Workers connect...

Inequality Hurts ... All of Us

The richest 1% in India cornering 73% of the wealth generated in the country last year, according to the 2018 Oxfam report, Reward Work, Not Wealth, after over 25 years of liberalization raises a few basic questions. The report also showed that the wealth of India's richest 1% increased by over Rs. 20.9 trillion during 2017—an amount equivalent to total budget of the central government in 2017-18.

This outcome can be read in two ways: one, that the rich have disproportionately benefited from the policies for liberalisation and the poor could not and two, that liberalisation itself creates this inequality.

If we take the first proposition to be true as most people do, the understanding that our policymakers provide is that with slight adjustments in policy which remove the barriers for market forces, all problems will get automatically fixed. The problems that we have today, such as this rising inequality, are 'short term hiccups' that will get resolved when we allow the market forces to function unfettered. This is why our governments across the world are competing against each other in removing the barriers to market forces such as existing labour laws, government controls and regulatory institutions. Liberalisation means Progressive Elimination of Government Controls, Progressive Cuts in Social Spending, Increased Labour Market Flexibility, Privatisation of the Public Sector and Progressive Rationalisation of Tax structure thereby promoting growth led by the private sector.

Question 1: Have these policies measures led to growth?

After over 25 years from the first phase of liberalisation, our policymakers boast of India being one of the fastest growing economies in the world, placed only after China. In 2017, China's GDP growth rate of 6.8% and India's 6.7% demonstrate a common pattern of growth which is in sharp variance with the slow growing economies in the global north. Rapidly growing state investment has played a significant role in China and India's economic expansion, while private investment has either grown very slowly like in the global north or actually declined. According to an analysis the year-on-year increase of India's government investment was 21 percent while private investment actually fell by 1.4 percent (2015). The efforts of the Modi government to boost investments in the manufacturing sector through the Make in India programme failed to bear fruit. Unfortunately, private investment remains sluggish and could even derail India's growth story. Thus the growth figures are not certainly an outcome of the liberalisation policies. What liberalisation has certainly done is that it has transferred public resources for the development of the private sector and thereby forcing a cut in the social spending.

Question 2: If these policies have not triggered growth, have they ensured the distribution of the benefits of this growth?

Here, in this context, let us look at some of the broad policy initiatives that constitute the neo-liberal policy framework and how they have impacted the economy.

Progressive elimination of government controls: From delicensing in the 1990s to the recently instituted FDI reforms, initiatives for quick approvals and clearances, self-certifications, bringing in the insolvency and bankruptcy code have all created an environment where capital is unregulated in most cases. The responsibility of the government to regulate businesses to ensure safety and security of workers engaged in these establishments as well as to ensure that citizen consumers are protected against malpractices of these businesses, has today been mostly foregone, which leaves the large majority of people in the economy exposed to market forces. Let us take the example of bottled drinking water. When government announced that bottled water can only be charged at printed price, most companies launched new packaged drinking water that costs several times more than regular bottled drinking water. There is an understanding between rival corporates to raise the price of the product, because of which they both gain but continue to battle over market share through product differentiation (making claims that their water is from hot springs or from the Himalayas etc.), but the only entity that loses entirely are the common people. This can be true for all commodities, whether goods or services such as bank charges charged by private banks or charges for not maintaining minimum balance by even public sector banks.

Cuts in Social Spending: Proportion of government expenditure on education, health to GDP or budgetary expenditure has remained at best stagnant over the years. World Bank data shows that public health expenditure in India at 1.4% of GDP in 2014 is much lower than the world average of 6%, Brazil at 3.8%, Russian Federation at 3.7% and China at 3.1%, among others. In the case of education, in 2015-16, India spent 3% of its GDP, compared to 3.8% in Russia, 4.2% in China, 5.2% in Brazil and 6.9% in South Africa. In 2016-17, India's budgetary expenditure on health and on education is still hovering around 1.3 % and below 4% of the GDP respectively. To make matters worse, the Niti Aayog is pushing for a greater role for private players in healthcare. 85% of the total out-of-pocket-expenditure on health in the country is spent on private facilities. One of the major reasons that India's poor incur debt is the cost of health care.

