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Industrial Wage and Indebtedness: Evidence of a Theoretical Divide

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Abstract: *Studies on indebtedness of the working-class had unarguably contented insufficient remunerative components as the antecedent to the deplorable state of the working-class. The labour movements across the world came into being in an uprising to mend this issue. However, the present study identifies that higher wage and indebtedness co-exist posing a query against the theoretical robustness of conventional labour market studies. The selected employees belong to workmen category. Three public sector undertakings from Kerala, India, were contacted to investigate their general socio-economic status and indebtedness. The outcome of the study is an overt departure from the literature. The results of the study indicate the complementarity between wage and indebtedness, though it cannot be proven empirically. We found the ubiquitous presence of indebtedness among the respondents of the study. It was observed that people tend to live up to the expectation of their social circles than that of their capability and affordability conditioned by their current income. Our finding seeks non-wage intervention from the employer and logical financial prudence from the part of the employees to address the issue of indebtedness.*

Keywords: Industrial workers; workers' indebtedness, wage-indebtedness nexus; demonstration effect; lifestyle; lifecycle hypothesis
JEL J31; J53

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1. Introduction

Work has a predominant role in any society not only for human survival but for the prosperity of nation-states. On account of its organisation and contribution to national income, industrial labour occupies a vital place in the economy of India (Datt & Mahajan, 2011). The history of human civilisation has testified that the toiling of numerous people throughout ages has created cities, farms, industries, armies, and infrastructure which have transmuted our life and living. Nevertheless, it is arguable whether the critical force behind economic development and labourers has ever been acknowledged adequately. Though implicitly, entitled to a due share in the

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pie created by workers, in terms of higher and higher remuneration, the working-class generally have not appeared to have availed much from their toil. The property-owning class (irrespective of landlords and capitalists) have proven too powerful to win over. The labour movement and the trade union movement have grown as a response to the challenge posed by the modern capitalist system.

Industrial workers today constitute a very significant functional and vulnerable element and contribute substantially to the nation's economy. But if we make an overall survey of the living and working conditions of these industrial workers, the need for, and the necessity of welfare services have become necessary to "counteract the handicaps to which the workers are employed, both in their work-life and folk-life, and to provide opportunities and facilities for a harmonious development to the workers' personalities" (Tyagi, 1986). In their work-life, workers have to put in long hours of work in unhealthy surroundings. The drudgery of factory work continues to hurt them even after they knock off for the day. They are also far from their village community, wherein resides their social support. As most of them have migrated from rural areas, they are thrown into an uncongenial and unfamiliar environment. As a result, they fall prey to alcoholism, gambling, and other vices, which demoralise them and can sometimes ruin them completely. The high rate of labour absenteeism in Indian industries is indicative of the lack of commitment on the part of workers, for they want to escape from their environment whenever possible. This absenteeism can be reduced by the provision of good housing, family care, or canteens where a healthy and balanced diet is made available in congenial surroundings.

Before industrialisation, the mode and intensity of exploitation were low. But, when profiteering started taking root in the post-industrial revolution, the history of labour became the chronicle of manifold labour exploitation. Modern industrialisation, with its impersonal character and loss of cordial relations between the manager and managed created complex labour problems, which have been channelled through organised movements. However, the relentless efforts of the ILO mandates and constant negotiations by trade unions have ameliorated the situation to a considerable extent (Ghai, 2003). There is a perceptible change in the management orientation towards workers, like social security, decent work (Ghai, 2003) situation and social welfare have become priorities of personnel management. Despite all these, the working-class is in a distressed situation owing to the insurmountable level of indebtedness. Studies have shown that the household debt trap betrays varying intensities of financial stress due to their borrowing (see, for example, Worthington, 2006; Tabb, 2014; Aldashev, 2019; Day, 2019; Lattazi-Silveus, 2019). Tamauskiene et al. (2017) argue that the indispensability of consumption may beget an unsustainable growth trajectory when debt-lead consumption is economy-wide. LeBaron (2014) exposes a typical case of labour bondage, wherein the employer becomes a predator through debt, dispossession, and unfree labour.

During the post-independence period, the predominance of the public sector accorded many security and welfare measures to the working-class. The private sector was forced to maintain parity with the public sector. However, in the post-reform period, since 1991, the role of the public sector has been dwindling. Both the public and private sectors started giving importance to competitiveness, efficiency, and survival, at the expense of labour welfare measures. In the process of essential business redesign, the status of working-class has become at stake once again. Though industrial establishments have maintained a separate department to oversee the socio-economic welfare of their labourers and employees, as per the national and global mandates, the economic vulnerability of the working-class is unremitting. Perhaps, the perpetual indebtedness is for want of proper advisory on financial prudence. In this backdrop, the current study investigates the antecedents of the indebtedness of industrial workers with a special focus on the remunerative component.

