

## CHAPTER VIII

SUMMARY AND CONCLUSIONS

**8.1** The Wage Structure in the Rubber Plantations in Kanyakumari District reveals some interesting aspects of wage determination. Despite the influence of wage institutions, the wage structure presents a distorted picture and the level of wages is inadequate to the minimum needs of the worker.

An analysis of the important aspects of the wage structure shows that it was not evolved on sound norms. The important aspects which are summarised below are 1) Job Cluster, Job Evaluation and Skill Margins, 2) Wage Composition, 3) Method of Wage Settlement, 4) Wage Fixation, 5) Wage Differentials, 6) Cost of Living Index, 7) Level of Wages, 8) the capacity to Pay of the Planters and 9) the Progress of the Rubber Plantation Industry.

**8.1.1 Job Cluster, Job Evaluation and Skill Margins**

In the rubber plantations, the existing job cluster consists of field workers, factory workers and tappers, which was evolved out of traditional practice even prior to the influence of the wage institutions. Hence, the wage structure did not under go any job evaluation. As workers are freely shifted from field to tapping and to factory, a clear skill margin is yet to be evolved.

Tapping was given a skilled status and piece rates were fixed under minimum wage fixation. Factory workers were given slightly higher wages to meet the expenses for clothing.

The Rubber Wage Board neither attempted job evaluation nor demarcated skill margins and simply continued the then existing job cluster despite the opportunity and considerable time available to it.

During Collective Bargaining, the demand of the workers for specifying skill margins in tapping was partially conceded. The proposal to assist the tappers in the collection of latex was opposed by the workers for fear of unemployment.

As there are a number of jobs within the existing job cluster which can be separated on the basis of the skills, it can be said that proper skill differentials based on job evaluation are yet to be evolved.

#### 8.1.2 Wage Composition

A consolidated wage rate was given to the workers from the beginning in the rubber plantations. During minimum wage fixation basic wages and dearness allowance were given separately. Subsequently, the Rubber Wage Board awarded an all inclusive wage rate with low rates of annual increments. It was only during negotiated settlements that once again basic wage rates and dearness allowance payment were revived. This composition continues till date.

### B.1.3 Method of Wage Settlement

The traditional annual settlement of wages was changed into monthly settlement when labour supply became abundant and direct recruitment became the practice.

The practice of daily wage calculation, weekly advances and monthly settlement of accounts was evolved even before the influence of wage institutions. Now, the workers have been demanding a monthly basic wage and dearness allowance.

This method of wage settlement remained the same for the last three decades inspite of the influence of the wage institutions.

### B.1.4 Wage Fixation

Time rate wages for the field workers and piece rate wages for the tappers were fixed in the rubber estates long before any attempt of wage regulation. The Minimum Wages Committee evolved four classes of rubber estates based on the yield per hectare of rubber for fixing the standard output and piece rate wages for the tappers.

But the Rubber Wage Board reclassified the estates into seven which was later changed into the original four by the Government in the face of stiff opposition from the workers. So the original classification of estates into four continues for a long time.

### 9.1.5 Wage Differentials

Since skill differentials did not change in the absence of job evaluation, the wage differentials were not properly evolved. Wage differentials like inter-personal, inter-plantation and inter-regional existed from the beginning.

The Minimum Wage Fixation had abolished inter-plantation differentials but retained wage differentials between men and women. The wage differentials recommended were too narrow between field and factory workers and too wide between men and women in factory work. The differential rates of dearness allowance fixed between men and women workers and between field and factory workers were unnecessary and unjustifiable. The piece rates fixed were more beneficial to the tappers in estates where the yield was the lowest. The difference between minimum piece rate and the fall back wage rate was too wide to disrupt the standard of living of the worker during involuntary unemployment.

Though the Rubber Wage Board had abolished inter-regional wage differentials, the recommended wage rates contained new and more inter-personal and inter-plantation differentials. They were also not evolved on a justifiable manner.

During Collective Bargaining, inter-personal and inter-plantation wage differentials were completely abolished. The differentials in the rates of dearness allowance were also

abolished. Differentials in piece rates, overkilo rates and the rates for scrap rubber were also abolished. But due to the increase in the cost of living index and the consequent increase in the dearness allowance in the rubber estates in Kanyakumari District, wage rates now prevailing are more than that in Kerala. An inter-regional wage differential is gradually emerging.

So the wage differentials evolved by the wage institutions were not based on proper norms and the inter-regional wage differentials now emerge are not likely to be minimised in the near future.

