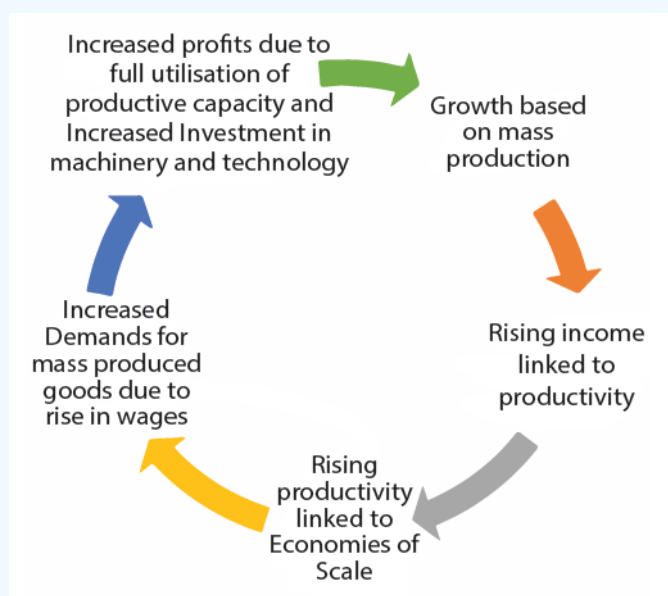


Workers connect...

Lean Production – how to extract more with less?

20th century industrialisation was characterised by mass production of standardized goods on a moving assembly line using dedicated machinery and semiskilled labour. Institutionalised by the Ford Motor Company it led to an unprecedented increase in production and thereby intensity of work for workers. This process was soon copied by other factories in the USA and across the globe. Under Fordism, as it came to be known, the industrial worker had to work at a pace dictated by the speed of the assembly line. Work was repetitive and exhausting. Large and vertically integrated firms were the epitome of Fordism. The model shaped both production relations and employment in post-war Europe as well. This required rigid supervision of the workers on the shopfloor.



The Fordist model of growth became dominant during the post-world war reconstruction period and is often credited with facilitating the long post war boom.

But in the 1960s, the US got into trouble as it tried to finance the Cold War and the War in Vietnam. The world economy had to be re-invented in the 1970s, with the newly industrialising countries, especially in East Asia, gaining greater economic significance.

The growth potential of mass production began to gradually exhaust, with intensified working-class resistance to its alienating working conditions; the market for mass consumer

durables becoming saturated; a declining profit rate coincided with stagflation creating a fiscal crisis along with simultaneous European and East Asian expansion threatening the economic and political dominance of the US. The rise of computer technology and improved international telecommunications meant that mass production could be completely reorganised and broken down into specialised production centres brought together through a supply chain.

Production no longer required:

- centralisation in a few key manufacturing centres - it could be dispersed all over the world.
- to be large scale as computer-controlled manufacturing techniques could customise production.
- vast stockpiles of raw material and supplies because computerised logistics could ensure the just-in-time delivery of components custom manufactured.

Instead of being producer driven, production became more consumer-oriented, with consumer driven production chains.

Thus the post-Fordist models of lean production came to exist and can be characterised by:

- shift from the global north to the global south for lower cost of production and newer markets.
- the rise of lean, and networked firms that focus on their core competences, build strategic alliances, and outsource other activities;
- flexible production of differentiated goods based on flexible systems and a 'flexible' workforce;
- increased profits based on permanent innovation and the full utilization of flexible capacity;
- growing economic polarisation between regular and irregular workers, together with a decline in collective bargaining.

The post Fordist lean method developed at Toyota in Japan devised the just-in-time (JIT)

system that allowed automation to be used in a new way: that focuses on continuous improvements by elimination of 'waste' (Kaizen).

Kai = change and Zen = good, simply means 'change for the better'. Kaizen activity can be defined as: Plan -> Do -> Check -> Act. Kaizen is a daily process, the purpose of which goes beyond productivity improvement. This philosophy differs from the "command and control" method in the Fordist model. This includes making changes continuously to improve productivity, monitoring results and then adjusting. Kaizen is used to eliminate what management considers 'waste'.