This study contributes to the literature on the indebtedness of industrial workers. The results of the study can reinforce the major factors influencing the indebtedness of the working-class. The study also adds to two theories of consumption, especially the relative income hypothesis (Duesenberry, 1949) and the life cycle hypothesis (Ando & Modigliani, 1963). The remainder of the manuscript is organised as follows. The next section provides a conceptual discussion on work and workers. A brief review of the relevant literature is included after this. The methodology section delineates the sampling design, data collection, variables identified and analytical method, followed by the results and findings. The discussion section connects the results with the existing literature, followed by conclusions.

2. Historical Overview of the Concept of Workmen

From time immemorial, man has been engaged in work. But their work has not had a connotation of measure of value, except for the means of survival, until the industrial revolution. The concept of labour as a source of social and economic value did not exist in the ancient authors, and it was only in the Middle Ages that labour was suggested as a possible explanation of an ethical, but also practical, theory of value (Theocarakis, 2010). A concept of bonded labour was in existence during the Middle Ages, which was characterised by a long-term relationship between employer and employee and was usually solidified through debt or some other means of inescapable obligation (Finn, 2008). Also known as debt-bondage, bonded labour is a specific form of forced labour in which compulsion into servitude is derived from debt. Characterised by a creditor-debtor relationship, bonded labour is typical of indefinite duration and involves illegal contractual stipulations denying any basic rights to the individual to have a fair wage, negotiate or choose the employer (Finn, 2008). Quite often, the bonded labour phenomenon ended up in hereditary practices.

During the industrial revolution (1700 – 1800), the labour force was organised and considered to be something that can be bought and sold in the market. Labour assumed a central role in Adam Smith, but it was with David Ricardo that a full-blown labour theory of value was achieved (Theocarakis, 2010). Marx gave the concept and its philosophical dimension, tying it to a critique of classical political economy (Theocarakis, 2010). The periodical upheaval of capitalism generated a palpable change in labour relations. Successive waves of commodification emancipated bonded labour and turned societies that featured some markets (including markets for slaves) into fully-fledged market societies (Varoufakis & Groutsis, 2010). However, the exploitation continued in various means. The ILO's historic pronouncement that 'labour is not a commodity' heralded the various moves to regulate the excesses of industrial labour markets (Standing, 2008). The ILO's policy statement that labour is *not* a mere commodity seems, understandably, self-evident. Unlike commodities, the labour units for hire must, uniquely, remain physically attached to their 'seller' during the period of its use. The ILO's mandate was thus to regulate national labour markets so as to give protection to employees, mainly male workers in stable full-time, unionised jobs (Standing, 2008).

Labour has once again become a commodity with new manifestations since the 1980s and 1990s in the wake of globalisation. Risks to working-class self-reproduction in the form of wage decline and withdrawal of state welfare have pushed workers into becoming entrepreneurs of their own lives calculating the risks of debt servicing and involuntarily buying services from privatised and financial utilities and health care providers (Bryan, 2010). In the new regime, labour has become more vulnerable. Labour vulnerability and displacement are unfettered impacts of recent competitive changes in the production scenario (Vijayakumar & Pillai, 2008). The lucrative business has become the mandate of modern corporate entities, where they experiment with labour (Vijayakumar & Pillai, 2008). The glorified days of 'featherbedding' in public enterprises have now given way to Voluntary Retirement Scheme (VRS), often euphemistically called the 'golden handshake.' (Vijayakumar & Pillai, 2008). Non-standard forms of employment (part-time, temporary, casual, and self-employed work) are on the rise, and 'a nagging sense of job insecurity' (Yuji, 2005) pervades everywhere.

As we proceed through the new millennium, business establishments widely use organised management principles and practices, which are taught in formal educational setups. The new generation business practices have polished the commodification view of labour as objectification. Shields and Grant (2010) contend that, viewed through the lens of organisation theory, the main employer agenda regarding labour utilisation is that of 'human resource' objectification rather than market commodification. The human resource management department of the company perceives labour as a resource, in line with objectification (Shields & Grant, 2010). The objectification appears to help companies to leverage labour relations in a manipulative way, while the labourers possess collective bargaining power and statutory protective cover.