#### 8.1.6 Cost of Living Index

The Ernakulam Index was first adopted during minimum wage fixation. This had resulted in the decline of real wages as the index for the Nagercoil Centre increased faster than that of Ernakulam.

When the Rubber Wage Board continued to adopt Ernakulam Index, a further decline of real wages took place for a majority of the workers and the situation did not improve even when the Mundakayam index was adopted.

During Collective Bargaining, the Nagercoil index was adopted. For the first time, substantial increase in money wages and a consequent slight increase in the real wage rates took place. The Planters have now represented that it is impossible to pay dearness allowance based on the Nagercoil index,

as the cost of living index of Nagercoil Centre is increasing at a faster rate than other plantation centres in the neighbouring regions.

### 8.1.7 Level of Wages

Wage rates remained at a very low level before institutional influences. Minimum wage fixation and its revision had resulted in a considerable increase in money wages, the main beneficiaries being women field workers. But real wages had declined for all categories of the workers. Men factory workers and tappers were the worst affected.

The money wage increase for the workers was more during the Wage Board Award than that during minimum wage fixation. But real wages had declined for certain categories of the workers, men factory workers were the worst affected. Real wages had increased for women workers in field and factory and for the tappers.

The increase in money wages during Collective Bargaining was more than that of any other previous increases. Real wages had enhanced for all categories of the workers, the increase was more for women field workers and less for tappers. Real wages had also declined in the case of the rates for fall back wages, overkilo payment and for scrap rubber.

An analysis of the real wages for the entire period of wage setting shows the same trend. In short, unskilled workers, the women field workers benefited the maximum.

### 8.1.9 The Capacity to Pay of the Planters

From the very beginning, the Planters had been paying low wages to the workers. The system of family recruitment, annual settlement of wages, absence of any labour legislation, unorganised workers and the well organised Planters had resulted in low wages.

The Minimum Wages Committee considered the 'Capacity of the industry to pay' as the main criterion to fix wage rates. But the capacity of the Planters was not assessed properly and hence low wage rates were fixed. The Government further reduced the wages by notifying lower rates of dearness allowance. Ultimately real wages of the workers declined significantly.

The Rubber Wage Board also emphasised the 'capacity to pay' as the main criterion in wage fixation. But the Wage Board also had failed to assess the capacity of the Planters. The money wages and the annual increments recommended by the Wage Board were too low that the Government had to modify the wage rates. Ultimately, real wages had declined for a section of the workers.

It was during Collective Bargaining that the capacity to pay was fully tested. During the negotiated settlements, workers could force the Planters to pay periodical enhancement of the basic wages and frequent revision of dearness allowance rates. The very fact that the Planters have been paying all these wage increases only shows that though they could pay higher wages

In the past the minimum wage fixation and the Wage Board Award had failed to assess the capacity to pay properly.

Moreover, the 'capacity to pay' need not be a valid criterion in wage fixation in the rubber estates since increases in wage costs are conveniently passed on to the rubber consuming industries. The significant increases in both the notified price, the market price of rubber and net income to the Planter are standing examples to this fact.

#### 5.1.2 The Progress of the Rubber Plantation Industry

An assessment of the progress made by the rubber plantations in Kanyakumari District shows that it is impressive on any scale.

The facts and figures relating to the area under rubber, tappable area, the yield per hectare and the production of rubber have all showed that the progress is significant and faster than that of Kerala. Demand for rubber is always far ahead of supply and the continued increase in the price of rubber is also significant. The current market price of rubber in India is the highest than in any other rubber producing country. Marketing is not a problem in view of the presence of a large number of dealers representing manufacturers of the rubber products. The significant reduction in excise duty and the increase in replanting subsidy are important incentives to the rubber plantation industry.

## 8.2

THE HYPOTHESIS

"The Wage Structure in the Rubber Plantations in Kanyakumari District is yet to be rationalised and the workers are yet to get the need-based minimum wages."

This hypothesis is proved in view of the following arguments.

8.2.1 As the wage structure was initially evolved by the Planters, it contained all irregularities. Proper skill margins were not demarcated and the workers were freely inter changed between field, factory and tapping jobs. The wage structure contained all irrationalities like inter-personal, inter-plantation, and inter-area wage differentials. Due to the system of contract, recruitment and methods of wage settlement, the wage rates were kept at a very low level and it had no relation to the minimum needs of the workers.

8.2.2 (a) The process of minimum wage fixation did not improve the situation. Though tapping was given a skilled status, the price rates fixed were not based on skill assessment and hence defective. In fixing the wage rates, the skill differentials between field and factory work were not given due importance. In the absence of job evaluation, traditional occupational differentials and the job cluster remained the same.

