

REPORT OF STUDY GROUP

Changes in the Socio-Economic Conditions of the Working Class under Neo-liberal Policies

1. The transition of world capitalism to its neoliberal globalisation phase, now in a prolonged and deep crisis, emerged in the aftermath of the collapse of the 'Golden Age' in the advanced capitalist world. This phase has been characterised by a few major tendencies at the global level – financialisation, global production and global production networks, slower growth and redistribution of world production, expansion and internationalisation of third world firms, and increased exploitation and inequalities. As in several other developing countries, many Indian corporates have expanded rapidly under neoliberal globalisation and started becoming multinational in their operations. The mobility of capital and the internationalisation of the reserve army of labour combined with austerity policies created downward pressure on wages and other benefits of the workers and resulted in increased inequalities across the world. These along with privatisation of public assets under neoliberalism suited the interests of the big capitalists in developing countries who have embraced it as their preferred economic policy.

2. India has been one of the fastest growing economies during this period. The corporate sector, dominated by a relatively small number of Indian business houses, has grown faster than the rest of the economy till the recent crisis. Though services and construction have increasingly displaced manufacturing as the focus of private corporate activity, the big capitalist class in India continues to have a significant presence in manufacturing and in fact dominates the sector more than earlier. There are now important segments of that class with little involvement in manufacturing (Bharti, Infosys, HDFC, etc.) while even those who do, have enlarged their non-manufacturing operations (in IT, telecom services, retail trade, insurance, etc.).

3. Indian business groups have clearly been the principal beneficiaries of rapid corporate growth. While the presence of foreign multinational firms has also become more pronounced, and they dominate a few sectors, no foreign takeover of the Indian corporate sector has happened. Multinational interest in India has been mainly of the market-seeking variety and not focused on using India as a location of production for the world market. Foreign capital flows into India thus have been more 'financial' in nature. At the same time Indian firms have taken important steps in the direction of greater internationalisation, mainly through acquisitions abroad. While India's exports have grown, imports have tended to grow faster as production activities in India have become more import-dependent.

4. In the current stage of capitalist development in India there is an expansion rather than contraction of the working class. Though the bulk of this increase is not in organised sector factories, wage-employment in production and mainly in non-agricultural activities (including construction and services) has risen in the last two decades. There has been an increase in organised private sector employment in non-manufacturing activities though only a small part of this is of high salaried white collared employees. Within the unorganised sector too, excluding the construction sector, there are over 38 million workers who work in unincorporated non-agricultural 'establishments' and 27 million of them are hired workers. Then there is the category of 'home-based' workers who are not in the real sense self-employed but work for employers. The most significant expansion of wage employment (in both the organised as well as unorganised components) however, has taken place in construction and related activities which now employ nearly 11 per cent of India's work-force (50 million). The working class army in India is therefore large, larger than the working populations of most countries in the world. The situation and characteristics of this working class reflect both the historically limited nature of capitalist development in India as well as the effects of globalisation.

5. The agrarian crisis and increased demographic pressures has resulted in more people moving out of agriculture during this period to seek employment in non agricultural work in urban as well as in rural areas. As the number of peasantry has been shrinking, the proportion of self-employed has come down, swelling the numbers of those who need to sell their labour power to make a living.

6. However, the employment expansion in the organised sector, particularly in the manufacturing sector has been inadequate to absorb them. Most of them are finding jobs in different segments of the unorganised sector as construction workers, rickshaw pullers, daily wage workers, street vendors, etc. There is huge migration from the rural areas to urban areas, within the states and between states, in search of work. International migration and migration among skilled workers seeking better opportunities abroad have also increased. While large numbers migrate seasonally to work, for example as brick kiln workers etc to other states, returning to the villages during the agricultural season, there are also many who travel daily to the nearby towns and cities in search of work as construction workers, daily wage labour etc. There has been an increase in unpaid work of women, home based work and selling of labour services for non productive activities to help sustain households.

7. Around 11 million are employed in organised sector factories and less than 30 million in regular organised sector employment of which only about 12 million are in the fast growing private sector. Since the advent of neoliberal policy regime in 1991, regular employment in the public sector has shrunk by more than 2 million, most significantly in industrial activities. On the other hand, the increase in regular employment in the private sector was only around 4 million, mainly in non manufacturing activities.

