

FORMALIZATION OF INFORMAL WORKERS AND ENTERPRISES IN VALUE CREATION: A CASE STUDY

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Based on a finding-out-fast type of anthropological fieldwork that was conducted in two industrial centres of the state of Haryana in North India during the last three months of the year 2014, this paper identifies the key factors that encourage substandard jobs out of informalization of the majority of workers in an automobile production chain. On the basis of this case study that sought to listen to the multiple voices concerned, possible concrete initiatives towards finding ways out of informality for informal workers as also informal enterprises are proposed so that there could be a general improvement of working conditions of informal workers along with improved industrial performance across the production chain.

Key words: Production Chain, Informal Workers, Informal Enterprises, Formalization, Politics

I. INTRODUCTION

At the outset, it is useful to underline the stark reality of absence of worker wellbeing in the contemporary world of neoliberal-imperial globalization, captured well thus: "Precarious work is a social scandal of our times...Precarious work is found in both the informal economy and the formal sector. It is a widespread, growing phenomenon of universal scope." This comment by Marin (2013) about precarity in terms of people working, inter alia, with shorter employment contracts with low pay and cheap working conditions and without labour rights, is now an open secret.

So, what is the point of roughing it out afresh in the field anywhere in the world only to find out the same reality as above of the typical workers in terms of informal workers in informal as also formal enterprises? The value addition of our field work findings, summarized here, lies not so much in finding this universal reality as in seeking ways out of informality by drawing on the perceptions of the workers, managers, and labour and training officials that we had met during our field work about a production chain.

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It may be noted that the tremendous expansion of automotive industry in the state of Haryana in Northern India, where we had done our fieldwork, has no doubt generated significant employment opportunities but the labour relations in the industry have been transformed over the last 15 years in such a way that much of the workforce is informalized in the production chains that can be discovered typically with the lead firms at the top and a two-tiered supply chain below them, so to say (JCB and Pratap, 2012). The informal workers, i.e. the contract/casual workers in the auto industry in this state form as high as 70-80 percent of the workforce in the lead firms or brand companies and the Tier-I suppliers, and almost 100 percent in the Tier-II enterprises of the supply chain.

This informalisation (contractualisation/casualisation) of workforce has become a serious problem in the auto industry. It affects the wellbeing of both the workers and the industry in general. This is well reflected in acute seasonal labour shortage in Tier-II small scale units and many first tier companies on the one hand, and continued labour unrest in the auto industry, in general, on the other. In India, starting from 2005, almost every year has witnessed some major strikes and protests in the auto industry, particularly in the lead firms and Tier-I automotive companies. In almost all these protests and strikes, along with other demands, the issue of contract/casual workers was raised very strongly. It may also be noted that the worker activism triggered by worsening employment conditions due to increasing informalization of this kind in the lead firms and Tier-I suppliers paralyzes the whole production chain as well and therefore the losses to the industry are very high. It is in this context that, from the viewpoint of labour welfare enhancement alongside better industrial performance, it becomes imperative to search for feasible ways out of informality in terms of formalizing the informal workers as well as the informal enterprises.

So, in our fieldwork, although we examined an entire production chain, our focus was specially on the small enterprises in Tier-II of the supply chain. It is in these units that the majority of auto workers are present facing the worst kind of exploitation. To get the required information for this exploratory inquiry, interviews were conducted with managements, workers and trade unions in the automobile production chain we had discovered. Two lead firms (international brands such as Yamaha and Honda) making motor bikes in India, six of their Tier-I suppliers and seventeen Tier-II suppliers were approached. To get some relevant inputs on the issue of informalisation from the labour and training officials, interviews were also conducted with the Deputy Labour

Commissioner of Faridabad and a member of the Regional Board of Workers Education in Faridabad. The study was located in the two well-known industrial landscapes of the state of Haryana, viz., Faridabad-Ballabhgarh and Gurgaon-Manesar. The Tier-II units were found in the auto parts clusters of the Sanjay and Shiv colonies of Faridabad. It may be noted that no scientific sampling method was used in selecting the units. Once the locality identification was done, we went about interviewing whoever cooperated with us. What follows is a brief account of the essential findings of our fieldwork investigations.

II. HOW LEAD FIRMS AND SUPPLIERS ARE RELATED

The lead or brand factories are the main or final assembling units that produce the end products. The tier one suppliers are factories that generally sub-assemble the smaller parts to make automobile parts used by the main assembling units. The tier two suppliers are the enterprises that manufacture the basic, simple parts used for the sub-assembly by the tier one supplying units.