Unlike other factors of production, labour is owned by individuals and operated as per the whims and fancies of the owners of labour-power. Karl Marx (1867) is considered to be the most prolific writer on labour, and in his perspective, it is central to all production processes, as it is the sole source of value. To him, labour is the basis of all social life and, in all epochs, independent of any mode of production. Labour power can be taken as a commodity in the sense that it has exchange value, and it brings buyers and sellers of labour into the market and engages them in trade. When one opts for work, by sacrificing leisure, he is willing to hire out his capacity of labour to those who come to terms with him in terms of pecuniary and non-pecuniary benefits of work. The owner of labour-power (worker) sells it primarily to earn money. Non-monetary expectations (fringe benefits, good working conditions, etc.) are only secondary.

Workers play a vital role in the industrial production of a nation. The modern approach of human resource management emphasises maintaining the cooperation of people at work and securing the cooperation of workmen aids to increase productivity and industrial harmony, which may foster industrialisation. Ensuring cooperation is possible only to maintain a satisfied workforce. Traditionally, workers were satisfied with monetary remuneration in the form of wages, but now the situation differs significantly with the introduction of the concept of human resource management. In addition to wages, humanitarian consideration to workers plays a significant role in maintaining cooperation.

3. Relevant Literature

There is a dearth of literature on the indebtedness of industrial workers, signifying an explicit gap in the knowledge repository. Here, we examine research related to indebtedness. On examining the extent and reason for indebtedness among migrant Cameroon plantation workers, Warmington (1958) notes that indebtedness appears to be a social problem of some importance. The social and family obligations play a crucial role in excessive borrowing. The study found that most debts were on purchase on credit. Fand (1959) notes that mortgage debts are associated with increases in residential construction or conspicuous household expenditure.

Peterson (1964) contends that debt is not a bad thing, stating that the proper extension of debt performs a vital function in the new environment of essential interdependence of people. It facilitates the efficient transfer of funds from savers to investors in the complexity of the market economy. The study notes that as an essential element of the modern world, the debt must grow for the economy to prosper. However, a serious flaw observed by the author, concerning a huge outstanding volume of mass indebtedness, is that there would be an insufficient size of the new debt flotation, not exactly the absolute size of the debt outstanding.

Yeager (1974) argues that when a significant portion of our population has indebtedness in a society, it is an indication of a serious problem in personal finance due to its impending bankruptcy. The study notes that personal bankruptcy will be a threat to aggregate economic stability when household units have become financially unstable. The research airs its concern in the American perspective, wherein personal consumption expenditures constitute approximately two-thirds of GNP, any disruptive force affecting the consumer's ability to continue to stimulate economic activity by his purchases is likely to have a significant impact on the overall level of economic activity. Tandon (1988) contends that debt settles the gap between income and household expenditure.

In a report submitted to the Department of Trade and Industry, Britain, Kempson (2002) notes that widespread access to consumer credit has created a situation wherein one in six having five or more types of credit with a considerable amount. Damme et al. (2004) note that, even relatively, moderate out-of-pocket heath expense may often lead to indebtedness among low-income households

Brusky and Magalhães (2006) raise concerns on ample access to credit, as easy access to credit, combined with lack of knowledge or understanding of credit transactions, bad management of personal finances, or an unexpected financial pressure (job loss, illness), can easily lead to default and over-indebtedness. The study delineates two types of indebtedness: active and passive. Active indebtedness is a situation in which the individual actively contributes to creating a situation of over-indebtedness, due to lack of control on financial management. Passive indebtedness is due to unforeseen circumstances that drastically affect the individual’s capacity to repay. The study strongly supports the necessity of some mechanism to limit the credit access by industrial workers. On examining the erosion of middle-class economic security in the new millennium, in the American perspective, Weller (2008) comments that economic security can best be defined as sufficient resources that allow a family to meet any financial emergency. The study finds that personal bankruptcies are a function of negative income growth and positive function of debt composition.

Zhu (2011) finds that household items, such as houses and automobiles, contribute significantly to be financially overstretched and more susceptible to adverse events of personal bankruptcy. The study attests that personal bankruptcy has grown from a relatively rare household event in the past to a fairly common occurrence today, and people are so contented with nose-deep debt as they are not accountable for their consumption decisions. The study argues for the launch of educational programmes to inform the consequences of poor financial planning and ways to avoid consuming beyond their income capacity. The ILO (2013) has observed that changing financial norms and new financial instruments have led to generous credit availability to low-income households. Debt has become an alternative to a higher wage as a source of household consumption (ILO, 2013).