8. The large reserve army has enabled depression of real wages and intensified exploitation of the working class in production activities. The access to sophisticated technologies has facilitated this by enabling sharp rises in productivity even as wages stagnated. This in turn has enabled a drastic redistribution of incomes in favour of profits and other surplus incomes. The squeezing of the wage share has

allowed this despite the fact that there has been a rising trend in the salaries of white collar employees with higher levels of education in the private corporate sector. The enrichment of a section of the middle class which has become part of a globally mobile international work-force has also contributed to the entrenchment of neoliberalism as this social group has always had a strong presence in the media, in academics, in the bureaucracy, etc. However, across the board, workers and employees, notwithstanding the income differentials separating them, are subjected to the increased tyranny of capital and the constant demand for 'efficiency' and higher productivity.

9. This phase of capitalism is characterised by the adoption of various methods and instruments to strengthen the tyranny of capital with the state increasingly acting as the facilitator of profit maximisation at the cost of labour. Employers have been adopting various measures to increase productivity and at the same time rob the workers of their due share in the increased production to increase or maintain their profits.

10. Labour law amendments to make labour 'flexible' and provide freedom to the employers to 'hire and fire' workers has been an important component of neoliberal policies, even though in practice only a miniscule section of workers is covered by them. Attempts to amend important labour laws like the Industrial Disputes Act, Trade Unions Act and Contract Labour (Regulation and Abolition) Act etc have recently gained momentum with the Rajasthan government already amending them and central government in the process of it. Even as the labour laws are in force, the role of the State has been to encourage violations rather than ensure implementation.

11. In the name of attracting investment and promoting manufacture, Special Economic Zones/ National Manufacturing and Investment Zones/ Special Investment Regions/ Export Oriented Units etc have been created where labour laws are either exempted or allowed to be freely violated by restricting labour inspections. There have been many instances of industries utilising the benefits including tax and other types of exemptions and concessions for the specified period and then shifting their units to other SEZs while workers lose their jobs.

12. Prior to the neoliberal regime, workers were able to ensure implementation of statutory rights through struggles as well as through judicial intervention. For example, thousands of contract workers in steel (Durgapur, IISCO, Rourkela, Bhilai steel plant canteen workers etc), in civil aviation (Air India, Indian Airlines, Airport Authority of India), electricity (state electricity boards in Haryana, Himachal Pradesh and some other states), transport etc were regularised utilising the Contract Labour (R&A) Act. However, the situation changed subsequently in the neoliberal era when the Supreme Court partially nullified its own judgment in the case of Air India in response to a review petition filed by SAIL and Coal India. Judiciary under neoliberalism has become more pro capital in interpreting the law.

13. One of the methods adopted to strengthen the tyranny of capital under neoliberal globalisation is the drastic changes brought about in the composition of the working class. The proportion of workers without any statutory benefits has increased and the proportion of the workers having statutory protection has drastically come down. A large mass of workers face a situation where they have become highly mobile across occupations, locations and employers but have very little prospects for economic mobility. In addition, in India, the mechanisms to

strengthen the grip of capital over labour are not limited to these 'modern' ones. Other mechanisms like caste, religion, gender etc are also utilised for this purpose.

14. A few details of the changes in the conditions of workers in different sectors are outlined below:

i. Workers in the organised sector

The number of permanent workers in the organised sector, including the public and private sectors, has come down significantly. The permanent workers today face precarious working conditions though they have comparatively better wages and social security benefits. In addition to employing contract workers in large numbers, employers are also adopting different measures to bring down their wage bills as well as prevent unionisation and curtail the bargaining capacity of the permanent workers. Different categories like 'On Job Trainees (OJT)', 'Long Term Trainee Employees (LTTE)', 'Fixed Term Contracts (FTC)', 'Junior Executives' etc are being employed for the same jobs, paying them only a fraction of the wages of the permanent employees. For example in a Tamil Nadu unit of Kenstar, a Japanese company, the number of trainees is 1080 whereas the number of permanent workers is only 73. Reddy Labs in Srikakulam in Andhra Pradesh started a mess where students are allowed to eat and get distant education and are made to work in the company.