Several models have emerged, across countries, to achieve this goal of reducing 'waste' which are essentially common in their underlying principles, originating from 3M principle of the Toyota Automobile.

3M – Muda - Mura - Muri

Muda refers to 'waste', defined as any activity not directly adding any value to the product.

Muri relates to unevenness. The goal of operations design is to generate a steady, even flow of production. In order to reduce unevenness, the objective is to reduce buffers between processes and, where possible, to eliminate them. **Mura** translates as overburden of the production process.

The 7 Wastes
<p>Overproduction - Producing too far ahead of schedule - In greater value than required</p>
<p>Transportation Unnecessary movement of parts and materials -standing the risk of being damaged, lost, delayed etc.</p>
<p>Motion Too much motion of man - poor work cell layouts and location of tools and parts</p>
<p>Waiting Parts or People waiting for processing to be completed - Bottlenecks: shortages, machine capacity, skills gap, etc.</p>
<p>Over processing Processing that exceeds the level required to meet specification - Non Value Added operations the customer is not willing to pay for</p>
<p>Inventory Raw Materials, Work In Progress (WIP) or Parts that are not having value added to them</p>
<p>Defects Whenever defects occur, time and money is wasted due to reworking parts, diverting resources and rescheduling production</p>

To deal with the 3M, a five step process has been formulated which is known as the 5S:

Seiri (Sort): Make work easier by eliminating obstacles.

Seiton (Set in order): Prevent loss and 'waste' of time by arranging work spaces in such a way that all equipment is in close proximity. Making workflow easier.

Seise (Sanitation): Clean the workplace.

Seiketsu (Standardize): Standardise the best practices in the work area.

Shitsuke (Sustain): Self-discipline, regular audits, 'do without being told'

The Japanese model of lean production marks a major shift from the way factories have operated under the Fordist model. Kaizen relies on the self-exploitation by workers.

Fordist Model	Toyota Model
To increase production, the company would have to either hire more workers and/or install more machines or make the existing workers work longer hours.	Kaizen requires every worker to scrutinise their own work and increase their productivity by eliminating 'waste'. So, the same number of workers work harder in the same time, increasing production. This saves the company monies that it would have otherwise spent on hiring more workers and/or installing machines or paying the workers overtime wages.
Productivity is increased through centralised planning for target setting and monitoring of productivity of workers that meant high supervisory costs.	Individual productivity is increased in the given limited time by workers by compromising on their leisure and break times. Workers are pitched against each other and even against their own self to increase productivity.
Workplaces were organised by management to ensure productivity and efficient use of space, which too involved cost of specialists.	Workers arrange their own workspaces in such a fashion that their movements are restricted to their workstations and breaks between multiple tasks are shorter.

<p>Work was organised in such a way that workers could come together, form unions, to question the supervisor or unachievable targets and collectively bargain for improvement of working conditions.</p>	<p>This model eliminates the 'enemy' on the shopfloor. It transforms the worker herself into the supervisor of herself and her peers, thereby pitching one against the other and destroying the collective identity of workers.</p>
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create insecurity among them. Thus precarity in all forms of employment is not incidental but absolutely essential for this model of production to expand its power.

Policy News

RBI Annual Report 2016-17 shows 99% of demonetised notes returned

30 August 2017: The RBI released its Annual Report 2016-17 that states that as of 30 June 2017, demonetised notes (Rs. 500 and Rs. 1,000) worth Rs. 15.28 lakh crore had been returned to the RBI. Prior to demonetisation in November 2016, demonetised notes worth Rs. 15.44 lakh crore were in circulation. This implies that an estimated Rs. 16,000 crore worth of these notes have not been returned.

In keeping with an estimated assessment of 20 per cent of the economy being 'black', about Rs. 3 lakh crore should not have returned to the banks. However, soon after 8 November, it became evident that money-laundering, essentially through Jan Dhan accounts, was under way. The RBI data affirm these assessments.

