

# Minimum Wages for Agricultural Labour

## *A Critique of Page Committee Recommendations*

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**THE** Government of Maharashtra has recently appointed a committee under the chairmanship of V S Page to review the rates of minimum wages for agricultural labourers and in the Employment Guarantee Scheme (EGS). The prevailing rates are based on the recommendations of an earlier committee headed by V S Page.<sup>1</sup> The many errors in that Committee's methodology explain the 'scientific' secret of the low wages of about 7 to 8 million landless labourers and small farmers in rural Maharashtra for the last so many years.

What necessities of life should be covered by the minimum wages? The Page committee had said: "Minimum wages must be in some way relate to the cost of living. The workers must be able to meet minimum requirements of food, shelter, clothing, medicine and education".

The guidelines for fixing minimum wages were:

- a) The wages should be fixed in quantity of noe kind of staple grain, i.e. jowar in Maharashtra;
- b) The wages should be calculated in kind first and then converted to the cash at a price at par with the selling price of first quality jowar at ration shop.

*For fixing the wages in kind, we have considered following factors.*

*An average working man requires at least 2,00 to 2,200 calories for which 625 grammes of stale food is a necessity. We are assuming a family of 3 ½ units, i.e. husband, wife and three children. Their requirements will be 2,187 ½ gms. This would be the staple food requirements of the average family. Normally, we are advised, that staple food requirements are 40 to 50 per cent of the total budget. Working on this basis of 40 per cent is in favour of labourer, the total budget would come to 5,468 gms jowar. Making some allowances for one weekly holiday we can safely assume that a poor worker's family budget would be 6,000 to 6,400 gms. This concession is also in consideration of the fact that we cannot assume always that there are two earning workers in family. But normally six kgs should be earned by two persons...*

*Wages for men and women should be taken as equal...*

*We were advised that 3 kgs can be assumed as the daily wages in kind for an adult...*

*Paying capacity (of the employer) cannot be altogether ruled out sa a factor in this case. We have therefore assessed minimum wages in kind as follows:*

- 1) 3 kg for 3<sup>rd</sup> zone (drought prone and scarcity rural areas);
- 2) 3.5 kg for 2<sup>nd</sup> zone (remaining rural areas); and
- 3) 4 kg for 1<sup>st</sup> zone (corporations).

*The committee hopes that the level of rates will go up when ruling prices for food grains also move up. The wages must be revised as soon as there is a rise in the procurement and issue price of jowar... The EGS rates should be on par with the minimum wage in 3<sup>rd</sup> zone (i.e. 3 kg) and should be uniform throughout Maharashtra.<sup>2</sup>*

The minimum wages and EGS rates fixed by the Government of Maharashtra in 1974 were based on these recommendations. They were further revised in November 1978 in view of the rising prices. At that time a fourth zone was created as the lowest one and rates in EGS were made equal to minimum daily wages in that zone – 3 kg jowar, i.e. Rs. 4. This was given in the form of Rs. 2.70 in cash and Rs. 1.30 in kind (1 kg grain). From April 27, this year, the breakdown has been Rs. 3.35 in cash and ½ kg grain.

### **ERRORS IN METHOD**

The most serious of these is the assumption that 2000 to 2,200 calories constitute the daily calorie requirements of 'average working man'. In reality it is 3,900 calories/day. This assumption was apparently based on three different sources; (a) National Sample Survey averages of 10 years; (b) The poverty line accepted by Dandekar and Rath in 'Poverty in India'<sup>3</sup>; and (c) advice by nutrition expert.

The various National Sample Surveys (NSS) do provide some data on how much people actually purchase and consume on an average. But this is not necessarily the same as what people really need since about half of the Indian population lives below poverty line, and the average consumption of such semi starved people cannot be considered equal to their actual biological requirements. Further, the NSS figures and those by Dandekar and Rath (2250 calories/day) are average figures of various age, sex and occupational groups including children, old women and sedentary workers whose calorie requirements grossly vary. One cannot accept such an average of all as the calorie requirements of 'working man'. The nutrition expert consulted by the committee is a famous diabetes specialist of Bombay, and the calorie requirements of the diabetic patients appear to have been accepted to determine the calorie requirements of a male labourer. Since for the purpose of the minimum wages and EGS we are dealing specifically with an occupational group (manual labourers) who do 'heavy work', the calorie requirements of this specific group should be taken into account and not the 'average'.