Various methods to increase productivity and extract maximum surplus from the workers like use of modern technology, mechanisation, automation, robotisation, increasing working hours, lowering wages, etc are being adopted by the employers. Different management techniques like Frequent Time and Motion (FTM) studies, E - Management, Self-Management Teams (SMTs) etc are used to increase productivity. Workers are called 'associates', 'team members' etc to create an illusion that they are treated as part of the management and not workers. Under the All Time Management System (ATMS) adopted by Ashok Leyland workers have to work 480 minutes in eight hours; they cannot even go to toilet. Even the minimum necessary fatigue intervals are not allowed. In several multinational corporations, through the system of 'Total Production Management (TPM)' the time and cost of socially necessary labour is sought to be consciously reduced. As a result, workers in the modern organised sector industries are facing lot of mental and psychological pressure and harassment despite receiving comparatively better wages and other perks.

According to a study, in 2011 – 12, 77.5% of the total workforce in the organised manufacturing sector had no written contract; another 2.43% had a written contract for only less than a year. Only 17.41% of the total workers had a written contract for more than three years. More than 70% of all regular salaried workers in the organised sector had no written contract. The condition of women workers was worse. 91% had no written contract in 2011 – 12; only 6.3% had written contract for more than three years. 60% of the regular workers were not eligible for social security benefits like provident fund, pension, health care etc with women workers being in a worse condition than male workers.

Inequalities between the workers and the supervisory staff have increased in the organised manufacturing sector during the 2000s. It was found that the salaries of the managerial staff have increased sharply compared to those of the workers.

ii. Workers in the unorganised segment of the organised sector

The profile of employment relations has vastly changed under neoliberal policies. There is no clearly defined and identifiable employer employee relationship for vast sections of workers, not only in the private sector but also in the public and government sectors. The proportion of workers in the unorganised segment of the organised sector, i.e. workers with precarious working conditions, with no job security, no income security, no social security and no legal protection has increased under the neoliberal regime. However these workers cannot be considered as unorganised sector workers.

The burdens as a result of market fluctuations are being shifted on to the workers through various methods - contractorisation, outsourcing, casualisation, job-contracts, getting the same work done by temporary, daily wage workers, apprentices or trainees, home based work etc.

According to the National Commission for Enterprises in the Unorganised Sector report (2009), the employment generation that took place in the organised sector post economic reforms has been largely informal in nature. Several studies have shown that the increase in employment in the manufacturing sector during the early 1990s was mainly of non permanent nature. It is also shown that the share of contract as well as temporary workers in the manufacturing sector in the country, excluding administrative and managerial workers, has doubled over the period 1992 – 2001. Despite the existence of labour laws that provided job security to the workers, directly employed permanent workers are being substituted by workers with informal and precarious work relations. Between 2003- 04 and 2009-10, the employment of directly employed workers grew by only 5.1% while that of the contract workers grew by 12.4%. The share of contract workers in total organised employment has increased from 10.5% in 1995 – 96 to 25.7% by 2009 – 10, while the share of directly employed workers has declined from 68.3% to 52.4% in the same period. Significantly, the practice of employing more contract workers increased in the larger companies, employing more than 50 workers, by the end of the 2000s compared to earlier. By 2009 – 10, nearly half of the total workers employed by companies with more than 5000 workers were contract workers.

Unlike in the pre liberalisation period, when contract system was generally confined to peripheral and low skilled jobs, under the neoliberal regime, contract workers/ employees are being employed in jobs almost at all levels of the establishment barring the topmost. It is estimated that around 50% in the public sector units and more than 70% workers in the private sector, including in the modern industrial units of many multinational corporations, on an average are contract workers.

There is decentralisation and fragmentation of the workplace through offloading/ outsourcing/ distribution of different parts or whole of the production process to different agencies. These jobs are carried out at different places often in sweatshops or by home based workers or may even be carried out in the same premises but the workers do not have direct relationship with the principal employers who deny any responsibility towards them.

The trend of 'online marketing' has come into existence and is expanding recently. Information technology is utilised to limit the inventories and engaging workers as per the demand.

Even in the sectors engaged in highly sophisticated and modern production process like the automobile sector, contract workers are being deployed increasingly in the same shop floor with the permanent workers as is seen in Maruti, Hyundai etc. The myth of workers in the organised sector having some job security has also been exposed with the incidents in multinational corporations like Maruti where around 500 permanent workers and around 1500 contract workers were dismissed from service and in Nokia where 8000 workers lost their jobs when the company was taken over by Microsoft.