The continuous effort to replace the public distribution system with targeted cash transfer and to freeze the minimum support price for agricultural commodities has together created a condition of unsustainable lack of access to food for both rural and urban poor.

In addition to this is the effort by the government to eliminate all forms of reservation for SCs and STs in government employments. The rationalisation of the Group D and the progressive contractualisation of jobs traditionally accessed by these communities has further aggravated the inequality.

In the 20th century, public spending and progressive taxation were aimed at bridging the gap of access to basic social indicators between the rich and the poor and creating opportunities. But come liberalisation, there has been a shift in the basic principle where we now hear from our policymakers that extreme inequality of income and wealth doesn't really matter provided we all get a decent opportunity to succeed. It is more to do with our individual capacity to succeed that matters and not where we started. So the key to success lies with us and our efforts and merit and not the conditions where we started. Thus a daughter of a dalit safai worker, if given the same opportunity as the son of an upper caste government employee should be able to get to the same place without any additional support for her. While this sounds perfect and many of us would like to believe that this is what equality should look like, unfortunately this fails to reflect reality. This principle ignores that fact that fortune of birth is directly linked to the fortunes of our parents - conferring lifelong advantages on some for historical social, cultural and economic reasons, while relegating others to a lifetime of trying to keep up. Well-being of a certain group of people arises from a combination of what they have, what they can do with what they have, and what are the social and cultural barriers to being able to do what they think they can.

Hence if we go back to the initial questions, liberalisation has contributed to this rising inequality of opportunities and outcome as opposed to what our policymakers suggest that the poor are poor because they don't try hard enough.

Policy News

Government proposes Fixed Term Contract in all sectors

26 January 2018: The Union Labour Ministry issued a draft notification on 8 January 2018 proposing an amendment in the provisions of the Industrial Employment (Standing Orders) Central Rules, 1946 to allow Fixed Term Contracts (FTC) in all sectors.

The proposed amendments exempt the employers from:

1. Serving notice of termination to temporary & badli workmen and to workers who would be employed under FTC, if they have been in service for less than three months or on expiry of their contract.
2. The obligation to hire workmen through contractors, if the work is work is non-perennial and the services are required for a short period; and,
3. Seek prior government approval in case of closure or termination of more than 300 workmen.

Foreign Direct Investment in Single Brand Retail and Construction raised to 100%

15 January 2018: Government has increased the cap of Foreign Direct Investment (FDI) in Single Brand Retail to 100% with the clause that where the share of FDI exceeds 51%, 30% of the value of goods purchased must be from India. The government has also allowed for 100% and 49% FDI in the Construction sector and Civil Aviation sector respectively.

J&K government launches Muhafiz scheme for construction workers

9 January 2018: The Jammu & Kashmir Building and Other Construction Worker Welfare Board launched Muhafiz – an insurance scheme for construction workers which would provide a cover of Rs.4 lakh for accidental death, Rs.2 lakh for natural death, Rs.2 lakh for permanent disability, Rs.1 lakh for partial disability and a credit facility of up to Rs.10,000. The scheme also has provisions for scholarhip for children of construction workers.

Collective Bargaining

Ola and Uber drivers protest against discriminatory pricing and regulation

4 January 2018: 30,000 Ola and Uber drivers in Chennai struck work on 3 January 2018 against 'unfair employment practices' by the cab aggregators as well as the state regulations that curtail their work. The striking workers challenged that there is frequent changes in fare rates, lack of transparency in fares and flawed incentive mechanisms along with high percentage of deductions. The drivers claimed that aggregators were paying drivers only Rs 6.50/km for their rides, much lower than the state regulated Rs.12/km. The drivers demanded that the government should fix standard fares for call-taxis in Chennai along with incentive schemes and revise permit rules.

Contract Workers sign wage agreement at Lafarge Holcim subsidiary in Maharashtra

26 January 2018: The Chanda Cement Works Employees Union (CCWEU) at the Chandrapur, plant of Lafarge Holcim Acc Ltd., Maharashtra has signed a 3 year wage agreement covering 1100 contract workers on 21 January 2018 with effect from 1 April 2017. The agreement also mandate that contractors would pay 50% of the premium liabilities of contract workers towards government sponsored social security schemes and in case the contractor is changed during the period of the agreement, the provisions of the settlement would have to be implemented by the new contractor.

