suggested in the earlier wage determination under Section 5(1) B of the Act.This will at best, even if the wage is not revised downward, lead to delay in a new wage being brought to force for around 5 lakh garment workers. In addition, the new wage to workers in Spinning, Cloth Dyeing and Printing, and Textile (Silk) industries would also have to be withdrawn, with workers being paid the pre-revised lower wage. For a Labour Commissioner concerned with industrial relations problems, the cure seems much more draconic and likely to cause dissatisfaction among all workers in four industries.

Finally, the most absurd part of the withdrawal letter is that a perusal of the four Notifications shows the **notified Minimum Wage is exactly identical across all classes of workers in all four industries**. That is to say, the Labour Commissioner's argument that wage differences would result in industrial relations problems is based on a totally false assumption that wages are different in the four Notifications. Comparison of the Minimum Wage notification for Spinning Mills [32], with the Draft Notification for Tailoring (Garments)[33] clearly showed wages for Spinning Mills and Tailoring (Garments) sectors were identical across the different skill categories. We can only conclude that the whole exercise was an elaborate charade to deny workers the newly notified Minimum Wage, not only in the Garment sector, but also in the other three sectors of Spinning, Cloth Dyeing and Printing, and Textile (Silk). In all, around 7 lakh workers in the four sectors would be adversely affected by this action of the Labour Department.

This practice of arbitrary action by the Labour Department in Minimum Wage fixation is not restricted to the Karnataka state alone. The lack of regulatory action by the government in Tamil Nadu led to garment workers being denied benefit of Minimum Wage revision for two decades from the mid-nineties.

[32] Minimum Wage Notification for the Karnataka state Spinning Mills Industry KE 21 LMW 2017, Bangalore, dated 28-04-2017.

[33] Draft notification for the Tailoring Industry No. KE 76 LMW 2017 dated 22-02-2018.

Section 7: Discussions

The foregoing sections examined conditions of employment based on responses from a sample of garment workers in the NCR (Noida in UP, and Faridabad and Gurugram in Haryana); and in Bangalore and surrounding regions in Karnataka. There are several factors arising from the studythat have significant bearing on laws governing employment, in particular the Minimum Wage. We discuss here some of the factors.

<u>**Adequacy of the food basket?**</u>

One major issue in the calculation of Minimum Wage is the size and adequacy of the food basket. The minimum requirement of food, in terms of calorific value and balanced diet requirement, has been debated considerably in defining the poverty line.

The report of the Rangarajan Committee of the Planning Commission in 2014 estimated the poverty line as Rs.47 per day for urban areas for the year 2011-12. The Committee further estimated per capita consumption on food in urban areas as Rs.656 per month.This was after assuming the minimum per capita calorific requirement as 2090 k.cal per person34. The All India Consumer Price Index for urban areas increased from 201 in April 2012 to 288 in January 2018. At constant 2018 prices, the poverty line food consumption therefore works out to Rs.940 per capita. How does this compare with the survey data?

From the survey data, in Karnataka the monthly expenditure on food plus consumables was Rs.3986 per month, for a family size of 3.8. Per capita expenditure on food and consumables therefore was Rs.1049, or barely 10 percent above poverty line consumption as defined by the Rangarajan Committee. The figure of Rs.3986 also included expenditure on consumable items like soaps and tooth paste. If we were to factor these out, the actual food basket consumption for the garment worker family was barely at the poverty line.

The figure for food consumption in the NCR was around Rs.5350 per month for a family size of 4.4.This worked out to per capita consumption of Rs.1215, or 30 percent more than the poverty line consumption of food.

Does this represent an adequate food consumption amount? We would first need to examine if the poverty line food consumption is adequate? There are

[34] Rangarajan Report on Poverty, *pib.nic.in/newsite/PrintRelease, August 7, 2014*

many competing estimates of what is the minimum calorific value for a person to function adequately. The 15th Indian Labour Conference assumed the minimum as 2700 k.cal per capita for an average adult. The poverty line consumption is nearly 30 percent lower. We would not see this at all as adequate. We would therefore assume the food consumption expenditure for the family of garment workers in the survey in Karnataka as totally inadequate. In the NCR also, while the family might be able to meet bare calorific requirements, the question of whether the food consumption represented a balanced diet would remain a question.