Rampant contractorisation is a major factor that has contributed to the steep decline in the share of wages (from 30% in the 1980s to 9.5% in 2009) compared to the huge increase in the share of profits (from around 15% to 55% during the same period).

iii. Workers in the Unorganised Sector

The number of workers in the unorganised sector, excluding the agricultural workers, has been increasing under neoliberal regime. Unorganised workers constitute around 94% of the total workers. This includes not only the workers in the unorganised sector but also those in the agricultural sector. However, because of the agrarian crisis and the steep decline in the number of available work days in agriculture, large sections of these workers are compelled to seek non agricultural work both in the urban as well as in the rural areas. According to a paper by the Institute of Applied Manpower Research, for the first time after independence, in India, there has been an absolute fall, by 36.7 million in the number of people employed in agriculture between 2004 -05 and 2011 -12. Today, most of the workers in the rural areas cannot be classified exclusively as 'agricultural workers' as they have to take up non-agricultural work for more than 8 months in a year to sustain themselves. More initiative is required by the trade unions to organise these workers.

The conditions of work of unorganised sector workers are not uniform and differ widely depending on the sector/ trade in which they work, their skills, gender, caste, place of work, state as migrants etc. They also include the self employed, the home based workers, daily wage workers etc. Some segments of the unorganised sector like private transport including goods and passenger transport occupy a key position in the country's economy and employ millions of workers.

Unorganised sector workers have very little legal protection related to their wages or working conditions and whatever legislations exist, are not effectively implemented. It was found that in 2011 – 12, 93% of the casual workers were not eligible for social security benefits and there has been deterioration in their conditions.

Unorganised sector workers are the worst affected by the government's withdrawal from health and education under the neoliberal regime and their replacement by private sector. The health and education related expenditure of the unorganised sector workers' families have highly increased forcing many of them into indebtedness. The beautification and slum clearance drives taken up in many cities have forced them to the outskirts increasing their travel time and expenditure to and from their places of work. Most of the unorganised sector workers are compelled to live in urban slums in unhygienic and crowded conditions.

The role of criminal elements in the control and 'regulation' of labour markets for contract labour, street vendors etc is increasing. These local mafias are also active in land deals arising out of the burgeoning urbanisation including establishment and control of slum housing. Thus, in addition to their exploitation by the employers at the work place, the unorganised sector workers are compelled to live in the grip of these mafias at their places of residence.

Home Based Workers

Under neoliberal regime home based work has been found to have increased with even some multinational corporations outsourcing their work to home based workers. The work is passed on through a chain of contractors, sub contractors, agents and middlemen with the workers often totally unaware of the principal employer. Home based workers are neither visible in the employers' records nor in government's surveys; the principal employer is invisible to the worker and the home based workers are invisible to the government and the administration; the employer employee relationship is totally masked. Exploitation is severe. With the advanced use of information technology under the neoliberal regime, home based workers are also employed for IT and IT enabled services. Though they are educated and may be better paid than the other sections of home based workers, they too do not have any job or social security and are highly exploited.

An overwhelming majority of the home based workers are women. They are often deliberately projected as 'self employed'; the raw material is shown as sold to the worker and the final product purchased, to hide the employer employee relationship.

By and large the home based workers are not covered by any legislation. Though there are some Acts for providing welfare benefits in some states like Kerala, Tamil Nadu and Karnataka etc, they do not cover their working conditions. A survey conducted by CITU in 2006 in 10 states in the country showed that 86% of the home based workers were workers according to the definition of the ILO convention on home based workers and not self employed. They are paid a pittance as piece rate wage. The survey found that despite working for more than 8-10 hours in a day, often with the help of their family members including children, the average monthly earnings from home based work were less than Rs 1000 indicating the extent of exploitation. In addition, contrary to the general perception that home based work is preferred by women because they can adjust their work according to their family responsibilities, it is found that women mostly prefer regular work to home based work, which is taken up due to lack of alternatives.

