



LIVING WAGE FOR TIRUPPUR CITY, TAMIL NADU, INDIA – UPDATED TO APRIL 2018

BACKGROUND

This report updates the living wage for Tiruppur City in Tamil Nadu, India with focus on the garment and textile industry. The living wage is updated to April 2018, to account for inflation since the original living wage study in August 2016. April is the month when wages increase for workers who fall under the four-year wage agreement between the unions and the Tiruppur Export Association (TEA).

Without accounting for inflation, the living wage estimated in 2016 would not be sufficient for workers to have a basic but decent standard of living in 2018 because the purchasing power of the living wage would have decreased with respect to current prices.

LIVING WAGE IN ORIGINAL COUNTRY REPORT – AUGUST 2016

The net living wage – that is, the take home pay for workers – for Tirripur in the original study was ₹11,918 per month in August 2016. The gross living wage – that is, the pay required to ensure sufficient take home pay for decency – which takes into account mandatory deductions for provident fund and health insurance benefits, was ₹13,725 per month in August 2016.

INFLATION RATE USED FOR UPDATE

The Government of India publishes the CPI (consumer price index) for each state in India for both rural and urban areas and for the state as a whole¹. Since Tirippur is an urban town, we use the

¹ The Government of India's Ministry of Statistics and Programme Implementation collects monthly price data from 1181 village markets for rural prices and 1114 markets distributed over 310 towns for urban prices. These prices are then used to compute the rural, urban and combined Consumer Price Index (CPI) each month for each state in India and for the country as a whole, using 2012 as the base year. In addition, the Ministry also publishes the CPI for each major expenditure group and sub-group from the basket of goods and services in the price sample (such as health, housing, food, and then within food, cereals, meat and fish, vegetables, and so on).

general CPI data for urban Tamil Nadu to update the living wage as this is the most relevant data for workers in Tiruppur.²

RECENT LEVEL OF INFLATION

There has been moderate inflation in urban Tamil Nadu since the original study in August 2016. The annual inflation rate between August 2016 and August 2017 was 5.07%, with no major variation in inflation between months or seasons. Further, the inflation rate between August 2016 and April 2018 was 6.84%. These are the inflation rates used to update the living wage for Tiruppur City to April 2018³.

UPDATING LIVING WAGES TO APRIL 2018

The updated net living wage, or take-home pay, for April 2018 is ₹12,733 per month. ESIC and provident fund mandatory payroll deductions were 1.75% and 12% respectively for a total of ₹1,874. Therefore, the updated gross living wage for April 2018 is ₹14,670.

TABLE 1: LIVING WAGE FOR TIRIPPUR CITY IN ORIGINAL STUDY AND LATEST UPDATE (IN INDIAN RUPEES)

| | Aug-16 (Original study date) | Apr-18 |
|---|---|---------------|
| Net LW per month | 11,918 | 12,733 |
| Taxes / Mandatory Deductions per month | 1,807 | 1,937 |
| Gross LW per month | 13,725 | 14,670 |

² The Government of India's Ministry of Labour and Employment also publishes the Consumer Price Index for Industrial Workers. We do not use this as their sample of industrial centers does not include Tiruppur City, nor are the centers included in Tamil Nadu comparable to Tiruppur. The CPI for urban Tamil Nadu is therefore more representative of the changes in prices in Tiruppur City than is the CPI for Industrial Workers.

³ As of writing, the Ministry of Statistics and Programme Implementation had only published provisional CPI data for April 2018. Accordingly, we also provide a provisional update using an inflation rate of 6.84% between August 2016 and April 2018.