The family expenditure at low wages is constrained by the extent of the family wage, and the competing needs of the family for other essential goods and services. In the context, the survey method cannot be the sole way to determine the required food expenditure for any set of workers. There has to be a normative basis for determining the food basket. The recent exercise in Delhi by the Minimum Wage Advisory Committee to determine the food basket (based on 28-12-2016 prices) for the 2017 Minimum Wage notification is a good example of the process. The food basket therefore determined was Rs.2662 per month per consumption unit, and Rs.7986 per month for a standard family size of 3 consumption units (2 adults and 2 children)[35]. We see from the Delhi calculations that the normative food consumption was almost twice the actual food basket for a garment worker family in Karnataka as per the study findings; it was 50 percent higher than the consumption for the NCR region.

Size of family

The study found in both the NCR and Karnataka that the family on the average had more than two adults. In the absence of adequate and universal old age security, many families would have one or two older dependant adults, most often a parent, staying for long periods with them. The adult dependants in turn free women to go out and work, which is a necessity in many cases, where the wage of a single wage earner is inadequate to support the family expenditure. This would have to be factored into the average food consumption calculation.

The definition of a consumption unit where the consumption of an adult male is taken as 1, the adult female as 0.8, and child as 0.6 might also need to be revisited. In reality women who go to work outside the home and also

[35]From the Minutes of the Delhi Minimum Wages Advisory Committee, 2017

do all the work at home have an extremely long work-day. Further, pregnant and lactating women often need much more nutrition than men. Children in their growing up stage also need good food to ensure proper physical and mental development.

House rent

One significant finding of the study was the large proportion of workers who said they had migrated to the city, as kids, or as young people in their twenties. Only four of the 71 workers in the NCR had been born in the city, and were not migrants. In Karnataka, nearly three fourths of workers in the sample were migrants. The migrant status meant that most workers did not own their homes in the city. Given the high proportion (20-25%) of rent in the household budget, this meant that the expenditure basket available for the workers was further restricted. Low income housing schemes of the government are no longer adequate to meet demands of the very large population of in-migrants entering low wage jobs in cities. The workers are condemned to stay in situations of great privation, and under-spend on other vital requirements.

House rent is one head of account inadequately provided for in most Minimum Wage calculations. In the Delhi Minimum Wage Advisory Committee exercise quoted earlier[36], house rent was estimated as 10% of food and housing, and therefore calculated as Rs.798 per month. This was less than a third of what garment workers staying with their families in the NCR actually paid, for the single room accommodation with shared kitchen and bathroom facilities. In Karnataka, for the Minimum Wage fixation for garment workers in 2014 (see Table 1.2) the house rent was assumed as Rs.600 per month. The actual rent paid by workers for housing, consisting for most workers in the sample of only a room with kitchen and bathroom facilities was more than five times the rent amount assumed. In the case of house rent also there is a strong case for normatively determining minimum housing requirement and the fair market rent for such accommodation.

Other monthly expenditure

As discussed earlier, the Rangarajan Committee estimated the urban poverty line as Rs.7035 per month for the year 2011-12, which worked out taking into account CPI increase to an expenditure of Rs.10130 for March 2018. This meant that from at least from 2011-12 onwards, when the new poverty line was determined, the statutory Minimum Wage was below the poverty line for most urban employment in most states across the country. The Minimum Wage could therefore be termed as a Below Poverty Line (BPL)

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[36]ibid

wage. While this could make a good campaign slogan, it also points to an important lacuna in poverty line estimation –the estimation only seeks to determine a normative value for food consumption basket. This clearly leads to under-determination of the Minimum Wage.

In the context, it might be important to consider that the share of the food basket in the total consumption declined from 48.1% in 1999-2000 to 38.5% in 2011-12[37]. Clearly while the food basket still remains the single most important expenditure head for most families of workers at the Minimum Wage, other heads of expenditure are becoming more prominent within the expenditure basket. We have already discussed the issue of under-costing house rent in Minimum Wage calculations. There are also other important heads of expenditure, including health care, education, transport and entertainment, which are all normally clubbed into an omnibus percentage of the food costs. There is a strong case for more rigorous wage fixation, which is based on actual wage surveys of workers in the sector. In particular, heads of expenditure like education and health care have increasing significance given the increasing recourse among urban working class populations to privatised education and health care.

It is therefore important in the context, that the Minimum Wage calculation should at least take into account two normative, food and house rent, for both of which there should be well defined minimum standards. The calculation should then include rigorous and standardized method for estimating the normative cost of the food basket and the house rent in different regions.

What should be the Minimum Wage?

We take the normative value of the food basket as Rs.7986 per month, the amount estimated by the Delhi Minimum Wage Advisory Committee. There could be regional variations on the actual food costs and food preferences.