Self employed workers

Though self employment is not a product of neoliberal regime, the number of self employed has also increased under it. Vast sections of the rural workers who migrate from to urban areas work as rickshaw pullers, street vendors, auto drivers etc. They do not have any income or social security. Self employment is taken up more out of distress than out of choice. Women constitute a very large section of self employed workers, often engaged in unpaid work.

iv. Scheme Workers

The government of India as well as several state governments have started many 'schemes' to act as a balm to soothe the burning impact of neoliberal regime on the poor. But the workers employed in these schemes are denied the status of workers/ employees just to evade statutory provisions related to wages and other benefits. They are called 'social workers', 'volunteers', 'activists' 'Yasodas', 'Mamathas', 'Guests', etc. While some of them are paid a nominal 'honorarium' or 'incentive' or a 'consolidated pay', some are not paid even that; they are directed to fend for themselves by collecting 'users' charges'. As per a rough estimate, there are around one crore such workers/ employees, most of them women, employed in the various schemes/ programmes of government of India like the ICDS, NRHM, SSA, and Mid Day Meal programme etc which have contributed in improving our human development indicators.

Vast majority of these scheme workers are working in the rural and tribal areas, in the most interior parts of the country.

Some segments of scheme workers like the anganwadi employees are well organised in most of the states in the country and are engaged in militant struggles on their demands. ASHAs and mid day meal workers are also getting organised in many states.

Because of the nature of their work, these workers have close contacts with the toiling people, particularly the poor and the socially downtrodden sections, peasants, agricultural workers, unorganised sector workers etc. Our experience in several states shows that organising the scheme workers and making consistent efforts to raise their political consciousness helps us in taking our programmes and policies to the remote corners of the country and to wider sections of the people.

v. Middle Class Employees

Drastic reduction of the number of employees to cut down the expenditure on salaries has been an integral part of neoliberal policies. This has led to huge increase in the work load on the existing employees in several sectors like banks, insurance, state and central government departments, railways etc. The number of 'officers'/ 'executives' category, who do not have trade union rights and who are compelled to work for longer hours, is being increased. In some public sector banks the ratio of officers to clerks has been increased to 3:1 today. Nomenclatures of jobs are being changed to evade application of labour laws. The term 'salesperson' is being increasingly replaced by 'sales executive'. These measures are also intended to prevent the employees from being organised.

The lack of job security and the concept of moving from one job to another have become accepted norms among some sections of private sector employees who are highly educated, qualified and are also comparatively better paid. However, the pressure of work in meeting targets is very high and the conditions of subordination very severe, even for these sections.

Multi tasking has been introduced in the public sector banks with recruitment taking place for marketing cum administrative personnel. Measures are being taken for outsourcing jobs in public sector banks. For example State Bank of India has taken a decision to outsource processing of loans to Reliance Finance and retain

only the final sanctioning. This is a move to reduce permanent employment in the long run.

Despite the better wages and working conditions the steep cost of housing, private health and education, which are going out of the reach of even these sections, and jobs for their children, availability of civic amenities like electricity, transport, etc are causes of serious concern for the middle classes in the urban areas. They are also worried about the huge corruption scandals. However, the challenge before us is to link up these with the neoliberal policies and convince them to fight against the policies.

vi. IT sector:

The number of employees in the IT and ITES have increased. Only a small section of these employees get good wages whereas most of them are poorly paid. Even the better paid employees' wages are only a fraction of what employees doing similar jobs are paid in the advanced capitalist countries. Besides, the share of the employee is reported to be only around 10% of what is billed for by the company. These employees have to work long hours and are under tremendous pressure to achieve targets. In addition, productivity is sought to be enhanced by regularly increasing the skill sets required for the employees with lower wages. The term 'resource' is used for both the employees and the computers thus creating a psychological feeling among the employees that they are an integral part of the machinery they use.

However, in general, these IT employees do not identify themselves with the general employees. The comparatively better wages and the ambience at the workplace etc tend to mask the exploitation and create illusions among them about the benefits of neoliberal policies. In general they are averse to join trade unions. Shifting of jobs and individual bargaining are generally considered better options than organising themselves into trade unions.