(b) Despite the abolition of inter-plantation and inter-regional wage differentials, the range of wage differentials

between field and factory workers was too narrow. The only attempt of rationalisation was the fixation of basic wages and dearness allowances separately. But the differential rates of dearness allowance fixed were not based on any norms and were unnecessary.

(c) The Minimum Wage Committee's refusal to recommend an interim wage increase and rejection of the concepts of fair and living wages were enough indications of its unwillingness to recommend the need-based minimum wages to the workers. The simultaneous consideration of a need-based minimum wage to the worker and the capacity to pay of the industry, resulted in the fixation of low rates of wages. The progress of the industry was not evaluated properly before wage fixation.

(d) The defective family budget enquiry and linking the cost of living index of Ernakulam resulted in the emergence of a wage level which was unrelated to the minimum needs of the workers. The Government's action in reducing the recommended rates of dearness allowance had further reduced the wage rates.

(e) Ultimately the workers suffered a reduction in the real wage rates based on the estimates of the trend and compound growth rate of real wages in terms of the local cost of living index.

This is proof enough to conclude that the wage structure remained irrational and the workers were denied the benefits of need-based minimum wages despite minimum wage fixation.

**8.2.3** The Rubber Wage Board had further distorted the wage structure and did not recommend a need-based minimum wage.

a) The Wage Board did not attempt any job evaluation. No clear skill margin was demarcated. The reclassification of rubber estates and the fixation of piece rates were not based on skill and hence defective.

b) The Wage Board created inter-personal wage differentials based on the size of the rubber estates which were unnecessary. The annual increments recommended were not uniform for the subsequent years and varied among men and women workers and among field and factory workers. In short, more and unnecessary wage differentials were created by the Wage Board.

c) The wage rates were linked to the Ernakulam cost of living index instead of linking it with the local Nagercoil index.

d) The Wage Board recommended on all inclusive wage rate instead of separate basic wage and dearness allowance. This was done at a time when the cost of living index was increasing at a faster rate.

e) The Wage Board was not inclined to recommend a fair wage inspite of a clear term of reference and considered the concept as merely suggestive.

f) Despite the availability of the quantified norms of the Indian Labour Conference with regard to the minimum needs of the workers, the Wage Board failed to consider these for wage fixation.

g) The minimum needs budget calculated by the Board was lower than that of the Planters.

a) Ultimately, the workers again suffered a decline of real wages as per the estimates of the trend and compound growth rates.

So the wage structure once again remained irrational and the worker was denied the need-based minimum wage.

8.2.4 Under Collective Bargaining also, the wage structure remained irrational and the worker is yet to get the need-based minimum wage.

a) Skill margins are yet to be properly demarcated inspite of the attempts made. No job evaluation was done. Even now the traditional job cluster continues.

b) Inspite of the abolition of inter-personal, inter-plantation wage differentials and piece rate and incentive rate differentials, skill differentials have lost their significance due to the uniform rates of dearness allowance given to the workers. The range of basic wage differentials among workers is too narrow to benefit the skilled workers.

c) Due to the periodical wage settlements, revision of dearness allowance became frequent and the wage structure resembles a position in which the dearness allowance becomes a major component and the basic wage a minor one.

d) Though there was significant increase in the money wage rates, due to the speedy increase in the cost of living index, real wages have not increased much. Hence the increase in the money wage rates had only tried to protect the standard of living of the workers which was at a low level. This is a clear proof

that the worker is still to be paid the need-based minimum wage.

The above arguments clearly prove that the hypothesis is proved beyond doubt.

### 8.3 Conclusions of the Study

The study of the wage structure in the rubber plantations indicate that the differences in total emoluments of the field workers, factory workers and tappers are not very much. This indicates the assumption that their work in terms of skill margins and productivity are more or less the same. This assumption should be properly ascertained and hence the recommendation for job evaluation.

Job evaluation has not been undertaken in many industries except the highly sophisticated ones. But, for the plantation industries job evaluation can be undertaken at least on a limited scale.

The objective view is that the demands of the workers should be consistent with their productivity. From a careful study of the workers at the spot, one gets an impression that Trade Unionism has been very active and the workers have lost their sense of identity with the Planters and as a consequence have less employment in most of the plantations. Trade unionism has largely been successful on wages and welfare of the workers but not with growth germinants. There is no denial of the fact that the same amount of work in any plantation could be

performed by a smaller labour force with higher emoluments. Nevertheless, on purely humanitarian considerations this is not being advocated.