We further assume the minimum decent housing requirement as two rooms with attached kitchen and bathroom. Many workers in the sample both in the NCR and in Bangalore said that for such an accommodation they would have to pay between Rs.5000-6000. We take the normative market rent for decent housing to be Rs.5500 per month. This is a conservative assumption.

Therefore, using the normative value for the food basket, and for housing, to replace the survey value, the monthly average expenditure for a garment

[37]Planning Commission(2014), Report of the Expert Group To Review The Methodology For Measurement of Poverty, Government of India, June 2014. The Report bases these on NSS data sourced from its NSS Report No.555 (68/1.0/1), February 2014.

worker family in Karnataka would be Rs.6100 per month more than the present average; and in the NCR the additional amount would work out to around Rs.5700 per month. If we add this amount to the actual expenditure of households in the two regions, **the minimum expenditure requirement for Karnataka would increase to Rs.19840; and for the NCR region to Rs.17950 per month.** In these calculations the food basket works out to 40% of the monthly expenditure for Karnataka and 44% of the expenditure for the NCR. This is a little higher than the present average food basket share of 38.5% of total consumption in the country[38].

This estimated monthly expenditure does not make any provision for debt repayment, for contingencies and emergencies, or savings to repatriate money home, or to be able to make regular visits home. In the sample, 25 out of the 31 families living in the NCR said that they needed to make provisions for some savings, which was not usually possible. 70 respondents in Karnataka said they had to set aside some money each month for debt repayment, or for small savings through chit funds and self-help groups. The chit fund savings were also often for debt repayment purposes.

Expenditure surveys and wage determination

The Minimum Wage Act mandates that wage determination is done at least once every five years, based on actual expenditure surveys. However, the rule is rarely followed in most states. One reason labour department's give for this non-compliance is that each sector has its own Minimum Wage and it would be extremely difficult for multiple sector level wage surveys to be conducted. This could be resolved if there was a single basic Minimum Wage for all workers. Tripartite negotiations could then define industry wages for different sectors with a capacity to pay, which is higher than the basic Minimum Wage.

Wage profile

The average wage in the NCR was Rs.11023 per month among the workers living with their families; the standard deviation was Rs.1586. This is a very low spread considering the age profile of the workers ranged from 22 years to 55 years. The wage profile among the workers living alone in the NCR was similar, with average wage of Rs.11160and standard deviation across the sample of Rs.1739. The age of workers ranged from 20 years to 45 years.

In Karnataka also the wages of workers in the sample fell into a narrow band. The average wage was Rs.8000. The standard deviation across

[38]ibid

workers' wages was only Rs.1074. The age of workers ranged from 19 years to 50 years.

We would therefore conclude that there is very little value placed on work experience in the sector. The argument sometimes put forward by the garment industry that starting wages are low, but workers can earn progressively higher wages and move towards improved circumstances with experience does not hold in the sector. Very often the statutory Minimum Wage defines the wage for the entry level worker as well as the most experienced worker, with skill or experience based increments not being substantial. Therefore proper determination of the Minimum Wage becomes equally significant for workers across the age and experience hierarchy.

The absence of a 'seniority' based wage for most garment workers meant that there was no incentive for workers to stay on in one factory. Often workers were able to get small wage increases through changing jobs. This factor also contributed to perpetuating high labour turnover in the sector. Management in the industry often complained of how high labour turnover and the inability to retain skilled workers prevented the introduction of better technology and processes. The best way to retain workers would be to have a rational wage policy that paid a decent wage and rewarded seniority. If a rational wage structure was part of a legal policy framework, this would help skill development and technology improvement within the sector as a whole. It therefore becomes important to examine and properly define the skill categories linked to the Minimum Wage, and have both a skill index and an experience index for wage.

Single wage earners

In Karnataka, fourteen women said that they were the sole wage earners in their families. Eleven of them had dependent children; eight said they were also the sole adult member in their family. For these women, the multiple roles they had to perform within the home and at workplace placed considerable financial and emotional stress on them. Wage adequacy within the normal 8-hour work-day was a necessity for their being able to sustain their families. The Minimum Wage Act presumes that the single worker's wage, earned in a normal working day without overtime work, should be adequate to support her or his family. The reality however is very different. Most families without a second wage earner are rarely able to provide their family a basic minimum quality of life.

