



Dattopant Thengadi Foundation

Event Report

part - 1

Global Wage Report 2020: Mitigation of Socio-Political and Economic Impacts of Rising Inequality through Wage Subsidy

On 23rd December, Dattopant Thengadi Foundation, New Delhi organized a discussion on International Labour Organization's flagship report "[Global Wage Report 2020-21](#)" released on December 3, 2020. Highlighting needs of discussing the report and deliberating over its finding Director-General of Foundation Virjesh Upadhyay noted the role wage play in the overall economy. In his inaugural speech he underlined the fact that despite of all the talks of decent wage the fact remains that the 90 per cent of ILO Member States have minimum wage policies in place which means that the Laissez faire don't work when comes the protection of workers' rights. Collective bargaining on level of minimum wage is again a very tactical issue because it is really worth pondering that when someone is talking about minimum does he has space for negotiation. Establishing the relation between minimum wage and poverty he said that more than anything it is not paying minimum wages is weakening the fight against poverty. Mr. Upadhyay said that at one hand there is an effort to increase the take home wage in order to boost the market, as the employee will have more money to spend, this will improve the overall market. On the other hand the same employers are following wage-suppression. Taking note of the recent unrest at Narsapura unit of Wistron he said that the inequality and wage suppression is against the industrial peace and cause of many social evils

Shri Anoop Satpathy, Fellow, VV Giri National Labour Institute, NOIDA whose [paper](#) has been extensively cited in the report analysed GWR in Indian context pointing out some key

Administrative Office – Thengadi Bhawan, 27, Deen Dayal Upadhyay Marg - 110002

Website: dtf.org.in

Email: thengadifoundation

Facebook: [DattopantThengadiFoundation](https://www.facebook.com/DattopantThengadiFoundation)

Twitter: [@dtf_org](https://twitter.com/dtf_org)

aspects regarding wage distribution. He said that India is considered a pioneer in implementation of wage policy. He also said that the report contain some valuable pointers for us, and it comes at a very apt time as we are in the process of the formation of laws in our country under the new codes. Pandemic has led to a massive job loss. Report from the World Bank stated that extreme poverty has increased by a record level of 100 million since 1998 due to COVID-19. Also, the wage has been decreased to 22- 23% for informal sector workers whereas in the formal sector it is 4%. The global wage growth is recorded at 3% and China played an important role in it. Real wage growth started in 2008- 09. Wage subsidy can be a strategy to help get issues resolved. He said that the Minimum wage is facing issues all over the world. There are **three factors about minimum wages that needs to be looked in one, effectiveness of minimum wage Coverage**, the code talks about **Universal Wage** which is considered as a positive move. However, in practice agriculture workers and domestic workers are getting issues. Certain categories of workers are excluded in this way. Second, compliance of the already made provision India has a poor record in compliance. 42% of casual workers are not getting the floor wage. Third, adequacy of minimum wage fixed, for this GWR argues to be 67 percent of median wage. He said that it is fact that a large number of workers are getting minimum wage in India, however the sufficiency and penetration of minimum wage is contested. Also the methodology of floor wage needs to be revised. There are 76 million workers who are getting sub-minimum wage in India. Highlighting the role of states in India's federal structure, he said that states can play a crucial role in fixing the wages by using institutional machinery. As per the issue of floor wage is considered he said that it should be a priority. He said that there is a Central Advisory Board there but it needs to be strengthened for effective implementation of the wage system. Other than this fixation is also highlighted the issue of informing the workers about the minimum wages he said that the gazette is not sufficient in informing the workers about the minimum wages and other rights and provision. So, there needs to be a minimum wage campaign to create awareness about it.

Shri Prashant K. Nanda, journalist HT Mint, started his lecture by comparing the situation of wages in India and Germany. He gave a very detailed analysis of the GWR highlighting its various finding. He mentioned that the report says that in Asia-pacific region, India's wage level is just above Solomon Island and Bangladesh. Putting India in comparison with developed countries he noted that developed countries are ahead from India in protecting their workers and ensuring compliance; even during pandemic the wage subsidy and other measures taken in these countries have been highly effective. As per India is concerned through EPFO wage subsidy and other measures India is also trying to protect their workers nonetheless it is not enough. Also **India has taken some measures such as promoting labour intensive sector, compliance of minimum wage**. He tried relating findings of GWR with another flagship report "human Development Report" by another UN agency United Nation Development Programme (UNDP).