Le Baron's (2014) work uncovers the elusive case of modern-day slavery of debt-bondage of migrant workers in the United States. The study points out that the migrant workers are victimised under predatory forms of lending to workers, making them difficult to leave the company. The workers are compelled to settle the accumulated debt obligations by working extended time. Tabb (2014) examines the micro-social impacts of the financialisation of the working-class. The study posits that working-class debt is a shackle to expropriate surplus from the productive sector, which is nothing less than a phenomenon of debt-bondage. On examining the impact of conspicuous consumption on household debt, Kapeller and Schütz (2015) argue that income inequality induces people to engage in irrational consumption, financed through easy credit access. Tamasaukiene et al. (2017) posit that the dwindling wage share in the economy will deplete domestic demand. The study further states that any effort to fuel up consumption will increase household debt, in the event of the low wage bill.

An empirical examination (Aldashev, 2019) identified the role of social norms and status spending among households in putting them into unnecessary and avoidable financial stress, triggering a vicious circle of debt. On examining how consumer finance leads to labour exploitation, Lattanzi-Silveus (2019) alleges that modern market-centric capitalism has profoundly enabled the working-class to have unbridled credit access to expand the former's market grip. The selling credit to working-class evokes an implicit and inextricable need to work longer in the future, to repay the debt. Hence, the paper argues that financing the working-class is self-defeating and exploitative. Similarly, Day (2019) argues that consumer credit access is an irrational inconsequential element of modern life.

The preceding reviews delineate that indebtedness of the working class is due to low wage rates and a consumption-centric lifestyle, among other things. The current study takes a departure from the previous studies by unravelling the indebtedness of relatively highly paid industrial workers. The literature shares a portrayal of financial indiscipline as an antecedent to indebtedness.

4. Methodology

The study followed a quantitative cross-sectional research design. Though it was decided to identify the subjects for the study through stratified random sampling, the field realities led the research team to modify the sample selection strategy. Many prospective respondents, who were identified from the sampling frame, were either denied co-operating with the survey or reluctant to share certain key information. Hence, it was difficult to get a representative sample. To overcome this difficulty, the snowball sampling method was used to obtain the required number of samples. In snowball sampling, a probability method is used to select the initial respondents, and the subsequent selection can be achieved following the referrals of the initial respondents. Researchers (Adams et al., 2007; Bryman & Bell, 2011; Saunders et al., 2011; Zikmund et al., 2016; Chawla & Sondhi, 2016) have suggested this as a suitable sample identification technique when it is difficult to identify the members of the desired population.

Biernacki and Waldorf (1981) endorse that this method is well-suited for several research purposes and is particularly relevant when the topic of study is sensitive or highly personalised, which requires the knowledge of insiders to locate the subjects for the study. A problem inherent in this sampling technique is that the initial respondents, with whom the researcher has fused rapport, may identify people from his known circles or intimates, and thus, leading to bias in the sampling process (Zikmund et al., 2016). Employees of the personnel department and trade union leaders helped the research team ensure representation from various strata of employees and overcome referral bias.

A total number of 199 representative subjects were contacted by two public sectors and one private sector company in South Kerala. These three industrial establishments were chosen as they offer moderately high remuneration to the workers, in comparison with others. A custom-made pilot-tested questionnaire was used to elicit information from the respondents. The collected data were treated and analysed using SPSS version 22. Descriptive and inferential statistical tools were used to accomplish the research objectives. The basic socio-economic profile of the respondents was presented in tables. Multiple linear regression (Hinton et al., 2012) was used to explore the influence of identified variables on the perpetual debt position of the target group.

The dependent variable was indebtedness, which was the outstanding amount of loan at the time of the field survey. Dependent variables were drawn from the literature and pilot study. The pilot study was conducted to comprehend the gravity of the persisting problem of indebtedness at high and moderate levels of income. The variables (refer Appendix 1 for details) drawn from the literature were gross salary (Weller, 2008; Kapeller & Schütz, 2015), expense on food (Fand, 1959; Yeager, 1974; Tandon, 1988), expense on medicine (Damme et al., 2004), Easy access to debt (Kempson, 2002; Brusky & Magalhães, 2006; Le Baron, 2014; Lattanzi-Silveus, 2019; Day, 2019), expense on socialisation (Warmington, 1958; Tabb, 2014; Aldashev, 2019), and expenses on the house (Fand, 1959; Zhu, 2011; Aldashev, 2019). The variables identified through the pilot study comprised of years of service as a permanent worker, loan repayment, and a number of members in the family.