There is a formal and generally long term relationship between the lead firms and tier one factories for supplying specific parts. The brands generally have no suppliers in small scale industry. All suppliers of the lead firms are fairly large sized firms capable of delivering the quality products in time. They are also expected to comply with the labour laws of the land, as part and parcel of the terms and conditions. The lead company representatives make visits to tier one factories to ensure that quality systems are in place, and sometimes also help in their technical improvements by way of conducting the training of relevant staff. In cases of single suppliers of specific parts, there is generally no fluctuation in orders, but in case of multiple suppliers for the same parts, many times quantity of orders for particular suppliers fluctuates.

The relationship of tier one factories with tier two enterprises is formal as also informal. In some cases a formal and long term relationship is formed for supplying more or less fixed quantity of parts. But in many cases no such formal relationship is formed; rather, an understanding is formed and tier two enterprises manufacture and supply the parts on the basis of monthly orders placed by tier one supplying factories. In this case also long term (informal) relationships gradually emerge.

The tier one managements complain that the brand companies only care for quality and timely supply of parts in conjunction with the special emphasis always put on cost

reductions to maintain low prices of parts. They do not get any technology transfer from the brands, which is also acknowledged by the brand managements. That the revision of prices of parts supplied by tier one is market driven is also acknowledged by the brand managements.

This problem of price cuts alongside quality and timely deliveries is even more serious for tier two enterprises whose owners/managers complain that tier one does not care for the wellbeing of second tier enterprises and the workers therein. The prices are not revised for years even if cost of producing the parts is going up. It is impossible for the tier two enterprises to increase the prices of parts out of fear of losing the business due to intense competition among the tier two units for getting orders. There is no technology transfer of any kind from the tier one factories. In some tier two enterprises that have long term relationship with tier one customers, the customer company representatives keep on visiting the factories to ensure that quality systems are in place and sometimes also provide necessary training required. The most serious problem of most of the second tier supplying enterprises is the lack of long term consistency in orders that they receive. Tier one managements also agree that the prices of the parts supplied by the second tier enterprises are largely market driven and that there is no provision whatsoever for periodic revision of prices.

III. WORKFORCE STRUCTURE

In the lead firms, the size of the factories in terms of number of workers per factory is exceptionally high. One brand unit engaged around 5905 workers and the other engaged around 2570 workers. The proportion of contract workers in the lead factories is about 62-67 percent. Casuals directly employed by them account for <1 to 4 percent.

The structure of the workforce in the first tier of the supply chain varied considerably with the nature of products and production operations. For example, in a factory where production operations involve only plastic molding, contract workers constitute 97 percent of the workforce and in a factory with relatively complex and more technology intensive operations the proportion of contract workers is more or less the same as in the brand factories. However, in general, the proportion of contract workers is more than 70 percent across the first tier.

The size of second tier enterprises varied from less than 5 workers to more than 50 workers. Some enterprises engage as high as 60-80 workers in two shifts. However, in majority of enterprises there are less than 20 workers. Interestingly, in general, there is

no practice of engaging contract workers in the second tier. The labour supplying brokers or contractors generally charge a commission of 3-7 percent on total wages paid to the contract workers, and therefore it means a huge cost for the smaller enterprises in this tier. As such, almost all workers are casuals directly employed by the enterprises. Permanent worker is a rarity in this tier.

IV. WORKFORCE FLUCTUATIONS

There is no significant fluctuation in the size of workforce (including the number of contract/casual workers) in the lead firms and first tier suppliers, unless there is a massive downturn in the industry in which case some contract or casual workers bite the dust. This finding really exposes the dubious ideological obsession of the employers with "the need for labour flexibility".

Actually, across the supply chain there is a general practice of engaging a highly downsized workforce and extracting excessive overtime from them. This practice takes care of the normal fluctuations in production. When there is a need for decreasing the production, the overtime work is reduced to minimum or even stopped.

However, unlike the brands and first tier, the tier two enterprises generally have no sustained long term relationship with their customers in tier one, and therefore the work orders many times fluctuate drastically and in such situations the size of their workforce also fluctuates drastically. More fluctuations in tier two are understandable also because as already mentioned above, the tier one companies generally keep multiple suppliers in tier two and many a time decrease the orders to some and increase the orders to others. They also take the benefit of cut-throat competition between the tier two enterprises and accordingly shift the orders from one to another.

V. WAGES AND WORKING/LIVING CONDITIONS

Table 1 gives just a rough idea of the wages and total earnings (including overtime) at the three levels of the production chain. In the lead firms of the production chain, the wages and working conditions for both formal and informal workers are far better than that in the first and second tiers of the supply chain. In the main units, the contract workers do the same work as the regular workers and the nature of work, working hours and overtime hours and workloads are the same for both. Drinking water, toilet and canteen facilities, dress (uniform), safety equipment and transport facilities are also the same for both. However, the wages of contract workers are far below that of the regular workers.