He said that the Human Development Index and Global Wage Report should be seen in a hand in hand manner. He also discussed the issue of increase in take home wages. **About the negotiations he said that it seldom happens that people will get all they want so many times they have to settle for less and leave the table unhappy.** He said that in every negotiation or consultation **national interest should be the priority for all the stakeholders.**

Shri C.K. Saji Narayan, ex-president, *Bhartiya Mazdoor Sangh*, brought trade union's views in the discussion. He discussed the ILO's conception about minimum wage and Indian scenario where India is having minimum wage lower than the ILO's prescribed standard minimum wage. Taking note of the inability of many industries to pay the minimum wages on their own he noted that the **large segment of migrant workers in the informal sector needs the wage subsidy to be implemented.** Making further addition to this point of inability of the industries he pointed out that the manufacturing sector's failure in the country needs comprehensive policies which take a note of cost of business and ways to increase productivity. He further discussed that there are unique features in the Wage code which are historic and revolutionary. He pointed out that the **report has a number of mismatches.** He emphasized on the differences in the Indian scenario and the world scenario. The performance of trade union based on social dialogue and wage negotiation on equilateral ground needs to be taken into account.

Shri Arun Maira, a thought-leader on policy matters and former member Planning Commission discussed the relation between employers and employees. He said that his fifty years of experience in industry as well as his research has revealed that **competitive healthy enterprises must have strong workers, good managers, and enlightened leaders,** who shape 'faster learning enterprises' in which the managers, workers, and leaders all learn together and work together to improve their enterprise's capabilities. He said that the **purpose of economic growth must be to increase the incomes of citizens,** therefore there must be more employment, and wages should increase. He said that in a capitalist enterprise, rights in governance are determined by property rights. Thus, those who own more shares must have greater rights in how the enterprise is run. Whereas, in a democracy, every citizen, whether or not he or she owns anything, has an equal vote, and should participate equally in the governance of the enterprise. **Business enterprises must listen to the voices of everyone they employ.** Thus, with cooperation, the enterprise can improve its performance. For this, it is essential that workers are encouraged to form associations and participate in unions who can work with employers to ensure that **workers' needs for improved wages are met along with profits for investors.** He said that the question of **how much should be the minimum wage, which is an important question, cannot be resolved centrally for every country in the world, nor for every state and region in a country.** Stakeholders will have to work out together what the minimum must

be. Distributive justice is very important to create a healthy society. In contemporary times, many powerless people (Dalits, women, farmers, workers) are speaking up for their rights of inclusion and for fair and better wages. Policy makers and leaders of enterprises must look to the larger social good, and not just at the size of the economy and returns to investments. People are not numbers. Their needs cannot be understood only through economists' numbers. The voices of people must be heard, and the stories of their lives must be understood.

A small question answer round followed the lectures. After which concluding the discussion Virjesh Upadhyay agreed that issues of distributive justice in important. As per the minimum wage is concerned, compliance is an issue and it as it is being noted by the report also, this issue must be taken forward. He said that the report is a very rich one and it has many finding other than what we discussed today, further discussions and deliberations are needed and for that DTF will soon organize another discussion in mid of January.

Vivek Kumar, communication officer, DTF delivered vote of thanks.

Our Publications

Decent Wage: *It's just not about workers*

<https://www.suruchiprakashan.com/newarrivals/decent-wage>

Industry 4.0 and the Future of Work(er)

<https://www.suruchiprakashan.com/newarrivals/industry-4-0-and-the-future-of-work-er>

Democracy Capital and Labour Movement *In Quest of Decent Work*

<https://www.suruchiprakashan.com/new-arrivals/democracy-capitalism-labour-movement>

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