The proposed regression model is as follows (Refer Equation 1).

$$Indebtedness = a + \beta_1\, GS + \beta_2\, AD - \beta_3\, EXP + \beta_4\, FAM - \beta_5 ExF + \beta_6\, ExM - \beta_7\, ExS + \beta_8\, LR + \beta_9\, AH \quad (1)$$

where GS - Gross salary
AD - Easy access to debt
EXP - Years of service as a permanent worker
FAM - Number of members in a family
ExF - Expense on food
ExM - Expense on medicine
ExS - Expense on socialisation
LR - Loan repayment
AH - Total built-up area of the house.

5. Results and Findings

This section presents the results of data analysis with useful interpretations. The profiles of the job category of employees are too diverse to be grouped into a manageable number of categories coherently. Hence, this was not taken into consideration to examine its predictive or explanatory power upon the indebtedness of industrial workers. Nevertheless, the status of job across the tenure with the company has been captured.

Some 38.2% of the subjects covered under the study reported that they had worked as casual workers or both casual and contract workers before they were absorbed into the regular roll. The average working years of casual work arrangement as per this study are 2.5 years with minimum and maximum service years of one and 11, respectively. Similarly, an almost equal percentage (38%) of the sample respondents expended their time with the company before the confirmation of employment. This tenure ranges between one year and 22 years, with an average contract tenure of 6.43 years. It is also estimated that average tenure of workers surveyed, with the respective companies, is approximately 19 years, with a range of two years (the criterion to be included in the survey) and 33 years. A detailed breakdown is given in Table 1.

Table 1: Work Trajectory of the Respondents

Tenure of Casual Work (n=76)		**Tenure of Contract Work (n=75)**		**Years in Service on Permanent Roll (n=199)**	
Duration	**Per cent**	**Duration**	**Per cent**	**Duration**	**Per cent**
1 year	31	1-2 years	17	≤ 10 years	18
2 – 3 years	53	3 – 5 years	31	10 – 20 years	36
4+ years	16	6 – 10 years	39	20+ years	46
		10+ years	13		

The study included age, gender, religion, gross salary, net salary, floor space of dwelling place, if it is owned, and the outstanding debt position to understand the general socio-economic status of the respondents. The gender dimension was highly skewed, with 83% male workers and 17% female workers. The religious status of the representative workers comprises of 81% of Hindus, 8% of Muslims and 11% of Christians. The results of descriptive statistics on other indicators are shown in Table 2.

Linear multiple regression was conducted to acknowledge the nature and magnitude of the explanatory power of certain identified indicators in determining the indebtedness of industrial workers of the relevant industrial establishments (refer Appendix 2 for detailed results). The result of regression analysis confirms a moderately high correlation (0.606) between the set of independent variables and the dependent variables. The correlation attests to a moderate impact of 36.8% attributable by the predictors upon the predicted variable (indebtedness). It indicates a moderate explanatory power of the identified independent variables.

Table 2: Basic Socio-economic Status of the Respondents (n=199)

Attributes	Per cent	Attributes	Per cent
Age Strata (Years)		Gross Salary (INR'000)	
21 – 30	04	Up to 30	25
31 – 40	16	30 – 60	63
41 – 50	27	60 – 100	10
51 – 60	53	> 100	02
Min: 21; Max: 59; $\bar{x}$: 48;σ: 8.5		*Min: 11; Max: 140; $\bar{x}$: 43.882;σ: 20.291*	
Net Salary (INR'000)		House floor area (Sq. Ft.)	
Up to 10	25	No house	08
10 – 25	43	< 1000	21
25 – 50	30	1000 – 1500	40
> 50	02	1500 – 2000	22
		> 2000	09
Attributes	**Per cent**	**Attributes**	**Per cent**
Debt Position (INR lakh)		Sources of Debt (n=191)	
No debt outstanding	08	Company Society	
< One	04	Co-operative society	
One – Five	34	Banks (Private & Public)	
Five – 10	26	Inside lenders	
10 – 25	22	Other money lenders	
> 25	06	All possible sources	
Min:10; Max:8000; $\bar{x}$: 822.878;σ: 1021.2			

Note: ***Min***: *Minimum;* ***Max:*** *Maximum;* $\bar{x}$: *Mean;* **σ**: *Sample SD: INR 1 = USD 0.02*