For example, in one brand unit the wages of contract workers is about Rs 18000 per month, while the wages of permanent workers is as high as Rs 45000; and in the other brand unit, the wages of contract workers is only slightly above the minimum wage, while the wages of permanent workers is as high as Rs 30000-40000. However, the wages and other benefits that the contract workers receive in the lead firms are higher than that in most of the tier one factories. The benefits of ESI (Employees State Insurance) and PF (Provident fund) are ensured to the contract workers in the lead firms with active involvement of their managements. Annual bonus is also provided to contract workers. Paid weekly off and paid leaves are also provided to them. Overtime is generally 2-4 hours daily. But during the fieldwork, there was less overtime due to downturn in the industry. In one factory the contract workers were given the benefit of the premium rate of the overtime, but in another factory, the overtime payment given to contract workers was at the rate of single hourly wages as against double wages for regular workers. There are trade unions in the lead factories and they actively look into the issues of the contract workers and do their best to ensure them with legal benefits like ESI and PF contributions.

In the first tier, the wages of regular workers in different factories varied from Rs. 8000 to 28000 and the total earnings including overtime ranged from Rs. 12000 to 30000. On the other hand, the contract workers in general received only the minimum wages in all the first tier factories and their total earnings varied from Rs. 7000 to 10000. In the first tier factories where trade unions are present, the permanent workers are getting overtime payment at the rate of double or one and half times the wages. However, the contract workers in these factories are paid overtime only at the rate of single hourly wages. In the factories with no trade unions, both permanent and contract workers are generally paid overtime only at the rate of single hourly wages. The problem of contractors failing in depositing ESI and PF contributions of the contract workers and in providing them with ESI cards and PF slips is also rampant in the factories without trade unions. Even in a unionized factory, two out of five contractors fail very often in depositing the ESI and PF contributions of contract workers and the trade union is continuously raising this issue with the management. Some of the other facilities given to contract workers also varied in different factories. For example, in one factory only one part of dress--the shirt-- is given to contract workers, who also get less subsidy for transport and canteen as compared to the regular workers. In another factory, these benefits are more or less similar for both contract and regular workers. In some non-unionised factories, the

transport and canteen subsidies are denied to both contract and regular workers, while in some other similar factories transport and canteen allowances are provided only to the permanents. However, safety equipment and facilities such as drinking water, toilets, etc. are the same for both contract and regular workers in all the tier one factories. The nature of work, workload, working hours and overtime hours are also the same for contract as well as regular workers.

In the second tier suppliers, in general, the wages and working conditions are almost the same in all the enterprises and also almost the same for casual and regular workers. Generally all the operators get the minimum wages. There is variation in what the helpers get—minimum wages in some units and less than minimum wage in others. Wages of women workers are slightly less than that of the men workers. Even if the wages are more or less the same in all the enterprises, the total earnings of workers vary considerably due to differences in hours of overtime work available in different enterprises. Total earnings of helpers and women operators range from 5500 to 7000, and the earnings of operators range from 7000 to 10000. The total earnings of piece rate workers are generally higher than that of the time rate workers, but as they face more problems of fluctuating orders, their earnings also fluctuate accordingly.

Table 1: Wages/Total Earnings (INR) in the Production Chain

Production chain level	Permanent workers	Contract workers	Casuals
Lead firms	Wages/Total Earnings: 30,000-45000	Wages: Just above minimum wages to 18000	
Tier one	Wages: 8000-28000 Total earnings: 12000-30000	Wages: Minimum Total earnings: 7000-10000	
Tier two			Minimum wages Total earnings for helpers: 5500-7000; for operators: 7000-10000

Working conditions are the worst in tier two. The workshops are generally of the size 50-60 sqm, with a few larger ones having 80-100 sqm space. Lighting and ventilation are not up to the mark. All workshops have ceiling fans, and no workshop has AC and a few workshops have coolers so that in the summer season it becomes horrible to work. Lack

of safety is conspicuous by its absence. There are workshops where hot metal forging takes place by hand without any safety equipments. Workers pour molten steel into moulds by hand in largely dingy, dark and unventilated workshops.

In the entire production chain, the workers report very high workloads. Daily work targets are fixed for all the workers, and not fulfilling the targets has implications in terms of warnings and losing some incentives in the lead firms and tier one units, and even cut in wages in tier two.