The Indian Council of Medical Research (ICMR) provides some data on the physiological requirements of various age, sex and occupational groups<sup>4</sup>. The type of work done by the agricultural and EGS labourers belongs to the category of 'heavy work' (out of the three categories sedentary, moderate and heavy) formulated by ICMR nutrition expert group and consumes 5 calories/kg body weight per hour<sup>5</sup>. There is sufficient scientific evidence to show that most of the work done by the agricultural and EGS labourers involves expenditure of calories either more or nearly equal to this.<sup>6</sup>

Another error of the Page committee was the assumption that the calorie requirement of the family was equivalent to 3 units; 2 units for husband and wife, and ½ each for 3 children.

The per capita ‘average’ of NSS or Dandekar and Rath includes all the age groups. So if the committee accepted that figure as average requirement it should have at least used same average figure for all the family members. Further, the assumption that the calorie requirement of a child is half of an adult has no scientific support. Growing children in fact require more calories.

The ICMR report specifically gives calorie requirements of various age groups.

<b><i>Heavy Work</i></b>	<b>Calorie</b>
Male adult	3900
Female adult	3000
<b><i>Non-working</i></b>	
Boy (13 years)	2500
Child (7 years)	1800
Child (4 years)	1500
Total: 5 members	12700 calories/day
Average	2540 calories/day

We have deliberately assumed that the woman has ceased to breastfed the last child. The average Indian woman has lactation amenorrhoea for 2½ years and produces 425 ml of breast milk even at the end of three years. If the children are assumed to be younger than this, their calorie requirements would be less; but then will have to make additional allowances of 700cal/day for the woman for lactation and for the period of absence form work due to pregnancy and delivery.

### **FAMILY SIZE FOR THE POOR**

The Committee’s figure of five members per family is much lower than the rural average. Assuming that the rural labourers come from the lower 50 per cent of the rural strata, as they surely do, the average family size of this section of the rural population would be 5.6.<sup>7</sup> Hence the real calorie requirements for a family of 5.6 would be 14,224. This corrected figure is much higher than the one calculated by the Page Committee.

Another error is the assumption that all the calorie requirements are met by jowar only. The diet of any labourer contains both staple food (cereals and pulses) and other types of food like oils, jaggery, milk, vegetables, etc. The committee had assumed that 40 per cent of the family expenditure would be on staple foods and 60 per cent on the other requirements of the life. By assuming that all the calorie requirements are met by the staple food only, the committee has inflated the staple food fraction and hence the whole budget. Though this is an error in opposite direction-in favour of the labourer –it must be

corrected. To calculate the staple food requirements of the family, we must deduct the calories provided by the 'other types of food' from the total requirements of the calories.

ICMR recommendations of the balanced diet for a hardworking man include milk (200ml), fats and oil (50ml), sugar (55gm), vegetables (225gm), fruits (30gm), meat and fish (30gm), egg (30gm), and groundnuts (50gm). We shall put this ideal mix aside for the time being and take into account how much of this type the poor people actually eat today. According to Dandekar and Rath, the rural poor obtain 200 calories per capita per day from these types of food. So a family of 5.6 persons would obtain  $200 \times 5.6 = 1,120$  calories from these foods. Thus only the remaining calorie requirements of the family ( $14,224 - 1,120 = 13,104$ ) are to be met through the cereals and pulses-what the Committee calls 'staple foods'.

The Committee had assumed that all staple food requirements are met by jowar only. This is not only a factual error-almost every family eats some pulses-but also a nutritional error. To meet the minimum protein needs from the cheapest source we must allow certain amount of pulses. The ICMR recommendations for a labourer's family of five considered above are 350 gm of pulses. So, for a family of 5.6 it will be approximately 400 gm of pulses per day.