The model fit of multiple regression conforms ample theoretical robustness of the model, which was indicated by the statistically significant value of F-statistics (11.76; p=0.000). Out of nine independent variables, multiple regression validates only four variables that could statistically explain the indebtedness, as per our study. These variables are easy to access to debt, expenditure on socialisation, loan repayment, and size of houses. All four variables have a direct impact on perpetual debt. Easy access to debt is identified to be the prominent predictor of indebtedness with a higher statistically significant t-value of 5.421 (p=0.000), followed by expenditure on house area (t=4.41; p=0.000), expenditure on socialisation (t=3.087; p=0.002) and loan repayment (t=1.8126; p=0.071). The estimated regression model, with standardised regression coefficients to indicate the relative impact of each independent variable, is as follows (refer Equation 2).

$$Indebtedness = 829649.32 + 0.090\ GS + 0.367\ AD - 0.057\ EXP - 0.043\ FAM + 0.048\ ExF - 0.080\ ExM + 0.195\ ExS + 0.129\ LR + 0.278\ AH \quad (2)$$

Multi-collinearity was tested to examine the item redundancy among the independent variables. Hair et al. (2011) suggest that tolerance values below 0.2 and VIF values exceeding 4 are evidence of multi-collinearity (refer annexure for details). Every tolerance value and VIF satisfies the necessary and sufficiency condition, ruling out the problem of item redundancy.

We ran one-way ANOVA to examine whether the debt position varies across the three industrial establishments taken for study (refer Appendix 3 for detailed results). It is inferred from the result that indebtedness is ubiquitous irrespective of the nature and status of industrial establishments. This has been corroborated by the non-significant F-value [F (2,196) = 1.615; p> 0.05]. This situation is to be taken as pressing, as it indicates economic vulnerability, with moderately high remunerative components. A common trend in visibly high debt position across the relevant industrial units prompted us to probe the association between income and debt position. We found that gross salary and outstanding debt registered positive and statistically significant correlations (r = 0.163; p = 0.021), signifying the co-existence of high wage and high debt position.

6. Discussion

The preliminary study enabled us to construe the theoretical underpinning in this study, which was confirmed by the main study. The current study could not find any statistically significant relationship between gross salary and indebtedness. But easy to access credit, expense on socialisation, loan repayment, and area of the house (as a proxy to the expense on house construction) positively influence indebtedness (refer annexure I.1.c). The respondents of the study reported that they strive to be at par with the standard of living of their peers and neighbours. The same is attributed to household consumption function, relative income hypothesis propounded by Duesenberry (1949). Concerning consumption function, we would like to consider the demonstration effect of consumption discussed in the relative income hypothesis.

Dusenberry (1949) theorises that a household's consumption depends not only on its current disposable income but also on current income relative to the highest level of income previously attained and relative to the income of other households. Households care about their relative standard of living with their neighbourhood (to keep up with the Joneses) in deciding their consumption (Gali, 1994). Dupor and Liu (2003) contend that the happiness of an individual to be linked to the consumption pattern of others has become an important attribute of people's shared existence. Maintaining tempo with the living standards of others or one notch ahead of others is seemingly the major trigger of impulsive buying, which, in turn, leads to reckless spending and its consequent indebtedness.

Easy to access credit and expense on the house construction, both register the highest effect sizes (refer annexure I.1.c), reflect social pressure on consumption. Consumers often purchase products not only for their functional utility but also for their social meaning to satisfy the peer pressure (Soloman, 1983). The presence of jealousy in human beings instigates them to over-consume, disregard of its negative effect on others to do the same thing if they venture to keep with the Joneses (Dupor & Liu, 2003).

Christen and Morgan (2005) argue and provide evidence that the income inequality effect on consumer borrowing is a result of conspicuous consumption. Rising income inequality has forced households with smaller income gains to using debt to keep up their consumption level relative to households with larger income gains (Christen & Morgan, 2005). Kapeller & Schütz (2015) also argued that the relative consumption concerns matter a lot within the working-class community, due to income inequality and its resultant welfare dimension. Hence, the household indebtedness might have resulted from the need for consumers to maintain or improve their social position through conspicuous consumption to catch up with the consumption pattern of higher-income groups. This is evident when selecting educational institutions for children, purchase of vehicles, construction of houses, socialisation, clothing, purchasing personal vehicles, and a host of other important items, which ultimately depend on what others spend on them. Our study is consistent with Veblen's (2003:1899) socially mediated consumer preferences when the respondents are highly concerned about their social status in personal as well as household consumption. Christen and Morgan (2005) acknowledge that the rising income inequality has a strong impact on household debt, especially instalment loans or higher purchase scheme, which is generally used to finance the consumer durables. We subscribe to this in light of the current study.