Living conditions for contract and casual workers (except for comparatively better paid contract workers in some lead factories) are pathetic, so to say politely. Generally the workers migrate single because their income is insufficient for living with family in the industrial centres. Generally 4 to 5 workers share a rented hole that has no toilet and no kitchen. They prepare their food in the room itself. More than 10 workers share a washroom. In most of the cases the rooms have no proper lighting and ventilation. They face power cuts and in summers these places are virtually like the worst imagined hell. In order to reach the workplace in time, the workers have to wake up very early in the morning to get ready for work, due to lack of enough wash room and drinking water facilities, even after putting in overtime work of 2-4 hours after 5 p.m the previous day. Room rents always keep on increasing every year, and during the fieldwork the workers paid about Rs. 600-1000 per head for a room shared by four workers.

VI. NON-COMPLIANCE OF LABOUR LAWS

Abrogating labour laws is a serious problem across the automobile production chain. The seriousness of the problem increases as we go down the production chain. The Contract Labour (Abolition & Regulation) Act 1970 clearly prohibits engaging the contract workers in core activities. However, numerous contract workers are engaged in core activities in the lead and first tier factories. The Act clearly directs for regularizing such workers. To escape from this directive, the lead and tier one managements use the strategy of engaging many labour contractors and cleverly shifting the names of the contract workers from the payrolls of one contractor to the other every six months. Sometimes workers are not aware on which contractor's rolls they are at a particular time!

Most companies engage contract workers through several contractors. For example, in one tier one factory, 450 contract workers (total workforce of 639) are engaged through five labour contractors. In another smaller factory (total workforce of 200), 150 contract

workers are engaged through 3 contractors. Most contract workers work continuously for more than 3 to 5 years in all lead firms and tier one factories, but they cannot claim regularization because their service is discontinued every six months, with the new service starting at the rolls of another contractor.

The law provides for equal wages for equal work but the contract workers in the lead firms and tier one factories do the same work as regular workers, and they get half or in some cases one-third of the wages paid to regular workers. It is ironic that contract workers working in the same company for more than 5 years are getting only the minimum wages. One contract worker in a tier one factory has been working in the same company for about 10 years but gets only the minimum wages. The minimum wage has actually become the maximum wages for contract workers.

The law provides for a premium rate of overtime but the overtime payments to contract workers are generally at single hourly rate of wages except in some lead factories. The law provides for some paid leaves and paid weekly offs. But in general the paid leaves are denied to contract workers, except in some lead factories.

The law provides for all the workers getting formal contract letters, but in most of the factories formal contract letter is not provided to workers. In those tier one factories where trade unions are not present, in many cases the contractors deduct ESI and PF contributions from the wages of workers, but workers are not provided with ESI cards and PF slips and therefore many such workers are never able to get these benefits. Trade union pressure on managements is crucial in getting those benefits even in unionized factories where the contractors behave like shameless thieves or economic cannibals.

The major motive behind engaging large numbers of workers through contractors is to exploit cheap labour and prohibit or reduce the effectiveness of the trade unions, along with requirements of so-called "labour flexibility". Contract workers can in no way prove that they are employees of the factory they are working in as they do not get contract letters and pay slips, and so they cannot form or join the trade union of the workers of that factory. In the second tier, the problems are even worse. Most tier two enterprises are in the small scale manufacturing sector and as they engage more than 10 workers they actually come under the Factories Act. But on paper they report less than 10 workers to escape from the obligations towards workers under the various labour laws and occupational health and safety standards. They are generally registered under the Shops and Establishments Act. This is not all. The glaring fact is that whether the units

are smaller or relatively bigger, whether registered under the Factories Act or the Shops and Establishments Act, there is no significant difference in wages and working conditions across the cluster where they are located, as is observed in the Sanjay and Shiv colonies' clusters in Faridabad. Moreover, even under the Shops and Establishments Act it is necessary to provide formal contract letters and follow some basic labour standards like working hours, overtime hours, wages, paid leaves and some occupational health and safety standards. However, in tier two factories overtime is so excessive that some enterprises run two 12 hour shifts, some workers (helpers) are paid less than the minimum wage, no paid leave is provided, and no occupational health and safety standards are followed as pointed out earlier.

VII. CONSTRAINTS ON INFORMAL ENTERPRISES TO FORMALIZE

In general, the small scale manufacturing enterprises at the second tier are largely stagnant in terms of their size and technological standards and are not showing any upward mobility for a longer period of time. The tier one managements generally attribute this to problems like lack of vision, skills, professionalism, etc. However, the managers/owners in tier two say a different story that lists out the following factors for their lack of upward mobility or economic upgrading.

