

Disparities in Income and Level of Living

Manabendu Chattopadhyay

Robin Mukherjee

Ashok Rudra

This is the sixth and last paper in the series reporting the results of a sample survey conducted in the Calcutta Municipal Corporation area to examine the extent of inter- and intra-occupational differences in income and level of living of employees in a variety of public and private sector agencies. This paper analyses the inter-employer variations as well as the inter-occupational differences for all the employers taken together. It also summarises the empirical findings of the entire series.

IN our earlier papers in this series (*EPW*, March 24, 1990 and October 28, July 22, June 10 and April 22, 1989) we reported some results of a sample survey conducted in the Calcutta Municipal Corporation area with the main purpose of examining the extent of inter- and intra-occupational differences in income and level of living of workers (and their families) employed by a number of public and private sector agencies, viz, banks, LIC, central government services, West Bengal state government services and the corporate and the non-corporate private sectors. One of these papers (*EPW*, March 24, 1990) was devoted to an analysis of the differences in service conditions and fringe benefits provided by the different employers. In these papers we focused our attention primarily on the inter-occupational differences for each of the employers separately.

The present paper is concerned with analysing the inter-employer variations as well as the inter-occupational differences for all the employers taken together. It is important to note that whereas for the major part of the results presented in the earlier papers the use of multipliers was not necessary because of the self-weighting nature of the sampling design, the estimates for all the employers presented here had to be derived by making use of appropriate multipliers.

INCOME

Table 1A shows inter-employer variations in the gross annual salary income for each of the two occupations—officers and assistants—expressed in terms of indices calculated by taking the average income of the LIC workers as base. It is seen from this table that the highest salary paying employer belongs to the public sector. It is also seen that there is considerable variation between the salaries paid by different parts of the public sector. The salary differential, however, is higher for officers than for assistants. A most glaring feature of the differentials is that whereas the average salary income of officers in the private non-corporate sector comes in the third position, being very close to banks, the position of the assistants in the non-corporate private sector is at the lowest. This results from the startling fact that within the private sector,

the non-corporate part pays much more to their officers than the corporate part and the reverse is true for the assistants. More important than the ranking is the order of the relative differences. Thus, for the assistants, the banks come closely second to the LIC, but for the officers the banks' salaries are a little less than three-fourths of the LIC officers'.

The inter-occupational variations are clearly brought out by the ratios of Table 1B. It is seen that the officer/assistant differential is the highest in the private non-corporate sector and lowest in the private corporate sector. The public sector also displays variation in the ratio, it being highest for LIC and lowest for the central government.

LIVING STANDARDS

Office assistants being less paid than officers is a matter that is to be expected and this is clearly borne out by the data. The inter-occupation difference in family income, however, is much less sharp (Table 2A): the greater incidence of more than one earner in the families of office assistants has lowered the dispersion in family income.

Given this, one would expect a lower standard of living for the assistants compared to the officers. However, as has been pointed out in our earlier papers, the effect of higher income does not get fully reflected in the expenditure level for the individual items. For many items of consumption the relation between income and level of expenditure is found to be extremely weak. The figures presented in Table 2A show, for example, that the ratio of expenditure on such essential items as health or the number of ordinary sarees possessed by the families of the assistants and officers is much lower than the ratio of per capita family income and often is very close to unity. For weddings the level of expenditure is more or less the same for the two groups. It seems that the assistants stretch out their means as far as possible so as to narrow the gap between their expenditure and those of the officers. In other words, items which are luxuries for the masses are treated as necessities by the white-collar workers. There are only a few items like accommodation, holiday tour or possession of valuable durables which in-

dicate a level of more than the ratio of per capita family income which is 1.74.

Some deviations from the general pattern as described above for 'all' employees can be observed if we look at the situation by type of employer. It is very clear that for many items, most of which can be looked at as luxuries, the disparity in the level of expenditure between officers and assistants for the private non-corporate sector is much sharper compared to the corresponding figures for either the public sector or the private corporate sector. This is quite consistent with the general expectation in view of the very high disparity in per capita annual family income between officers and assistants in the private non-corporate sector.

Further results on the pattern of consumer expenditure presented separately for officers

TABLE 1A: INDEX OF INTER-EMPLOYER VARIATIONS IN EMPLOYEES' SALARY

Employer (1)	Officer (2)	Assistant (3)
Bank	73.86	96.65
LIC	100.00 (85,693)	100.00 (34,405)
Central government	56.56	78.05
State government	48.83	51.04
Public sector	66.92	77.94
Private corporate sector	48.86	69.82
Private non-corporate sector	71.54	35.86
All employers	55.13	73.15

Note: Figures in brackets are the average annual gross salary income of the LIC workers.

TABLE 1B: INTER-OCCUPATIONAL VARIATIONS IN GROSS SALARY

Employer (1)	Ratio of Officers' Salary to Assistants' Salary (2)
Bank	1.90
LIC	2.49
Central government	1.80
State government	2.38
Public sector	2.14
Private corporate sector	1.74
Private non-corporate sector	4.97
All employers	1.38

and assistants in Tables 2B and 2C respectively support the general conclusions stated above. It is worth noting that very little im-

portance is given to cultural items like books by both the groups. Among the other items, the proportion of total income spent on

housing and holiday tours are considerably higher for officers compared to the assistants. On the other hand, for items like wedding, ceremonials other than wedding, puja gifts, etc, the proportions of total income spent on these items are much higher for the assistants compared to the other group. It suggests that there is a certain level of expenditure which one has to incur irrespective of income. The Bengalee middle class is seen to be guided in some respects much more by social norms and customs than by their economic capacity.