NITI Aayog releases Report on Ease of Doing Business

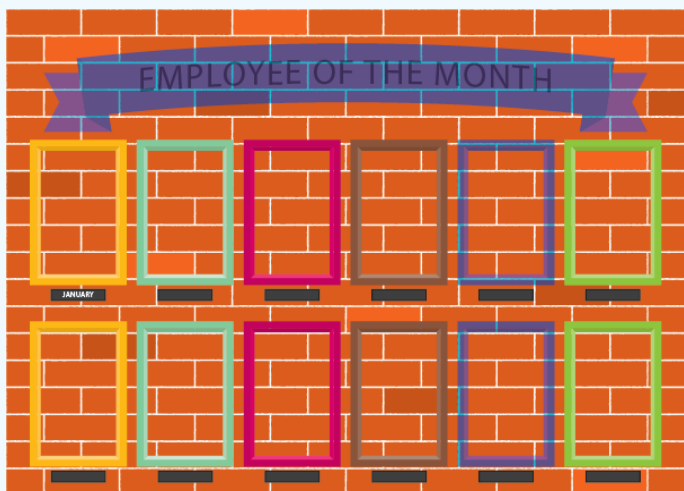
30 August 2017: The 'Ease of Doing Business — An enterprise Survey of Indian states' Report, among other things, states starting a business in India took longer than as estimated by the World Bank.

The enterprises surveyed by the report—in the manufacturing sector, and registered under the Factories Act, 1948—make up a small subset of total number of enterprises in this sector. But they are consistent with broader trends. Small firms dominate and the jobs they create are low-paying ones. The wage spread between small and large enterprises is a troubling 80%.

According to the report "the largest share of young enterprises is in other non-metallic mineral products (15%), food (12%), and textiles (10%)". These are all labour-intensive sectors. 75% of all young enterprises can be classified as small. In short, new enterprises in the manufacturing sector are creating jobs—but low-paying, low-productivity ones.

The report suggests solutions as: (i) improving physical infrastructure which ranges from transport systems to the power sector; (ii) improving access to finance for smaller enterprises; (iii) making firm entry and exit easier; (iv) improving information dissemination of government procedures related to business; and (iv) flexibility of labour regulations.

We have seen this kind of a wall in a factory, in a retail outlet in a shopping mall, in a restaurant, in a hotel, even in a hospital or a school. One worker is declared the best worker every cycle e.g., weekly, monthly or quarterly.



The other workers are then competing against the target set by their peer to become the best worker of the next cycle in order to be recognised. Even the worker who holds the 'best worker of the month' title has to work harder to retain her position thereby increasing her own workload. For instance, a worker at McDonald's who served 100 orders in a given week was awarded the best worker of the week. Now, to beat her and be the best worker her peers need to serve more than 100 orders, at the same time she has to outperform her competitors to retain her position and hence has to serve more than 100.

This competition is real today in every workplace given the precarity of the job each worker holds. This breaks trust among workers making it next to impossible to self-organise or even to unionise them. Every worker is desperately seeking recognition from the employer in the belief that in future this could be a reason for regularisation, permanency, promotion or at least a wage increase. Thus, employers now use vulnerabilities and insecurities of precarious workers to extract the most out of them and even pitch them against the regular workers to

Economic Survey Volume II tabled in Parliament

11 August 2017: The key highlights of the mid-term economic survey tabled by the finance minister in Parliament on 11 August:

Economic growth and Inflation: Achieving the 6.75-7.5 percent growth as projected earlier will be difficult due to appreciation of rupee, farm loan waivers and the challenge of implementing GST.

The fundamental shift in the international oil market due to improvements in shale oil and gas technology have affected the market power of the Organization of the Petroleum Exporting Countries (OPEC) along with the lower prices of renewable energy may be able to constrain energy prices.

Further, rationalised minimum support prices (MSP) with effective procurement in high-production, irrigation-intensive states (Punjab, Haryana, Uttar Pradesh and Madhya Pradesh) are said to have contributed to stability in cereal production thereby contributing to the low-inflation figure. Whether this would be permanent feature of food management is a moot question. Also farm loan waivers may reduce aggregate demand by as much as 0.7 percent of GDP, imparting a significant deflationary shock to the economy. Inflation is estimated to remain below the RBI's medium term target of 4% by March 2018.