1. Infrastructural Deficit

In the areas where the small scale manufacturing clusters are located in Faridabad, the roads are in a very bad shape and the lanes get flooded during the rainy season. The enterprises therefore face a serious transportation problem even as timely delivery of parts is a crucial factor of success in their business. Power cuts for long durations are a very serious problem. All the enterprises are compelled to run production by using generators. On an average they spend more than Rs. 24000 per month in fuelling large generators with diesel. The small scale enterprises have no easy access to credit from banks. Many a time, due to delays in payments or due to unexpected orders from above, the enterprises are short of money to purchase required amounts of raw materials, and in such situations they are compelled to take loans from the informal market at exorbitant interest rates.

2. Suffocating Relationship with Tier One Customers

Tier two enterprises cannot make long term planning and manage their enterprises accordingly due to inconsistent work orders from the tier one factories. They end up with very little margins due to price cuts imposed on them. There is no periodic revision of

prices of parts even if the production cost goes up. For example, some Tier-I companies have not revised the prices for more than five years.

3. Skill and Technological Deficits

There are significant losses to tier two enterprises due to rejection of parts by tier one customers. Higher rejection rates are generally due to two reasons: lack of more sophisticated machinery, and lack of skilled workers. Owing to fluctuating work orders, generally it is not possible to retain significant number of skilled workers. Therefore when there are more work orders, enterprises are compelled to engage workers without competent skills. In such situations rejection rate increases and sometimes machines also break down due to rough handling. These problems create losses to the enterprises. Some enterprises have losses of Rs. 15000-20000 per month. Rejection rate is generally reported at 1-5 percent.

VIII. SKILL ENHANCEMENT POSSIBILITY IN THE PRODUCTION CHAIN

Both workers and managements say that better skills is the only factor that creates some sort of job security for contract/casual workers. Therefore skill enhancement is one of the important areas of intervention for improvements in the conditions of contract workers.

According to a member of the Regional Board of Workers Education in Faridabad, prior to the 1990s, a 45-day training course (1-1.5 hours per week) was regularly organized by the Board and large number of factories sent their workers to attend this training. The training was mainly focused on labour laws, occupational health and safety, etc. There were also some training courses for 7 days and 15 days. Moreover, there were also provisions for on the job formal training for various trades in various industries. After getting 3-5 years on the job training depending on the trade the workers appeared in an examination and thereafter they were provided a certificate equivalent to ITI. This practice provided good opportunity for workers to upgrade their skills. But since 1990s these practices have simply disappeared. On the job training opportunity is still available for boiler attendants, though, but not for others. According to him the government and the employers are now completely ignoring these practices. Employers consider training as an unnecessary cost. The government's allocation on training has decreased. Despite incredible industrial expansion in the last two decades in the Haryana state, the staff at the Board has reduced from five in 1990 to two at the time of our fieldwork!

Many managements in the lead firms and especially in tier one do recognize the importance of training and education of workers. In tier one it is common that the machines are broken due to rough handling by unskilled workers. Therefore upgrading the skills of contract/casual workers may be beneficial to both the workers and the employers. Brand managements put more emphasis on behavioral training of workers, along with technical skills training. In tier two also, as already pointed out, enterprises are bothered about skills as they typically face losses in terms of high rejection rate and break down of machines for lack of competent skills in the raw workers that they utilize.

IX. FORMALIZATION OF INFORMAL WORKERS/ ENTERPRISES: PERCEPTIONS

It must follow from the above portrayal that most employers/managements have contradictory love-hate perceptions about informalisation/formalisation in the industry. To recapitulate, on the one hand, they are greatly worried about the losses due to machine break down and high rejection rate on employment of contract/causal workers. They also recognize that managing and controlling the multiple contractors and ensuring the benefits to the workers that are provided by the company to them through contractors is a serious headache for them. Not only the managements but also the trade unions perceive that the contract labour system has created a vested interest of local politicians and musclemen. Many labour contractors are closely associated with local politicians and goons. This is an open secret. The employers are also troubled by labour shortages during the harvest and festive seasons. However, on the other hand, the managements are very crystal clear that regularization of a larger proportion of workforce entails increasing costs and inflexibility in labour deployment apart from inviting more 'union problems' despite having the beneficial effect of smoothly running the production operations. And this is why they are so fond of raping the Contract Labour Act.

Most employers do not understand the real reasons behind the long absence of contract/casual workers during festive times. They think that the workers are attracted to the rural jobs offered under the National Rural Employment Guarantee Act. But, actually, workers give different reasons for their unreported absence. They are always desperate for time-off to be with their families. Since they are expendable and have miserable existence in and out of workplaces, they do not have any sense of belongingness or commitment to be in the industrial centres at the beck and call of their employers. As they have no hope of becoming regular workers and getting employed beyond the age of 45 years as well, they care two hoots for their employers. They know

that they can get a garbage job in any other factory whenever they come back.