This is the last paper in our series and before concluding we may now present the highlights of our empirical findings in the entire series.

- (a) A most important finding is the extremely weak correlation between income level and standard of living. It appears that beyond a critical level of income, consumption expenditure is not so much dependent on income as on other factors like taste, culture, customs, habits and so on.
- (b) Employers in some parts of the public sector seem to pay much higher salaries to their employees than employers in the private sector.
- (c) The public sector seems to provide more of fringe benefits to their employees than the private sector.
- (d) Within the public sector, autonomous bodies like banks and LIC are more generous with these benefits than the central and state governments.
- (e) Within the private sector, employees in the corporate sector are way above employees in the non-corporate sector not only in the matter of salaries but also in the matter of service conditions and fringe benefits.
- (f) The officer-assistant disparity is higher in the non-corporate private sector than in the corporate sector as well as in the public sector.
- (g) In the smaller firms in the private sector, both corporate and non-corporate, the assistants are more discriminated against in the matter of wages/salary as well as other service conditions compared to the conditions in the larger ones.

The results presented in this series of papers are of course of a descriptive nature and they are intended to be so. A large number of analytical questions naturally arise as to the relative importance of the different factors that cause variations in the income and level of living in the population of white-collar workers which has constituted our population. Dealing with these questions calls for the use of sophisticated statistical techniques like analysis of variation, multiple regression with dummy variables, etc. These problems are being worked upon at present and the results will be presented subsequently.

TABLE 2A: OFFICER-ASSISTANT RATIO FOR SELECTED ITEMS OF CONSUMPTION

Item (1)	Public Sector (2)	Private Sector		All Employers (5)
		Corporate (3)	Non-Corporate (4)	
Expenditure ratios				
(1) Rent for housing	2.32	2.25	5.51	2.58
(2) Public transport	1.29	1.30	1.08	1.22
(3) Education	1.97	0.99	1.56	1.54
(4) Health	1.05	0.61	2.43	0.99
(5) Holiday tour	3.01	2.04	5.73	2.63
(6) Books	1.46	1.14	5.88	1.62
(7) Fish, meat, egg, milk	1.43	1.39	1.75	1.42
(8) Ceremonials: Wedding	0.79	1.86	1.35	0.98
Other than wedding	1.17	1.39	1.24	1.33
(9) Puja gift	1.34	1.21	2.36	1.35
Other ratios				
Values of durables in possession	1.90	2.77	7.79	2.74
Sarees possessed: ordinary	0.85	1.21	0.89	0.90
Costly (no)	1.33	1.88	3.09	1.58
Square-feet of accommodation per person	1.21	1.34	3.26	1.37
Per-capita annual family income	1.66	1.63	3.45	1.74

TABLE 2B: PROPORTION OF INCOME SPENT ON SELECTED ITEMS OF CONSUMPTION—OFFICERS

Item (1)	Public Sector (2)	Private Sector		All Employers (5)
		Corporate (3)	Non-Corporate (4)	
Expenditure on				
(1) Rent for housing	0.12	0.15	0.14	0.14
(2) Public transport	0.05	0.04	0.02	0.04
(3) Education	0.06	0.05	0.02	0.05
(4) Health	0.02	0.03	0.04	0.03
(5) Holiday tour	0.01	0.07	0.09	0.08
(6) Books	0.003	0.004	0.007	0.004
(7) Fish, meat, egg, milk	0.11	0.11	0.07	0.11
(8) Ceremonials: Wedding	1.89	2.23	1.55	2.03
Other than wedding	0.39	0.66	0.74	0.45
(9) Puja gifts	0.19	0.19	0.17	0.19
Values of durables in possession	0.26	0.44	0.43	0.37
Per-capita annual family income (Rs)	14194.60	14282.62	19324.51	14605.58

TABLE 2C: PROPORTION OF INCOME SPENT ON SELECTED ITEMS OF CONSUMPTION—ASSISTANTS

Item (1)	Public Sector (2)	Private Sector		All Employers (5)
		Corporate (3)	Non-Corporate (4)	
Expenditure on				
(1) Rent for housing	0.07	0.09	0.07	0.08
(2) Public transport	0.05	0.04	0.06	0.05
(3) Education	0.04	0.07	0.05	0.05
(4) Health	0.03	0.07	0.05	0.04
(5) Holiday tour	0.05	0.05	0.05	0.05
(6) Books	0.003	0.005	0.004	0.004
(7) Fish, meat, egg, milk	0.11	0.11	0.14	0.11
(8) Ceremonials: Wedding	3.96	1.96	3.98	3.58
Other than wedding	0.55	0.55	2.06	0.59
(9) Puja gifts	0.24	0.26	0.25	0.24
Values of durables in possession	0.19	0.22	0.19	0.20
Per capita annual family income	8560.31	8736.81	5594.73	8413.75