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Experts: Labour disputes a symptom of India's economic slowdown

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NEW DELHI // A series of crippling strikes at India's leading car-maker are a symptom of the country's economic slowdown and the failure to provide skills or properly regulated jobs to its millions of workers, experts say.

Less than an hour's drive from Delhi is the industrial zone of Manesar, a place of wide, pothole-free roads, gleaming office complexes and vast, modern factories that seem a world away from the chaos of the capital.

Its most famous resident is Maruti Suzuki India, which produces almost half the cars sold in India - about 1.2 million last year.

But the production lines have been quiet for much of the past two weeks as 1,500 workers staged a sit-in, refusing to work or leave the plant.

Road-side vendors popped up along the perimeter wall, doing a roaring trade in tea and bags of curry which they passed through the railings. Hundreds of workers from nearby factories visited during the protest to shout their support over the barbed wire.

The dispute started in June when the state government refused to recognise a new union at the plant. A 33-day strike began in August after the company tried to make the employees sign a "good conduct bond", promising not to engage in go-slow tactics and other forms of action.

But when the workers relented and returned to work, they found 1,200 contract workers had been fired, along with 44 of the strike organisers, sparking the most recent strike.

"The management took revenge on us," said Shiv Kumar, general secretary of the Maruti Suzuki Employees Union, which the workers were trying to have recognised.

"They shifted 90 per cent of the workers into new jobs so that they could accuse them of working slowly. They even cancelled the bus service that takes us to work."

Work finally resumed at the plant on Saturday after management agreed to reinstate almost all the suspended workers.

Several high-profile cases of industrial unrest have hit Indian companies in the past year. In November 2010, a manager at auto components manufacturer Allied-Nippon in Ghaziabad was beaten to death by angry workers following a pay dispute.

Coal India and the Bosch engineering plant in Karnataka have both experienced industrial unrest in the past month.

The wave of strikes come at a difficult time for India's economy, which is facing rampant inflation, sluggish industrial output and a sharp drop in investment.

Prime Minister Manmohan Singh on Saturday warned against "the mood of negativism that seems to have gripped the country", but accepted hopes of returning to nine per cent economic growth in the next year were now unlikely.

One of the key problems - which predates the recent downturn - is the government has been remarkably bad at creating jobs. Employment across all sectors grew just 0.84 per cent in the five years to 2010, according to the most recent government figures.

Unlike China, India never created a large-scale manufacturing sector that could give jobs to millions of poor, low-skilled people. Fewer than 10 million Indians were formally employed in manufacturing jobs in 2008, compared with about 260 million in China.

"Labour is not on the government's agenda," said Dipanker Mukherjee, general secretary of the Centre of Indian Trade Unions. "The whole thrust is for big capital investment industries that rely more and more on machines rather than people."

Part of the reason is India's education system does little to prepare youngsters for the workplace. A recent report by the Confederation of Indian Industry found barely half of university graduates were considered employable by manufacturing companies. For IT companies, the figure was just one in five.

The government is belatedly waking up to the problem. **In 2009, it established the National Skills Development Council to provide seed capital to any company capable of training workers on an industrial scale.**

"Skills development is vital to increasing the productivity of workers," said Dilip Chenoy, NSDC's chief executive. "If we don't act quickly enough, companies will continue to opt for capital intensive production."

NSDC plans to create 150 million skilled workers in the next decade, but with about two million Indians reaching working age every month, the scale of the task is huge.

Rajiv Kumar, secretary general of the Federation of Indian Chambers of Commerce and Industry, says the recent strikes are partly a result of this skills shortage.

"These workers know they are a rare commodity and so they are demanding better returns, either in the form of monetary compensation or the right to unionise," he said.

Industry leaders are also desperate for the government to tidy up the country's nightmarish tangle of labour laws. There are 47 statutes at the national level, and about 200 from state governments.

"You can't comply with 100 per cent of the labour laws in this country without breaking 10 per cent," said Manish Sabharwal, owner of TeamLease, a recruitment agency based in Bangalore.

He maintains an 80-strong team of lawyers to try to get round strict rules about the use of part-time labour, which he says encourage companies to keep many of their workers off the books.

"Employment contracts in this country are like marriage without the possibility of divorce. It forces companies to hire informally."

Back at Maneswar, the workers were back at the production line on Saturday as Maruti Suzuki scrambles to catch up on the backlog for the current festival season.

But tensions remain high as negotiations continue.

"At this point in time, calling off the strike is the best option," protest leader Sonu Gujjar told local newspaper, Mint. "But we want the management to know that they should not take us for granted."