If employers understand the informal workers' lack of commitment on these lines, then they ought to feel the compulsion to think about strategies for some improvement in living and working conditions and wages of contract/casual workers in order to change their attitudes and avoid their long absence. For example, during the fieldwork, some tier one employers were found to have arranged for a somewhat subsidized accommodation to some workers in an adjacent workers colony so as to avoid long unreported absence on the part of the workers.

The unions and workers generally argue that regularization of contract workers and providing wages and other benefits equal to that of the regular workers is the only way out, and the current practices are by and large illegal. This elimination of the illegal from their viewpoint is diametrically opposite to the labour reform that the employers want in terms of legalizing all the illegal that they have been doing since long. Some contract workers argue for gradual regularization of contract workers on the basis of seniority. Other suggestions from trade unions and workers include increase in minimum wages, provisions for unemployment wages/retrenchment compensation/gratuity to contract workers, provision for only one labour contractor in a factory, ESI and PF codes not to be given to contractors, etc.

According to the Deputy Labour Commissioner, Faridabad, factories in general are not providing legal facilities to workers, and that in the production chain bigger companies exploit small scale companies by paying less rates for parts using competition among enterprises for job works. This is the main reason blocking the upward mobility of small scale enterprises. Further, a class of intermediaries has emerged that takes work orders from the brands and first tier units so much so that the tier two is generally getting orders through these predatory/cannibalistic intermediaries. Therefore the margins for tier two are further compressed. Furthermore, in the lead firms and first tier suppliers, the proportion of contract workers should not be more than 25 per cent in core activities. For this much fully takes care of the numerical flexibility needed in labour relations in the auto industry. In totality, according to her, 70 percent workers must be permanent, 20 percent contract workers and 10 percent casual. Managements need to be motivated to put significant emphasis on compliance of labour laws for betterment of labour and society and also to maintain industrial peace. Contract workers must be paid equal wages and provided with equivalent benefits/facilities, because they do the same work as permanent

workers. The labour commissioner speaks and pontificates like this without daring to take any credible action against the slimy employers. Workers and their leaders on their part do not hold the labour commissioner's office in high esteem as they see it basically as the extended 'bageecha' (garden) of the bigger employers in the production chain.

The member of the Regional Board for Workers Education suggested that formal employment contracts and social security benefits like ESI, PF and Bonus to contract workers must be ensured, along with some unemployment allowance when they are out of job. He also suggested reviving the on the job formal training system to provide space to workers for skills upgradation.

Interestingly, during the fieldwork, some positive initiatives were found in the lead firms and tier one factories towards improvement of conditions of contract/casual workers and also towards formalization. Some managements have accepted the demands of trade unions for a wage increment policy for contract workers. Some have adopted regularization policy for contract workers according to which every year 50 contract workers will be made casual workers of the company on seniority basis, and after 2 years these casual workers may be made trainees, and after one year these trainees may be made regular workers. In this way in three years the contract workers will be regularized. It may be a lengthy process, and it may not have immediate impact, but its importance is in the realization and acceptance of the need for and moving towards formalization, towards open-ended employment contracts, the fundamental basis for labour rights.

X. RECOMMENDATIONS

In light of this discussion, especially in the above section, the question arises as to how the employers and the workers and even the administrators can have a give and take meeting point with respect to resolving their concerns and expectations respectively. It is rather useless to seek formalization by considering the current informalization as illegal and expecting the end of all that is illegal. The following suggestions may go a long way in constructing the give and take bridge between the workers and unions on the one hand and employers and government administrators on the other for achieving not only labour welfare enhancement but also superior industrial performance.

1. Towards Formalization of Informal Workers

- Building an industry wide consensus for regularization of certain percentage of workforce (preferably not less than 70 percent), and amending the law to allow

certain percentage of workers as flexible labour force engaged on short term contracts (preferably not more than 30 percent). Taking into consideration the specific conditions of small scale industry, the small units may have slightly lesser proportion of regular workers, may be at 50 percent.

- Building a consensus for a wage increment policy for the informal workers in the industry, based on experiences and skills; either as a policy at factory level, industry level or as a central law supplementing the minimum wages law.
- Establishing regional boards for informal automobile workers in relevant industrial areas either under the industry associations or under the tripartite body of employers, trade unions and government, with specific functions of listing all informal workers in the industry, allocation of workers as per the demand in various factories, providing social security to the informal workers, providing unemployment allowance for the days of unemployment, etc.
- Establishing an education and training institute under the regional board for informal workers (in collaboration with regional board for workers education and regional ITI), and planning and implementing wide ranging activities for providing and upgrading skills, educating the workers about their rights and industry environment and providing alternative skills for rehabilitating those becoming redundant. Casual workers in the second tier of the industry may also be included in the same regional boards or a separate Board may be created for workers in small scale enterprises including various interrelated manufacturing sectors.