Impact of Demonetisation: The Survey discussed the impact of demonetisation, such as (i) an increase in demand for social security in the informal sector and (ii) a decline in profitability in the power and telecommunications industry.

Social Spending: The Economic Survey shows sizeable increases in private expenditure on education and the largest out-of-pocket expenditure (OPE) on health among the BRICS nations (Brazil, Russia, India, China, and South Africa). In health, OPE is 60% for India, while it is in the range of 10%–32% for the other countries.

Job creation: Economic Survey points out that there is lack of reliable data on employment creation. Employment is characterized by high levels of under employment, skill shortages, with the labour markets impacted by rigid labour laws, and the emergence of contract labour, according to the Survey.

Collective Bargaining

Salary hike issue settled between coal India and unions

25 August 2017: The deadlock between Coal India management and unions over the issue of

salary hike has come to an end after reaching an understanding with the Coal India management for 20 per cent minimum guaranteed benefit.

The central trade unions at the coal PSU had been demanding 25 per cent increase on gross wages as on 30 June 2016, plus 4 per cent as perks.

The unions have settled for 20 per cent minimum guaranteed benefit as the management was earlier not contributing to the medical scheme, but now has agreed to provide Rs. 18,000 per person. The management that is contributing 1.16 per cent for the pension funds, will now contribute an increased 7 per cent.

1600 construction workers of Delhi Metro strike demanding wages

24 August 2017: 1,600 construction workers working on the Delhi Metro Pahe III construction sites have been protesting from 17 August at Jantar Mantar demanding pending wages amounting to Rs. 25 crores for the last nine months from FEMC Pratibha, the contractor for Delhi Metro Rail Corporation (DMRC). DMRC, the principal employer of these workers, claims that these workers are not directly recruited or hired by DMRC or DMRC does not pay their wages directly. DMRC also claimed that they have received no formal complaint from the workers.

On 23 August, following a negotiation with Dr Mangu Singh, MD, DMRC; and Ajit Kulkarni, MD, Pratibha Industries Ltd, and the workers and their sub-contractors, Singh directed Pratibha Industries to pay 50 per cent of the dues by 30 August. A review meeting will be held regarding the remaining 50 per cent payment. However, the workers have decided not to go back to work till 30 August.

JK Tyre workers win recognition of their union

15 August 2017: The management of the JK Tyre factory in Sriperumbudur, Kanchipuram District finally agreed to negotiate with the union of the workers' choice and reinstate the 27 probationary workers who were dismissed during the strike.

Around 600 workers at the factory had struck work on 24 July demanding the recognition of their union. Management at the factory had propped up a union to suppress the workers. In a dispute raised under Industrial Disputes Act, the union of the workers' choice has demanded a secret ballot to prove union strength. There are an estimated 1,500 workers in the factory, including 420 permanent workers, 250 probationary workers and 250 trainees as well as contract workers.

The workers' problems range from low wages, to excessive productivity demands and lack of facilities on the shop floor. Workers are not paid overtime for attending management meetings at the end of shifts. Workers with 6 years' experience earn a monthly wage of Rs. 16,000.

Discrimination

After Maruti, now 4 union office bearers get life term for killing the CEO of Graziano

18 August 2017: 4 workers, Rajinder Kumar, Mohinder Singh, Pankesh Kumar and Sajjan Kumar, were sentenced life imprisonment by the district and sessions court in Surajpur on 17 August for murder of Lalit Kishore Chaudhary, MD-cum-CEO of Italian MNC — Graziano Trasmissioni in Greater Noida on 22 September 2008.

Trouble began at the Graziano plant towards the end of 2007 when the workers of the factory wanted to register a union. Of the 1,200 workers, only 500 were regular, while the remaining were contract workers, trainees. Regular workers earned a monthly wage of Rs. 3,200 for a 12-hour day; contract workers, trainees were paid Rs. 2,200. The workers submitted a charter of demands against the hire-and-fire policy, long hours of work upto 14 hours, canteen facility, leave policy and for an increment of Rs. 7000.