The Union had submitted its charter of demands in April, 2017.

Automobile workers in Pune, Maharashtra go on hunger strike as management refuses dialogue

12 January 2018: Workers of Bajaj Auto Limited and Volkswagon India have gone on hunger strike as their respective managements have refused to come to the negotiation table.

11 workers of the Volkswagon India Limited, the Indian subsidiary of German Automobile giant went on hunger strike on 12 January 2018 as the current round of wage negotiations which started in 2016 remain inconclusive. Workers have been opposing Volkswagon's move to restructure salaries to include a 20% performance based wage component which would lead to a significant wage decrease for many workers.

Workers at the Chakan and Akurdi plant of Bajaj Auto Limited went on indefinite hunger strike on 29 January 2018 demanding reinstatement of six workers who have been dismissed on disciplinary grounds and delay in conclusion of the wage review process which is due with effect from 1 April 2016.

Legal News

Gujarat High Court: Period of service before regularisation of employment should be considered when calculating pension benefits

18 January 2018: In a petition filed by workers of Deesa Irrigation Division who were regularized in 2003 through a court order, against denial of pension benefits on the grounds that they had not completed the mandatory 10 years of service in regular employment at the time of retirement in 2008, the Gujarat High Court has ruled that the tenure spent as contract worker before regularization of employment should also be considered as time spent in service while calculating pension benefits.

Retrenched employees to move to court against Verizon

4 January 2018: 70 retrenched workers of Verizon Data Services Private Limited approached the court when the conciliation meeting between the company and the workers failed at the office of the Joint Commissioner of Labour of Ranga Reddy zone of Telangana on 3 January 2018 which lasted over 5 hours where the management refused to reinstate the retrenched workers. Verizon Communication had taken up a mass retrenchment exercise and laid off over 1,000 employees in Hyderabad and Chennai in December 2017.

Discrimination

Workers at SPM Autocomp suspended, transferred to curb Freedom of Association

19 January 2018: 40 workers of SPM Autocomp Private Limited, a pivotal vendor of automobile components in the Maruti Suzuki supply chain. stood in silent protest in front of the Deputy Labour Commissioner Office in Gurugram, Haryana alleging an attack on their right to Freedom of Association.

10 workers were suspended and 30 workers have been transferred on various grounds after the workers filed for registration of a union of their choice. Management has also switched off safety sensors for faster production, which led to an unprecedented increase in workplace accidents.

The Deputy Labour commissioner has sought a report regarding the matter.

Contract Safai worker commits suicide in Mumbai over delay in regularisation of employment

5 January 2018: Sumathi Devendran (35), a contract safai worker of Brihanmumbai Municipal Corporation killed herself due to delay in regularization of her employment despite Supreme Court orders.

2700 Contract Safai workers of BMC were awarded permanency as their contract arrangement was found to be sham and bogus by the Industrial Tribunal in 2007. BMC had appealed to the Apex Court in 2017 against the award but the Supreme Court upheld the order of the Industrial Tribunal and ordered immediate absorption of the Contract Safai Workers in the BMC workforce.

Contract Safai workers of Brihanmumbai Municipal Corporation (BMC) under the banner of their union Kachra Vahatuk Shramik Sangh, staged protest demanding immediate regularization and payment of all arrears which amount to Rs.1 Lakh per worker.

Health and Safety

Nepal: New Labour Act holds employers liable for Occupational Safety and Health

2 January 2018: To ensure employer's liability towards Occupational Safety and Health (OSH) of workers, the government of Nepal has formulated provisions in the new Labour Act of 2017. The Act mandates that the employer bear all costs of treatment in case of illness and provide compensation for accidents occurring due to any negligence of health and safety measures at the workplace that might come from the use, storage and operation of any chemical, physical materials and equipment at workplace.

Workplace Safety Watch

Sanitation: 4 contract sanitation workers, Rameshwar Heramsingh (45), Satyanarayan Singh (40), Vishwanath Singh (32), Ramnath Singh (48) died and Pareshnath Singh (49) got severely injured in Mumbai when the crane pulley being used to haul up the workers from 9 metre deep manhole snapped on 1 January.

3 sanitation workers, Madegowda, Narayanaswamy and Srinivas died due to asphyxiation in Bengaluru on 7 January.