2. Towards Formalization of Informal Enterprises

In the new production system in the name of just-in-time manufacturing and total quality management, small scale manufacturing is not disappearing but getting new importance and it is contributing to significant proportion of employment and GDP in the industry. To help these small producers as tier two units for upward mobility and to increase their capabilities for improving the working conditions the following initiatives are urgently needed:

- Building industrial complexes for small scale automobile and other related manufacturing with all infrastructure facilities
- Training of owners/managers on factory management skills, occupational health and safety, quality improvements, technological advancements in industry and scope for expansion of business in the industry

- Ensuring easy access to credit from banks
- Ensuring 24-hour power supply
- A system of long term formal contracts with tier one companies with provision for periodic revision of prices of parts
- A regional board for informal workers that trains and ensures the availability of skilled workers as per the demand of the enterprises

XI. POLITICS FOR FORMALIZATION

From informality to formality is not going to be an easy journey. For, the real difficult question arises now: what kinds of politics can help to secure pragmatic formalization according to the above recommendations, and how can these be promoted? Many workers and unions view informalisation as the preferred *de facto* employment policy of the erstwhile UPA and NDA governments and the current BJP government, and as such they do not see any scope for improvements under their rule. On the other hand, the recent 'new politics' of the Aam Aadmi Party (Common Man Party) has also triggered the imagination and expectations of many workers in and around Delhi, the capital city, for pro-poor politics and so by implication pro-labour politics unlike the pro-capital, pro-plutocratic-plunder politics of the UPA/NDA/BJP governments. In light of this, the above suggestions towards formalization may be viewed as the necessary institutional elements that should hopefully underlie the negotiated competitiveness as an outcome of the grounded, proactive activism of the new politics in terms of "post ideological politics" (Crowley, 2013) that is now on the rise in some parts of North India. It is not yet clear, though, what is in store for the working people with the rise of this post-ideological politics. Will the recommendations emanating out of our fieldwork observations be supported by this "pettybourgeois party led by a heterogeneous admixture of yuppies of all hues composed of urban IT professionals, disgruntled bureaucrats, neo-Gandhians, NGO theorists, postmodern ideologues and self-professed socialists"? In so far as this new politics has not yet revealed its real stance towards all the working people and it is after all part and parcel of the mainstream politics, it may eventually boil down to accommodating the employers with impunity. In which case the currently hopeful moods of many workers will sooner or later merge with the evanescence of the rhetorical gas of the cabal of power elites and intellectual elites masquerading as the saviours of the working people. Note the propaganda of the current government that "good days are coming"!

We have briefly reported the salient findings of our fieldwork above to indicate that by not proposing to stop informalisation of the economy, the pro-make-in-India policy makers of the current government are insensitive to the ground realities as they seek to promote the relentless competitive race to the bottom through rampant rank bottom labour abuse by proposing to ease the environmental, labour and other regulatory conditions for big and small capital (see Yadav 2015a; 2015b; 2015c). After all, the 'Make in India' campaign of the current ruling party now will have to mean achieving greater competitiveness vis-à-vis 'Made in China' and what are the implications of this drive for labouring in India?

The Chinese Communist Party has been criticized since long for contributing to the domination of global capitalism by giving de-localised capitalist enterprises with cheap labour to lower prices and deprive workers of the rights of self-organisation (Jeffries 2012; Bose 2012) but the same Party has started contributing to worker wellbeing by bringing rule of law to the Chinese labour market since 2007 due to unprecedented labour unrest over the last 15 years (Freeman and Li 2013; Wang et al. 2009). In light of this, the competitiveness of 'Make in India' will have to be based on even more sweatshop-immiserisation of the Indian working class than what has already been observed in China or Indonesia.

Whatever be the political preferences of the ruling governments that shape the ground realities for the workers, it is ultimately the worker activism that will pressurize the governments to accept and execute the above recommendations towards formalization. And there has been no dearth of worker activism in Northern India and elsewhere.