As an overt departure from the literature, higher indebtedness is associated with low income (Warmington, 1958; Yeager, 1974; Tandon, 1988; Zhu, 2011; Tabb, 2014). The current study finds no empirically significant relationship between income and indebtedness (refer annexure I.1.c). This may be due to the ubiquitous nature of the debt, irrespective of various levels of income. This requires further validation before being generalised. It is also noted that the amount of loan repayment registers a positive relationship with outstanding debt, which is significant on a liberal level. It appears to be theoretically coherent as any sizeable amount of reduction from current salary, towards loan repayment, may force the workers to borrow further to realise their planned consumption. Since wage income makes up a significant portion of workers' household income (ILO, 2019), any deduction in income will have severe ramifications on their living standards.

Our study is congruent with the literature on lifecycle hypothesis of consumption (Ando & Modigliani, 1963; Danziger, Van Der Gaag, Smolensky & Taussig, 1982-1983; Shefrin & Thaler, 1988), which states that the aggregate consumption expenditure of a household at any given point of time is based on the estimation of total lifetime income stream. On probing their perception of mounting debt position, the respondents disclosed that they would able to repay the debt from their lifetime earnings or/and retirement benefits

If the income is inelastic to the amount earmarked for planned expenditure, people tend to borrow. The tendency to borrow will be more to those people who have a regular and predictable source of income. The industrial workers are no exception. In this regard, we correspond to the embourgeoisement debate examined by Day (2019), in which the author argues that the unbridled access to personal loans to working-class leads an affluent life, sinking in debt. Our field observations recorded the same phenomenon, wherein the respondents to the study amassed a lot of consumer durables, built big houses, and conducted lavish marriage ceremonies, by obtaining personal loans. Our research further reinstates that the friendship relations and socialisations, around their work fraternity, linked to ceremonies and family celebrations reinforce their urge to move up and afloat in the affluent consumption habits. It converges with the idea of Lattanzi-Silveus (2019) concerning liberal consumer finance to workers. Such generous credit amenities deplete the disposable income of working-class, with their bargaining power plummeting (see Lattanzi-Silveus, 2019). A recent study (Aldashev, 2019) also empirically proved that liberal access to credit prompts people to spend more on the ceremonious way with devastating spillovers.

7. Conclusion

Our investigation on the antecedents of indebtedness of industrial workers culminates in offering new insight on the co-existence of indebtedness with relatively high remuneration. Lifestyle changes and shared social norms and values, with an urge to maintain one notch ahead of others, seemingly stir up general consumption and its resulting indebtedness. Results of the study have indicated that indebtedness is ubiquitous, irrespective of industrial establishments and various levels of salary. Our findings on the co-existence of high-wage-high-indebtedness among the industrial workers call for a multi-dimensional and holistic intervention to curb the financial stress of the working-class, to ensure peaceful and contented life.

A proper formulation and administration of welfare facilities can play a vital role in promoting better working conditions and living standards of industrial workers and also increase their productivity, especially in developing countries. It is obvious, however, that the scope of labour welfare would depend on the kind of existing labour problems and on the types of welfare services, which are needed in different situations. Our study has implications on re-configuring the role of trade unions and re-designing the role of personnel management of industrial establishments to contain the incidence of irrational indebtedness of workers, who can easily be caught up in a self-perpetuating vicious circle of debt trap due to demonstration effect. The results of our study offer a two-pronged strategy of non-wage intervention from the employer and logical financial prudence from the part of the employees to address the issue of indebtedness. Supply-driven indebtedness (easy access to credit) resonates with the failure of institutional mechanisms in streamlining credit facilities. Easy availability credit, both formal and informal channels, may make the economic status of consumption-prone workers more vulnerable.

Our study is not free from limitations. Limited geographical coverage is a major drawback of a study like this. The generalisation of the inferences from the study on a wider perspective of the industrial working-class may evoke many concerns. A cross-sectional study cannot make a prediction about the long-term debt position of the respondents, and hence such inferences may be contestable. Hence, we acknowledge the need for a study with a border and longitudinal perspective to validate our findings.

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Appendices

Appendix 1: Survey Instrument

Socio-Economic Status of Industrial Workers in Kerala

I. Personal profile

Name of Company : HLL [ ] Penapol [ ] KMML [ ]

(1) Designation : ………………

(2) Sex : M [ ] F [ ] (3)Age :…………….