Manufacturing: Bhuvaneshwari Adimulam (20), a temporary garment worker died at a Thirupur based Knitwear factory on 3 January when her head and hand got stuck in a machine while she was working the night shift.

A fire broke out in the basement of a three storied illegal firecracker storage unit in the industrial area of Bawana in Delhi on 20 January 2018 resulting in the death of 17 workers, out of which 10 were women. Around 50 workers were trapped inside the unit, and a majority of the deaths were caused by burns while a few died after inhaling toxic fumes. The factory was registered as Chanana Polymer, for manufacturing plastic raw material. The building had only one exit and two fire extinguishers which the workers did not know how to use.

Arun Singh (32), a contract worker at the Ambuja Cement Ltd, of the LafargeHolcim group, died due to an electrical malfunction in the wagon loading machine on 27 January 2018. The technical problem in the machine was reported a few days before the accident but the work were directed to resume work on the machine after minor repairs on 25 January 2018.

Construction: Sonu Singh Saini (31), a mechanic at the Metro construction site in Bengaluru died on 13 January after a speeding truck crashed into a container shed in which he was sleeping.

S Munna Ooren, a construction worker from Jharkhand died at a construction site in Crompet, Tamil Nadu on 16 January after slipping and falling from the 9th floor.

In and Around

India drops plan for orange passports amidst protests

31 January 2018: The Indian government has dropped plans to issue orange passports to unskilled workers which, it had proposed, would have prevented exploitation of vulnerable workers when they were employed overseas.

Opponents said the two different passports would result in greater discrimination as they would be treated as 'second class citizens' of the country.

India sends an estimated 17 million migrant workers to the world who remitted almost $70 billion in 2015, according to the World Bank.

Economic Survey 2017-18 tabled in Parliament

29 January 2018: The Economic Survey was tabled in Parliament today by the Finance Minister, Arun Jaitley. Some of the key highlights of the survey are:

Growth

- GDP growth rate at constant market prices for the current year is placed at 7.1 per cent.
- Service sector has been estimated to have grown at 8.9 per cent and Industrial growth rate at 5.2 per cent, lower than 7.4 per cent in 2015/16
- Priority to social infrastructure like education, health to promote inclusive growth

Universal basic income

- Universal Basic Income (UBI) proposal a powerful idea, but not ready for implementation
- UBI an alternative to plethora of state subsidies for poverty alleviation but would cost between 4 and 5 per cent of GDP

Ease of Doing Business

- The next frontier for making business easier should be to address delayed justice.
- The Insolvency and Bankruptcy Code is reducing legal uncertainty.

Labour

- Urban migration leading to feminisation of farm sector
- Technology should be used for better enforcement of labour laws
- Farmers' losses attributed to climate change but no solutions proposed.

ILO: 3 out of 4 workers are vulnerable workers in India

24 January 2018: According to the World Employment and Social Outlook: Trends 2018 report of the ILO, almost 1.4 billion workers globally are estimated to be in vulnerable employment in 2017 with the majority living in Asia.

The Asia-Pacific region will add 23 million jobs between 2017-19, aided by employment growth in South Asia, including India. But, majority of these new jobs are of poor quality.

According to the report, of the 535 million labour force in India in 2019, some 398.6 million will have poor quality jobs. The poor quality of jobs and high informality, according to the ILO is the key for the high number of "working poor" or those living on incomes of less than Rs.198 per day. The report says by 2019, India will have 18.9 million unemployed people or 9.76% of such population worldwide — an increase from 18.3 million in 2017.

ONGC to buy governments 51.11% stake in HPCL for Rs. 36,915 crore

20 January 2018: The acquisition of 51.11% of government's stakes in Hindustan Petroleum Corp. Ltd (HPCL) by Oil and Natural Gas Corp. Ltd (ONGC) will help the government comfortably achieve its divestment target for this fiscal. The transaction is expected to close by the end of this month. The deal is exempt from a public offer as both the entities are related parties.

Honorarium Workers organise all India strike

18 January 2018: Over 2 million honorarium workers protested all across India on 17 January 2018 demanding the implementation of the 45th Indian Labour Conference (ILC) recommendations of recognising them as workers, ensuring a minimum wage of Rs.18,000, and social security benefits. The workers also demanded sufficient financial allocation in the Union Budget (2018-19), to ensure rise in wages for the workers and to stop privatization of the schemes by the government.