The Plantation Industry needs a harmonious relationship between the work force and the Employers. This can be achieved only through a proper understanding of each other's problems. What is lacking is trust on both sides. If all the cards are put on the table, then the worker as well as the Planter will know very clearly where each one stands. Perhaps this is asking for too much.

The conclusion on the basic fact is that there is too much suspicion on both sides and economic considerations are completely out of the picture. The study also has tried to give more emphasis to the trade union point of view rather than that of the Planters. There may be some bias in this. But it has indicated very clearly the issues at stake and how they could be resolved with mutual trust.

The wage structure of the rubber plantation industry presents on the whole the rights and privileges won by the workers after three decades. Whether the structure will last and whether large scale changes could be made for better or for worse will depend purely on the health of the rubber plantation industry. There are the employers' reluctance, unappreciative government, uni-minded and militant trade unions and only class conscious workers.

The following suggestions are offered for consideration by all the concerned parties:

### S.3.1 To the Planters

- 1) Organised Plantations cannot delay some measure of job evaluation to start with, in order to evolve a rational wage structure.
- 2) Labour-Management relations should be improved. Labour must be associated with the aim of the industry. A real partnership can emerge only out of shared objectives. Workers' education scheme may be introduced vigorously in plantations.
- 3) Modern techniques of plantation management should be adopted to reduce the cost of production. There is urgent need to review past practices. There is much scope for attempting cost reduction by adopting modern methods of crop protection, weed control, treatment and utilisation of rubber factory effluents and group processing of latex. Majority of the rubber estates do not even keep reliable and correct statistics on costs and benefits.
- 4) As the rubber plantations have to be geared to meet the increasing demand, attention should be bestowed on the increase in per unit yield and expansion of the planted area. High intensity planting, yield stimulation, early replanting, new planting and modern methods of tapping can be considered suitable to increase productivity significantly.
- 5) Planters should take a generous attitude in wage negotiations since market prospects for rubber continue to be extremely

robust and the price of rubber continues to be highly remunerative.

### 2.3.8 To the Government

As natural rubber is a crucial raw material for the industrial sector and its production has become a matter of international significance, the Governments of both the Centre and States should give enough incentives to the rubber plantation industry. This is highly necessary in view of the fact that Plantations have to be labour intensive and workers have to be paid increasing wage rates. The following suggestions are offered:

- 1) Plantations may be exempted from wealth tax liability.
- 2) Income tax relief may be given since the income from rubber is taxed at a rate which is higher by 7.25 percent for the parallel income in the industrial sector.
- 3) There is a need to create a special and appropriate financial agency to deal exclusively with plantation crops.
- 4) The Rubber Board should be financially strengthened to play a major role in the development of rubber plantation industry.
- 5) As the construction of the working class cost of living index for the Nagercoil Centre is being questioned by the Planters, the Government can take steps to construct separate cost of living index for plantation centres for purposes of wage fixation and revision of dearness allowance. This may satisfy both the Planters and the Workers.

6) A permanent tripartite machinery for periodical wage revisions should be constituted. Once such a machinery is created, permanent norms for wage fixation and revision of dearness allowance can be evolved. This will save considerable time at the negotiating table.

### 6.3.3 To the Workers and their Unions

1) Workers must remember that their prosperity and future are in the rubber plantations.

2) Workers have to recognise the need to improve productivity and thereby justify the demand for increased wage rates. They have to hold their demand and productivity on an even scale since the Planters may not be prepared to grant further wage increases unless a wage-productivity link is evolved.

3) Workers must also realise that to stake a claim for higher wages based on temporary phase will create a permanent liability on the industry because fixing a wage level based on affluent market conditions could be self defeating in the long run.

4) Workers will have to agree for a certain measure of rationalisation and mechanisation of plantation management if they have to get increased wages as the Planters are prepared to guarantee such rationalisation without retrenchment of the existing personnel.

5) It is high time that the trade unions convert the conflict mentality from the minds of the workers to co-operative mentality.

The dispute and agitation oriented structure of the trade unions should be changed at the earliest.

6) The trade unions should not merely function to infuse strike mentality to the workers. The present structure and labour legislations are such that they tend to thwart productivity rather than promote it. Several welfare measures can also be undertaken by the Unions for the benefit of the workers apart from the main function of wage bargaining.

Under the circumstances, if the suggestions are not considered seriously and not followed by the parties concerned, the District is not going to reap benefits in the near future from the rubber plantations, inspite of a helpful topography, absence of competition from synthetic rubber and a steady increase in the demand for natural rubber.