The Registrar of Trade Unions, Kanpur dismissed the application for registration of the Union thrice, while keeping the fourth one pending.

On 24 January, the company signed an Internal Labour Contract with the elected representatives of the workers for an increment of Rs. 3000 over three years. On behalf of workers, five of their elected representatives participated in negotiations, among them were Rajender Kumar, Kailash Joshi, Pankesh Sharma, Ram Charan and Mohinder Singh.

The management declared a "lock-out" and announced to lift it only when the workers signed individual good conduct bond promising the demanded productivity. The workers were given time for signing these bonds up to 22 September.

Goons were hired by the management at the factory gate to bully the workers to sign the bond on the last day. A scuffle ensued. Chaudhary, the CEO, rushed out to talk to the workers but according to Labour officials the company was not keen to resolve the issue as its production had increased by 30 per cent by hiring about 400 contract workers to replace the "locked-out" and sacked workers. Chaudhary died due to head injury.

9 years later, life sentence was awarded to the 4 office bearers of the union. They were also charged a fine of Rs. 3,000 each. Two other accused Ram Charan and Anwar, also office bearers of the union, were awarded three years of imprisonment. Other accused Labh Singh and Gurnam Singh were awarded one year imprisonment each. 67 of the workers have been acquitted in the case.

Legal News

The Code on Wages Bill introduced

10 August 2017: The Code on Wages, 2017 was introduced in Lok Sabha by the Minister of Labour on 10 August 2017. This code seeks to consolidate laws relating to wages by replacing: (i) the Payment of Wages Act, 1936, (ii) the Minimum Wages Act, 1949, (iii) the Payment of Bonus Act, 1965, and (iv) the Equal Remuneration Act, 1976.

Health and Safety

KSEB to enforce safety norms for contract workers

2 August 2017: The Kerala State Electricity Board Limited have decided to strictly enforce the safety norms for the workers working on overhead power lines on a contractual basis. This comes after the electrocution of Sameedur Rehman, a 19-year-old contract worker from West Bengal, while working on an electric pole near Panangad.

KSEB records show that there has been 1,058 electrical accidents in 2015 and 2016, out of which 531 were fatal. Of these, 2015 accounted for 589 cases out of which 72 were contract workers, and 468 in 2016 out of which 118 were contract workers. So while the number of accidents declined in total in 2016, the number of contract workers affected increased substantially indicating a sharp increase in the use of contract workers in hazardous jobs.

Health and Safety watch

6 safai workers die in Delhi in a month

One worker, Rishipal (45), died and two were seriously sick on 20 August after inhaling toxic gas while cleaning a sewer at the Lok Nayak Jai Prakash Narayan Hospital (LNJP) in central Delhi.

Two brothers – Jahangir (24) and Izaz (22) died in Shahadra on 12 August cleaning a clogged sewage tank on the basement of Aggarwal Funicity Mall in Vishwas Nagar, Shahdara.

On 6 August, three more sanitation workers, Joginder (32), Annu (28) and an unidentified 25 year old worker, died due to asphyxiation while

cleaning a Delhi Jal Board-managed sewer line in Lajpat Nagar.

All 6 workers have been suffocated to death by poisonous gases in the sewers.

3 workers die at Adani port in Orissa: At least 3 workers, not named in any news report, were killed and 3 others seriously injured when a heap of coal in the stockyard of Dhamra Port in Bhadrak district, Odisha caved in on 15 August. The port handles imports of coking coal and limestone and is owned by the Adani Group conglomerate's Adani Port and Special Economic Zone Ltd. Following protests by the workers, the Dhamra Port Company Limited (DPCL) agreed to pay Rs. 20 lakh compensation to the families of the 3 deceased workers.