Tamil Nadu Transport Workers end strike after High Court intervenes

8 January 2018: 17 unions representing workers of Tamil Nadu State Transport Corporation (TNSTC) went on an indefinite strike from 4 January 2018, after 16 months of negotiation since the 13th wage agreement talks, between unions and the state government remained inconclusive. The unions have been demanding that the wages of the workers be made at par with drivers in other state government corporations and the unpaid pensioners' gratuity for several years and social security deductions from workers' wages totaling in excess of Rs.7500 crores be credited to the respective accounts. The transport corporation has retaliated by imposing wage cut for the seven-day strike period and has issued charge memos, including transfer orders to workers who participated in the strike.

The strike was called off after Madras High Court appointed its former judge E. Padmanabhan as an arbitrator to adjudicate the dispute between the government and workers over the quantum of wage revision and directed the workers to resume work.

News from Around the World

Argentina: Workers protest against Layoffs

30 January 2018: In December 2017, 3,346 workers were fired, 60 percent of them were public workers. Argentine workers mobilized on 30 January to oppose a new round of layoffs that threaten a total of 372 workers from the National Institute for Industrial Technology, INTI, and the public hospital "Hospital Posadas." The workers were joined by the leadership of the State Workers' Association, ATE, a half-a-million-strong union, to protest against the announced layoff of the 250 workers at INTI and 122 workers at the hospital. On 29 January, the police prevented the workers from entering the institute to hold a public assembly.

Immigrant organizations will also join the protest against the presidential decree on 30th, which would allow for easier deportations.

Canada: Supreme Court upholds the right to collective bargaining of public service employees'

30 January 2018: The Supreme Court of Canada has upheld the right to collective bargaining under the freedom of association guarantee and ordered the government to honour the commitments made at the negotiation table. The matter was raised by British Columbia Teachers' Federation (BCTF) against the government in 2002 when the government unilaterally cancelled dozens of articles in collective agreements in the education and health sectors.

Bangladesh government opens apparel factory in prison

30 January 2017: Bangladesh government has started a knitwear factory in the Narayanganj District Jail, near Dhaka. The factory will employ over 300 of the jail's 2,150 inmates. It has two units—one for ready-made garments and the other to produce Jamdani, a traditional Bangladeshi garment, both of which will be exported with the tag "Made by Prisoners."

The Home Minister Asaduzzaman Khan Kamal said that the government plans to expand this to the other prisons of the country. The government is portraying this as a benevolent move, but this has serious consequences.

Thailand: KFC bows to union strength, recognizes Trade Union rights

29 January 2018: The Cuisine and Service Worker's Union signed an agreement with the fast food chain KFC which recognizes the right to union representation in any dispute or grievance, union intervention in any warning or disciplinary action and paid trade union leave. The agreement formally registered with the Labour Department will cover around 2,400 workers.

Greece: Parliament approves bailout reforms as thousands protest

16 January 2018: Greece's parliament has approved a bill for fiscal, energy and labor reforms in return for fresh bailout funds under pressure from international funders. The reforms would curtail benefits for families with more than three children, introduce a new process for foreclosures on overdue loans, and make it harder for unions to call a strike. Currently, unions require the support of one-third of their members to call a strike, the new law aims to raise it to over 50%. The move is aimed to check the rise in anti-austerity protests across the country.

UK: McDonald's workers strike for the first time, win raise in wages

4 January 2018: The fast-food chain McDonald's workers under the banner of The Bakers, Food and Allied Workers Union (BFAWU) have won a wage hike after they went on strike for the first time since the company started operation in 1974,. The new wage based on age, job role and location of the workers would come into effect from 22 January 2018.

The 'McStrike campaign' as the protest was called began on 4 September 2017, when 40 workers walked out in protest against the low wages, dismal working conditions and the rampant use of zero hour contracts.

Iceland: Government promulgates law to put an end to gender pay gap

3 January 2018: Iceland has promulgated a law which would illegalize it to pay men more than women for the same work. Under the new rules, companies and government agencies employing more than 25 people will have to obtain government certification of their equal pay policies and failure of compliance would attract hefty fines.