Hours of work

The Minimum Wages Act does not specify a standard work-day for which the Minimum Wage is applicable. Section 13 (a) of the Act empowers the appropriate government to "fix the number of hours of work which shall constitute a normal working day, inclusive of one or more specified intervals". The Minimum Wages (Central) Rules 1950 specify the number of hours which will constitute a normal working day as 9 hours for an adult worker. The lack of clarity could make struggle for regulation of the 8-hour work-day more difficult. If the Minimum Wage notification clearly defined the time for which the wage was notified, this would help better regulation.

Health care

In the NCR study sample, given the extremely difficult living circumstances and the stress of working beyond 60 hours every week, it was surprising that the expenditure on health care was extremely low. This was more remarkable, considering only around half the workers were covered by ESI, and only a quarter availed of the ESI facilities. We might argue that in the absence of public health insurance, workers actually ignore ailments even when they require attention. The long work hours could also make visits to the doctor difficult. Further, the workforce in the sample was relatively young. Young workers might be able to get on with some degree of discomfort, but long term unattended chronic ailments can lead to severe problems in later life.

There could also have been underreporting of routine health expenditure, while the major expenditures got covered through private hospital treatment, funded through loans. Expenditure on health was the most significant reason for debt among workers in the NCR.

Wage of the migrant worker and repatriation of money home

The money repatriated home by the worker living alone in the NCR went to supporting the living expenses of his extended family. The statutory Minimum Wage for the typical migrant living alone in the city would therefore have to support at a minimum two establishments, while providing a minimum standard of living. The alternative would be to ensure an adequate wage for the migrant to be able to afford moving his/her family to live with them in the city.

Long term plans around migration

More than half the workers living alone in the NCR said they would go back to their native place. However, only six said that they planned to bring their families after marriage, to join them in the city. This represented the essential dilemma for the lone migrant worker in the city, with his family left behind. On the one hand, workers knew they did not have a viable option of going back, as there was no equivalent work at home, and the money was necessary to support basic needs and financing the hopes of educating children and equipping them for a better future. On the other hand, workers were not confident that the wage they got would be sufficient to support their families, while they looked around to find means to cover the extra expenditure in the city. Many workers also felt that wives should not go out to work, but stay at home and look after the family. They would not factor in a second income while deciding if they could afford to get their families to live with them in the city. In the context, the workers would constantly be faced with the dilemma of whether to risk bringing their families home, or tolerating a wretched, lonely existing in the city, with the occasional visits home to the family serving to lessen the hardship of the exile.

It was probably not surprising that the six workers who said they would bring their families to the city were all young, unmarried, and recent migrants to the city. They probably had much lower degrees of responsibility, and were able to retain a more hopeful view of life in the city.

This is an important consideration in the context of increasing migration into cities, and many industries requiring migrant workforce to sustain their production model. The Minimum Wage would need to be redefined to address some of these questions, if the model has to provide a stable and viable alternative of development for the country. At the minimum, there has to be provisions that allow workers to be able to finance bringing in their families and sustaining them, while they worked out alternative means to support the families in the cities. Migration in India is increasingly not of a short term nature. If the worker has a long term stake, the wage earned has to be adequate for the worker to be able over time to aspire for a stable and decent life in the company of his/her family.

Basket of commodities

Table 7.1 gives details of the weighted basket of commodities for the revised series of the Consumer Price Index (2012). The figures are based on the 68th Round of the National Sample Survey. A comparison with the basket of commodity for garment worker families in the NCR and Karnataka in the study showed that while the proportion of expenditure under several heads matched with the NSS Survey, there were some significant differences.

Table 7.1: Weighted basket of commodities

Expense head	Rural	Urban
Food & beverages	54%	36%
Pan, tobacco, etc.	3%	1%
Clothing and footwear	7%	6%
Housing	0%	22%
Fuel & lighting	8%	5%
Household goods & services	4%	4%
Health	7%	5%
Transport & communications	8%	10%
Recreation	1%	2%
Education	3%	6%
Personal care	4%	3%
Total	100%	100%

Source: *Prices & Cost of Living Unit of National Accounts Division (2015), Consumer Price Index, Central Statistics Office, Ministry of Statistics &Programme Implementation, Government of India, 164.100.34.62:8080/PDFile/CPI-Changes_in_the_Revised_Series.pdf*

The most striking difference was in the education expenditure. Both Karnataka and the NCR reported significantly higher actual proportion of expenditure on education (16% in the NCR and 13% in Karnataka) than the NSS Survey. Further, in Karnataka the survey data indicated that when the family wage increased, the maximum increase in expenditure was on education among respondents.