3 construction workers die in hoist crash at IIT Kharagpur medical college site: Three construction workers, Prabhakar Mishra (52), Chitto Ghosh (24) and Amitosh Halder (34), employed at the site of the proposed medical college and hospital at IIT Kharagpur died on 15 August when a temporary hoist which was carrying them crashed to the ground. The workers were hired through a private construction company engaged by IIT Kharagpur authorities.

News from Around the World

France: Trade unions threaten protests against Macron's Labour reforms

31 August 2017: Emmanuel Macron has sparked fury with his proposals to 'reinvigorate' the French economy with an overhaul of the labour laws unveiled at the end of the month. Labour Minister Muriel Pénicaud said 36 new measures would be aimed at promoting "social dialogue".

Enterprises with fewer than 50 workers — encompassing 95 per cent of French companies — will now be able to negotiate specific agreements directly with employees and without union representatives on areas such as working hours, pay and overtime. Larger companies will be able to negotiate ad hoc agreements with unions, instead of having to abide by more rigid sector-wide agreements. Under certain conditions they will be able to organise employee referendums to overcome any failures to reach agreements.

The other contentious issue is the cap imposed on damages that can be awarded to workers for unfair dismissal. The cap would be limited to three months' pay for two years of work and 20 months' pay for 30 years. Until now the minimum pay-out for two years' employment was six

months of salary. In contrast, normal severance pay will be increased from 20 per cent of wages for each year in a company to 25 per cent. This will cap the damages that courts can make employers pay in cases of wrongful dismissals, except in discrimination cases. They also reduce the statute of limitations for workers to bring cases from two years to one year and make it easier for companies to close loss-making French plants.

The reforms also cut from four to one the number of statutory bodies representing workers within companies.

The CGT, France's second largest union, is opposing the jobs market reforms and calling for a day of strikes on 12 September. Other protests could follow.

In 2016, France saw nearly two months of uninterrupted mass street protests against François Hollande's unpopular proposals to modify the country's rigid labour laws.

Qatar: Law for domestic workers

23 August 2017: Qatar has approved a law limiting the daily working hours of domestic workers to a maximum of 10 hours. The law also mandates a monthly payment of wages on a fixed date and ensures a weekly off and an annual leave of 3 weeks. Further, at the end of a contract, the law ensures that workers will receive a gratuity pay equal to a minimum of 21 day wages for each year of completed service. The law also prohibits recruitment of workers from abroad who are older than 60 and younger than 18 years.

The ILO had threatened Qatar to improve its human rights record until November or face sanctions.

USA: Ford Motors settled claims over sexual and racial harassment at its Chicago plants for \$10 million

16 August 2017: Ford Motor Company settled harassment claims with the Equal Employment Opportunity Commission (EEOC) for \$10.1 million over complaints by several African-American women workers that they were sexually and racially harassed by company supervisors and co-workers at the Chicago Assembly Plant and the Chicago Stamping Plant. The management retaliated against the workers when they filed the complaints.

Ford settled with the complainants "without any admission of liability with the EEOC to avoid an extended dispute." Ford also declined to clarify the details of the complaints and the number of workers affected. Ford employs a total of 5,500 workers at the two plants.

UK: Birmingham Municipal Workers continue their industrial action

11 August 2017: The Birmingham bins strike may continue until Christmas according to the Unite union. The union is now balloting the municipal workers to renew their industrial action mandate which could result in more strikes after the present dispute ends on 21 September.

The workers began their industrial action on 30 June with two one hour stoppages which was increased to three one hour stoppages at 7 am, 10.30 am and 1.30 pm, on 11 August. The workers are protesting the Birmingham council's proposal to cut 120 grade three jobs on the bin wagons in its latest cost-cutting exercise. Over the years, more workers are being hired on zero-hour agency contracts and in 2011 the council cut the number on a wagon from five to three. If a worker wants to retain his job in the refuse service, under the new proposal, he would have to accept a grade cut and pay cut of £5,000, which is nearly a 25% pay cut to his salary. The union has proposed recycling plans and their willingness to work a 5 day work-week from a 4-day work week. The union is also demanding that the city council lifts the threat of disciplinary action against the union representatives.