These pulses will provide about 1,400 calories per day to the family.<sup>8</sup> To cover remaining 11,704 calories; the jowar required is 3,350 gms. Thus the staple food requirements of the labourer's family are 3.35 kg jowar and 0.4 kg pulses. In calculating this we have taken into account ICMR recommendations for calories and pulses only. For other types of foods in the diet, we have, for the present, accepted the existing reality of the poor people and not the ideal.

The Committee had assumed that 40-50 per cent of the family expenses would be on staple food, and the remaining on the other necessities of the life (other types of foods, house, fuel, clothing, medicine, education etc).

Since an agricultural labourer or a worker in EGS worked six days a week, he has to earn seven days' requirements in those days of work. Taking into account these facts and assuming that the staple food requirements are 2,187 kg, the total economic requirements for a labourer's family were calculated by the committee to be 6.4 kg of jowar (which the committee unnecessarily 'rounded off' to 6 kg). Using same method but the staple food requirements of 3.55 kg jowar and 0.4 pulses we now calculate that the total economic requirement to cover the minimum cost of living for the labourer's family is equal to 9.8 kg jowar and 1.17 kg pulse.

In using jowar as the basis for calculating the wages and then converting it into cash by using the issue price of first quality of jowar at the ration shop the Committee has committed two kinds of errors.

The prices of jowar rise slowly as compared to the prices of other essential commodities which are industrial productions. So the 60 per cent of the jowar (out of the

total wages in jowar) which is meant to cover these expenses proves insufficient as the prices of jowar lag behind. Besides, since the prices of jowar fluctuate according to the season, jowar is not the proper standard base. For this purpose a rural consumer dearness index should be evolved systematically and used to cover the general price rise. But until such index is evolved, we will have to stick to the Committee's erroneous method of using jowar as the base.

Using issue price of jowar at ration shops for converting wages in kind into cash is ridiculous. The issue price of first class jowar has gone up by only 20% but the prices of essential commodities have at least doubled. Hence to be fair to the labourers, the following method should be used:

1) The jowar requirements actually meant for consumption (3.35 kg per day) should be converted in to cash at the ration shop issue price rate – if the government supplies this quantity of jowar through ration shops. At present, this would be:

$$3.35 \text{ kg} \times \text{Rs. } 1.25 = \text{Rs. } 4.20$$

2) The remaining 6.4 kg of jowar is meant to cover the other expenses of life for which the labourer has to pay at the current market rates. So in converting this portion of jowar into cash, dearness index or the retail selling price of jowar in the open market should be used. At present the price of a kg of jowar in villages is between Rs. 1.75 and 2.00; hence,  $6.45 \times \text{Rs. } 1.75 = \text{Rs. } 11.30$

3) The pulses are not provided at controlled rate. Hence this quantity (1.17 kg) should be converted in to cash at the current market rate:  $1.17 \text{ kg} \times \text{Rs. } 5 = \text{Rs. } 5.85$

Thus, the total cost of minimum living for the family would be Rs. 21.35 per day. By the Committee's own guiding principles, a labourer's family should get this much amount as wages to cover the minimum necessities of life. Since this amount is to be earned by a couple, and assuming that equal wages are given to male and female, the minimum daily wage should be Rs. 10.70

To make the implementation of these wages practically possible, I have two suggestions.

1) The farmers may find it difficult to provide these wages at the present costs of production. A way out would be to calculate the cost of production of agricultural produce with this new level of wages – either for hired labour or for family labour; the farmer would then be able to retrieve his costs as price for his produce. Such a step will also take care of Dandekar's suggestion of starting the calculation of agricultural produce not from what is claimed by farmers but from the minimum wages paid to the labourers.<sup>9</sup>

2) The daily wages calculated here are based on the calorie requirements after eight hours of heavy work. But some labourers on daily fixed wages in EGS might not put in sincere eight hours labour. A solution can be found by keeping the daily wages in EGS slightly low – say Rs. 8 per day – which will ensure that after sincere and heavy work of eight

hours the labourers couples will earn Rs. 21.35. This will also place the responsibility on the labourers to do sincere work to earn the minimum wages.

### REFERENCES

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