Corporate Watch

Uttarakhand High Court directs Patanjali to pay wage arrears to 93 workers

18 January 2018: The division bench of Uttarakhand High Court comprising of Chief Justice K M Joseph and Justice U C Dhyani rejected the special plea and upheld the earlier decision taken by the High Court's single bench against Baba Ramdev's Divya Yog Pharmacy and directed the company to pay all back wages of 93 workers for the last 13 years since 2005. Collectively the back wages of the workers for the period amounts to over Rs 14.50 crore.

The Divya Yog Pharmacy came under the scanner of the high court when the workers filed a case following a dispute in 2015.

Patanjali Ayurved entered e-commerce this month for its FMCG products and targeting over Rs 1,000 crore this year. The company has partnered with eight players, which also include Grofers, Shopclues, BigBasket, 1mg, Paytm Mall and Netmeds, through which its entire range of products would be available online.

Besides, according to Patanjali, it will also expand into new product segments such as bottled water through its brand 'Divya Jal' and apparels and footwear under the brand name 'Paridhan' this year.

According to Baba Ramdev, Patanjali has an annual production capacity worth Rs 50,000 crore, with facilities at Haridwar and Tejpur, Assam and facilities coming up in Noida, Nagpur and Indore.

In 2016-17, it had crossed a turnover of Rs 10,500 crore and aims a two-fold growth this fiscal.

Our Story

18 January 1982: The Bombay Textile Strike that lasted over a year and a half was called on 18 January 1982 by the mill workers of Bombay under the leadership of Dr. Dutta Samant. The strike though was for bonus, wage increases and permanency of badli workers but in its critical demand for the repeal of the Bombay Industrial Relations Act, 1946, transformed it to a political struggle of the workers for their right to be represented by a union of their choice. The BIR Act made arbitration compulsory over industrial disputes and recognised a sole bargaining agent of the workers which made the Rashtriya Mill Mazdoor Sangh (affiliated to the INTUC) as the one in the cotton textile industry. Nearly 250,000 workers and more than 50 textile mills went on strike in Bombay.

Months after the strike began, the dominant sentiment among workers was that they would resume work without if only one condition was met - the repeal of the Bombay Industrial Relations Act, 1947 or de-recognition of the RMMS as the only officially recognised union of mill workers. Much of the strike's success was due to the animosity the workers felt towards the RMMS which had signed 'rationalisation' along with increase in workload agreements with individual millowners several times, never gone on strike and prevented secret ballot to determine its position as the sole bargaining agent under the BIR Act. Further, the Badli (temporary) workers, who comprised 40 per cent of the mills' workforce, had to pay the RMMS a cut from their wage every month if they want to retain their jobs. The trigger to the strike was however the 1981 bonus agreement. Although many mills declared bonus between 12.5 and 20 per cent, the RMMS subtracted a minimum of 2.5 per cent bonus from each worker's bonus payout. Though the effective membership list of the RMMS showed that its membership had dropped from 38,281 in December 1981 to 18,032 in January 1982 to 1,116 in February 1982, a month after the strike began, the Additional Registrar of Trade Unions on 5 November 1982 ruled that the RMMS would continue to be the 'recognised' union.

The exodus of the workers into the countryside was the single most important tactic that helped the workers hold out against a settlement. However, despite the capacity of the workers to holdout over a year, the strike collapsed with no concession won by the workers. The majority of the over 80 mills in Central Mumbai closed during and after the strike, leaving more than 150,000 workers unemployed.

In hindsight the struggle possibly did not sufficiently assess the industrial environment. There was the shift taking place from cotton textiles to cheap synthetics, making cotton textiles less profitable. Moreover, the power loom sector made the composite textile mill uneconomical, leading to dispersed cloth manufacture, with low wages and high productivity. Millowners had staying power to last out the strike and in fact started looking at the gains from the central Mumbai mills as real estate rather than as factories as production was easily relocated. As a result, the mill workers and their union were faced with the extraordinary combined power of the united big employers lobby that was able to ensure that neither the state nor the central government did anything to find a resolution to the dispute. In today's context it is worth noting that the elements of the BIR Act that acted against trade union democracy, are today making a comeback in the new Industrial Relations Code proposed by the central government.

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