We can say that the historic defeat of the Maruti Suzuki workers struggle in 2000-2001 largely symbolized the culmination of a phase of more or less complete defeat of the Indian working class. This was such a disastrous defeat that the union in India's biggest car making unit was completely removed and deregistered, large majority of permanent workers were retrenched by way of terminations and forced to take voluntary retirement, and they were replaced by the contract workers who then formed the huge majority of the workforce. But the scenario of labour movement that we observe largely after 2000 has been completely different from the earlier phase. In the post 2000 disposable jobs regime, a wave of new labour movements, concentrated in the automobile industry, has emerged. We can say that the Honda workers struggle in the state of Haryana in 2005 symbolizes the beginning of this new phase. The new worker activism has emerged on

the issue of formation of trade unions and their recognition for collective bargaining. In almost all the struggles, the permanent workers took the lead and successfully attempted to form unity between permanent and contract workers and also raised the issues concerning contract workers like equal wages for equal work and regularization of contract workers. Another important characteristic feature of these struggles has been that almost all of them have emerged from below, initiated by workers themselves, independent of any major established trade unions. However, when they faced a prolonged phase of repression, many of them got affiliated with some central trade unions. In most cases where the workers could form the trade unions and initiate the process of collective bargaining, the major issues related to compliance of labour rights, mainly related to wages and working conditions. Such struggles have emerged in all the automobile industrial areas of India. The Maruti Suzkuki workers struggle in Manesar is particularly significant in this regard, as it took this struggle to a qualitatively higher level. Its occupy factory strategy shook the employers in relation to the demand for regularizing all contract workers and abolishing the system of engaging contract workers. It was interesting to see that during the struggle, many contract workers who were engaged to break the strike also joined the workers struggle. Moreover, the force of this struggle had ripple effects through simultaneous factory occupations on the issue of contract workers in Suzuki Motor Cycles, Suzuki Castings and Suzuki Power Train. A strike of contract workers also took place in the notorious Munjal Showa supplying-factory during the same period. Despite being crushed again and again, the Maruti Suzuki workers have emerged again and again with a new power, new unity between contract and regular workers, and new alliances in the society (Pratap 2011a and 2011b). These struggles have had a long lasting and decisive impact on the issue of informalisation in terms of sending a strong and clear message that the workers may not accept the duality of labour for long and that corporates may not be able to use the strategy of engaging contract workers as a source of cheap and docile labour for long. In light of this, it was not surprising for us to find, during our fieldwork, some managements responding positively to workers' demands towards formalization as mentioned above. Most importantly they are now compelled to accept the authority of trade unions to represent the contract workers. It is interesting to note that the Contract Workers Abolition and Regulation Act and Industrial Disputes Act clearly underline the role of companies as main employers, but the labour department and employers have resisted, since long, trade unions of the companies enrolling and representing contract workers. The trade unions also have not been able to raise this issue strongly since long. Although they have organized the contract workers yet generally they have fallen in line

with the logic of employers and the labour department.

The upbeat in the Indian labour movement on these lines is, however, checkmated by a downbeat on the following grounds. This concerns the initiative in India now to amend the Apprentices Act which is an indication of the employers and the state on the search for an alternative workforce that can be used as a source of cheap labour and that can maintain effective duality in workforce to block any effective trade unionism. If amendments in the Apprentices Act are passed as proposed, then it may really provide an effective alternative in the above terms because the apprentices are not considered as workers and they are paid only a fixed stipend (a sub-human pittance indeed) and not wages and they may be easily denied trade union rights. In brands and some Tier-I factories it has been reported that the apprentices are very few but in recent years their number has increased. This surely does not augur well for the Indian labour movement's onward journey towards formalization of labour contracts and the labour rights that follow this formalization.

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CONTENTS

***Syed Faizan Iftikhar:** The Nexus of Capital Account Liberalization, Financial Development and Economic Growth, ***Ayodeji O. Ojo and Isaac B. Oluwatayo:** Fast Tracking Development in Africa : The Role of Small Scale Businesses, ***Shamna Thachaparamban :** An Empirical Analysis on Public Expenditure and Growth in Kerala, **Vandana Upadhyay:** Contractual Relations and Conditions and Conditions of Workers in the Urban Informal Sector in Arunachal Pradesh: Implications for Social Security, ***Brijesh C Purohit:** Efficiency of Education Sector of India : A Case of Rajasthan State, ***Richa Verma Bajaj :** Credit Management in Banks in India: Bank-wise Analysis, **Satyanarayana Turangi :** Crop Holiday versus Employment Guarantee: An Indian Experience of Godavari Delta Region, ***N. Karunakaran and V. Vineesh:** Problems and prospects of small coffee growers of Wayanad district, Kerala, ***Jinusha Panigrahi:** Constraints in the Choice of Courses for Higher Education: Empirical Findings Based on a Sample Survey, ***Subrata Dutta:** Development of Rural Small-Enterprises during Liberalisation: A Study of Gujarat and West Bengal.

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