An important head of expenditure in the study was the expense on visits home, money sent home, and spending on festivals performed at the native place. This is not included in the basket of commodities in the Government of India calculation of Consumer Price Index. This would be important for any sector where a significant proportion of workers see themselves as migrants. The need of the migrant to stay connected with his or her extended family can lead to varying expenditure levels. The study indicated that the expenditure was quite substantial for many respondents. Can this factor also be incorporated in the formulation of the Consumer Price Index?

Litigation around Minimum Wage

The standard means adopted by industry to prevent, or delay implementation of a new Minimum Wage notification is through litigation and obtaining stay on implementation of the wage. Even where no stay is obtained, industry feels free to violate the law and not pay the new Minimum Wage. We described earlier how the garment manufacturers in Karnataka violated the law with impunity, through non-payment of the notified Wage of 2009. In Tamil Nadu the notified Minimum Wage was stayed in 1995, and it was only in 2016 that the multiple stays obtained by various companies could be vacated. The question here is if there is any way in which such vexatious litigation by the industry around the Minimum Wage could be prevented? Could a centralised Wage Board Tribunal with necessary powers of wage fixation help reduce litigation?

Difference in Minimum Wage in different states

There is at present significant wage differences among garment workers in different states. For instance, in the NCR region, there are two Minimum Wages covering Noida (UP state) and Faridabad and Gurugram (Haryana). In UP the Minimum Wage for an unskilled worker in April 2017 was Rs.284.63, as against Rs. 318.46 for an unskilled worker in Gurugram and Faridabad. For skilled work the Noida wage was Rs.350.72, compared to Rs.406.45 in Gurugram and Faridabad.

Two issues arise from this. First, Industry representatives effectively use low wage states as the reason to oppose Minimum Wage increase in states with higher wages. They hold the threat that companies will move out factories to regions with lower Minimum Wage. This leads to a competitive raise to the bottom, both for wages and working conditions. One possible solution could be to adopt an industry wage, through a national Wage Board for the garment sector. The Wage Board wage could be declared mandatory in all states where the prevailing Minimum Wage is lower.

Second, it is interesting that despite significantly lower wages in Uttar Pradesh (Noida) than Haryana, most garment manufacturing continues to be in Haryana (Gurugram and Faridabad). Wage is not the singular, or even the most important factor in investment decisions in the sector. Various other factors like infrastructure, tax structure, history of industry and entrepreneurial skills etc also decide on choice of location. Workers and their organisations should not allow the bogey of shifting production to be used by manufacturers and compliant government agencies to push down wages.

Work intensity and wage in the NCR

In the NCR while the work week extended to average around 70 hours, the average wage was around Rs.11500. The Minimum Wage was around Rs.8000 per month. This implies that if the Minimum Wage corresponded to 48 hours work per week, the worker received only 50 percent extra wage for 50 percent overtime work. The overtime wage was compensated at single rate, and not at double overtime rate. Workers in the sample, while stating they were compensated for additional work, were not able to answer if the compensation rate was higher than the normal rate for working beyond 48 hours per week.

Feminisation of work

The study pointed to an interesting pattern in the production process in the two regions. In Karnataka, while employment is primarily women workers, hours of work are only around 48 hours per week, and average wages are around Rs.8000 per month. In the NCR region, in contrast, wages are around Rs.11000-12000 per month, and the work week extends to 70 hours plus. Further, in the NCR most workers are men, while women stay at home. Men are able to work long hours probably because women are at home taking care of all needs of reproduction of labour.

The pattern appears to point to a clear division, that most women will be able to balance out between work at home and outside home employment only if the employment still allows time for the home. This is brought out even in the study, where in the NCR region, four women shifted from waged work to piece rated work with lower wages, so that they could have flexible hours because they had children to take care of.

The corollary is that if wages increase substantially, there would be demands for increasing work intensity, including extending the work-day. This suggests the possibility of a situation of de-feminisation of work in the sector. This anxiety was even articulated in Karnataka around earlier discussions about outside wage bargaining interventions like the Asia Floor Wage (AFW), where women garment workers expressed the apprehension that wages suggested by AFW were bound to be accompanied by management pressure to increase the work load. Many women said that in such a situation they would be forced to leave garment employment. They said that only men could afford to work such long hours outside the house.

The issue here is not that wage demands should not be made. The garment sector is part of a global production chain, generating substantial surplus. As explained earlier, a doubling of wages for manufacturing in the South can be achieved with less than 5 percent increase in product price. The demand for wage increase should however be accompanied by an equally strong demand that work intensity cannot be increased beyond the regulation 48 hour week. Such a demand needs strong trade union pressure on the ground to force simultaneous regulation of both wage and work intensity.