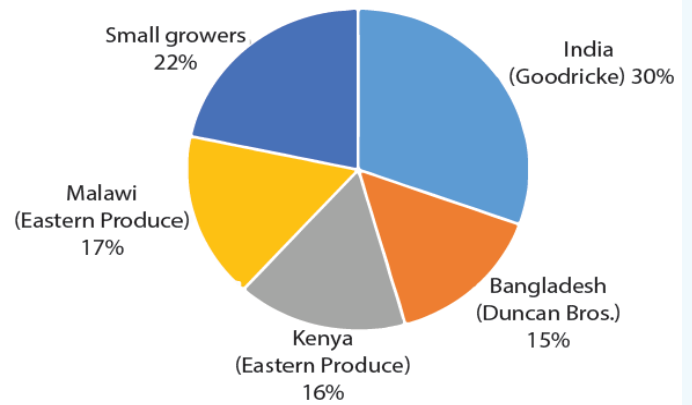
Corporate Watch

Goodricke Group, India's largest producer of Darjeeling tea, owned by Camelia PLC of the UK, is planning to expand its business in Assam through acquisition of tea gardens, in a move that will help the company "balance" its orthodox and CTC (crush, tear, curl) tea production and reduce its dependence on West Bengal. The company's all 8 plantations in Darjeeling have not been functional since early June amidst the agitations for the demand for Gorkhaland.

The company earlier also expressed its interest in acquiring more tea plantations in Kenya as the cost of production in the continent is much lower than India. The company claims that the average price in 2016 dipped to Rs. 145 from Rs 175 a year ago for crushed-tear-curl (CTC) and the cost of production was up Rs 10. According to industry estimates, the average cost of production in India is around Rs. 150 a kg, while in Kenya it is less than Rs. 100.

Camillia PLC, has estates in Kenya, Malawi, Bangladesh and India, with plantations in Dooars, Assam and Darjeeling. Castleton, Margaret's Hope, Thurbo, Badamtam and Barnesbeg, are amongst the best known and produce some of the finest quality teas in the world. Goodricke directly owns 17 gardens, of which 12 are in the Dooars area, 3 are in Darjeeling and 2 in Assam.

Global Production in Tonnes



Through its associated companies, Stewart Holl (India) Ltd owns 4 gardens in Assam; Amgoorie India Ltd owns 2 gardens in Assam and 5 gardens in Darjeeling; and Koomber Tea Co. Pvt. Ltd has 2 gardens in Assam. So, in totality the group owns 12 in Dooars, 10 in Assam and 8 in Darjeeling.

Although Dooars contributes 85 per cent of the company's annual tea production at 15.92 million kg, Assam accounts for 13 per cent at 2.41 million kg and the Darjeeling plantations 0.45 million kg. The company's select produce from the Badamtam garden fetched a price of Rs. 12,900 a kg in a private sale, through J Thomas and Company, the largest tea broker in the world, while production of the prime tea from the Castleton estate had risen to touch Rs 7,000 a kg. A 140 kg prime produce from the Dejoor garden in Assam, which only produces Assam orthodox tea, fetched the company Rs. 4.5 lakh this year in a private sale.

In 2016, Badamtam's production stood at around 1,30,000 kg. "Moonlight" tea plucked from the Castleton estate fetched the best price for any white tea at the public auctions in Calcutta at Rs 6,750 a kg in 2016. New Delhi-based Spicetex International was the buyer.

Goodricke earns 25 per cent its total revenue from packaged tea and it does almost 8 million kilos of branded business. Simultaneously the company started a new 27,432 square feet blending and packaging unit in Rajpura, in Patiala district of Punjab in March 2017 with an initial investment of Rs. 2 crore with a production capacity of 2-3 million kg per annum and will be catering solely to the CTC market with 20 stock keeping units. Goodricke has two more blending and packaging units - one in Indore, which also serves the CTC market and another in Calcutta which is into packaged Darjeeling tea. The company posted a net profit of Rs 22.24 crore in the June 2017 quarter, up by an impressive 54.55%, compared to its net profit of Rs 14.39 crore in the year-ago quarter.