(4) Religion : Hindu [ ] Muslim [ ] Christian [ ]

(5) Category : Gen [ ] OBC [ ] SC [ ] ST [ ]

(6) Total years of service : Apprentice….. Contract:…… Permanent…..

(7) Monthly Gross wage : …………….. (8) Monthly Net wage ……………..

(9) Number of days overtime/month:………………………
(10) Avg daily overtime allowance (Rs): …………………………..
(11) Occupation of Father: ……………………… 11a Mother…………………
(12) The total number of family members:…………………….
(13) Nature of job: Hazardous [ ] Non-hazardous [ ]
(14) If your job is hazardous, steps taken to address it:…………………….

II. Details of Average Monthly Expenditure (in Rs):

No	**Item**	**Rs**	**No**		**Rs**
1	Food		10	Medicine	
2	Avg Electricity Bill		11	Entertainment	
3	Gas		12	Interests	
4	Water		13	Socialisation	
5	Petrol		14	Loan repayment	
6	Phone/Mobile		15	Cloth (year)	
7	Internet		16	Education (year)	
8	TV		17	Chitty	
9	News Paper		18	Bank Savings	

III. Economic Status

(1) House Type : Tiled/RCC/Others

(2) Number of houses : ………..

(3) Sq.ft :…….

(4) Nature of ownership : Owned/Rented/Leased/ With parents/Quarters

(5) Area of land owned :………..

(6) Addl source of income :………

(7) Vehicles owned : No. of Cars No. of two-wheelers

(8) Present debt position (Including all borrowings)Rs………………
(9) Source of borrowing : Society [ ] Bank [ ] Moneylender from company [ ]
Other money lender [ ] others……………………………..

IV. Purpose of Borrowing:

(Mark your Preferences)

No	Item	Applicable	Prioritise (1, 2, 3…)
1	Ancestral debt		
2	Marriage		
3	Construction of house		
4	Purchase of vehicle		
5	Education		
6	Easy availability of loan		
7	Luxury		
8	Health		
9	Family obligations		
10	Purchase of property		

(11) Details of surety including mortgage, if any: ……………………………………………

(12) Ten items related to addressing the issue of indebtedness of workers by management is given. Rank the applicable parameters based on your opinion

No	Item	Applicable Rank
1	Don't know	
2	No opinion	
3	No role; it is the personal matter of the workers	
4	conduct workshops for financial literacy, promote a saving mentality	
5	Interest-free loan to workers	
6	Facilitate workers interaction	
7	Counselling at periodic intervals	
8	Behavioural training	
9	Appoint psychologists to give suggestion to employees	
10	Others (specify)	

(12) Any other Suggestions

Name: ……………………………………
Contact Number: …………………………..
Date: ……………………………………

Appendix 2

Appendix 2.1a: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.606[a]	.368	.336	840,406

a. Predictors: (Constant), House_Area, E_medicine, E_food, No_memb, E_Social, D_easy, Gross_Sal, E_Loan, Inservice Years

Appendix 2.1b: ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	74753241899317	9	8305915766590	11.760	.000[b]
Residual	128543403838972	182	706282438675		
Total	203296645738289	191			

a. Dependent Variable: outsta_Dbt

b. Predictors: (Constant), House_Area, E_medicine, E_food, No_memb, E_Social, D_easy, Gross_Sal, E_Loan, In-service Years

Appendix 2.1c: Coefficients

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	829649.323	295967.090		2.803	.006		
Gross Salary	4.582	3.775	.090	1.214	.226	.630	1.586
Easy access to debt	776927.933	143324.959	.367	5.421	.000	.756	1.323
In-service Years	-7391.014	9642.930	-.057	-.766	.444	.637	1.570
No. of fam. Memb.	-30319.213	43181.703	-.043	-.702	.483	.930	1.075
Expe_ on food	15.495	20.044	.048	.773	.440	.886	1.129
Expe_on medicine	-37.731	29.038	-.080	-1.299	.195	.925	1.081
Expe_on Socialis	86.268	27.943	.195	3.087	.002	.869	1.151
Loan repayment	13.914	7.660	.129	1.816	.071	.691	1.446
House_Area	489.379	111.086	.278	4.405	.000	.871	1.148

a. Dependent Variable: outstanding Debt

Appendix 3: Relationship between Industrial Establishment and Indebtedness

Appendix 3.1: ANOVA

Outstanding Debt

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3347391109563.002	2	1673695554781.501	1.615	.202
Within Groups	203155581641459.250	196	1036508069599.282		
Total	206502972751022.250	198			