But the situation is now changing. Many of them are facing difficulties since the onset of the global crisis. Employment opportunities in the sector have come down. Employment is shifting to other countries because of restructuring in technology with the high skilled jobs moving to the developed countries and the low skilled jobs to cheaper markets like Vietnam, the Philippines etc. Pay hikes have become lower or have altogether stopped in some companies due to lower profit margins in the last year or so. The attrition rate, as well as the bargaining capacity of the employees, has come down significantly. The top Indian companies have now organised themselves into a consortium and share the information about the employees. This is bound to further reduce the individual bargaining power of the employees in the coming period. Many IT professionals are now more concerned about retaining jobs than about their bargaining capacity.

The young employees of the IT sector are mostly under the influence of the culture and values being promoted by the corporate controlled media. In general, they consider Left ideology as obsolete.

vii. Women Workers

The labour force participation of women has come down significantly, particularly due to the loss of work for women in the rural areas which could not be compensated through increased availability of work in the urban areas. Work as domestic help and construction workers are the only areas where there has been increase in women workers. According to ILO the decline in women's work has taken place across all age groups, across all education levels and in both urban and rural areas.

Around 96% women are in the unorganised sector. Lakhs of women are employed as home based workers engaged in hundreds of varieties of jobs. Overwhelming majority of the scheme workers are women. They are not covered by any legislative protection. Violence against women at work place is on the rise.

Though the proportion of women workers has come down, their visibility has increased due to several factors including their increasing participation in trade union struggles.

viii. Young Workers

In line with the demographical profile of the country, young workers comprise large section of the workforce in the country including in the emerging modern hi tech industries as seen in the case of Foxconn, Nokia, Maruti, Hyundai, Toyota etc. Most of these young workers are the major victims of the most atrocious forms of exploitation as a result of the emerging employment relations in these hi tech industries in the private organised sector. These industries employ a large number of contract workers, apprentices, trainees, etc along with a relatively small number of permanent workers – all involved in the core operations.

The attitude of these young workers towards work, trade unions, their aspirations, their culture, the way they spend their leisure, even their language is quite different from the old workers. Use of smart phones, social media etc is widespread.

A small section of these young workers who are highly educated and technically qualified and come from upper middle class families are not very much concerned about job security and are in constant search of jobs that provide satisfaction to them. They are not very much concerned of being unemployed for some time in between. Many from this section feel that globalisation has provided them opportunities to choose decent jobs of their choice. However this is not the situation for the overwhelming majority of the young people. Most of the young workers, even in the organised sector, who come from lower middle class and poorer families and have not been able to go to the better educational institutions, find themselves in jobs that are low paid and without any social security benefits. As around 94% of the total workforce in the country is in the unorganised sector, vast majority of the youth are also working in the unorganised sector.

There is a general perception that the young workers, who are educated, technically qualified and employed in the modern hi tech industries, and are comparatively well paid, are not interested in joining the trade unions and coming into struggles. This may be true to some extent because of the influence of neoliberal culture which promotes individualism and derides collective actions, among the youth. At the same time, there are several instances of the young workers in many factories including in the manufacturing units of the multinational

corporations, going on wild cat strikes to express their anger at certain actions of the management, which they feel are unjust. There are also many instances, as in Maruti Suzuki, Hyundai, Nokia, Foxconn etc, of such workers joining struggles on their demands including strikes, even facing repression. Having joined work with high expectations, they quickly get disillusioned with the way they are treated at the work place by the management and are often seen vociferously protesting against the discriminatory employment relations imposed upon them. This is reflected in the numerous incidents of spontaneous struggles and unrest developing in many of these industries in different parts of the country.

Except in a few pockets, our trade unions are yet to reach these sections and organise them. Old methods of trade union functioning do not appeal to these workers. It is necessary for the trade union functionaries to prepare themselves intellectually, politically and organisationally, adopt suitable methods of work, use of language etc while organising these workers without at the same time losing the class outlook. Young cadres are very much necessary for this job. In the absence of such interventions by us, these young workers are prone to be influenced by reactionary and retrograde ideologies of different hues.

ix. Unionisation

Organising workers, particularly in the private organised industries has become a serious challenge for the trade unions under the neoliberal regime. Registration of trade unions has become difficult. Mostly victimisation and occasionally allurements are used as tactics by the employers to prevent workers from joining unions. The state labour enforcement machinery is consciously made ineffective by the State. It was found that only one third of the workers in the organised sector have access to a union at their work place. In 2004 – 05, 36.2% of total workers knew of a union at their work place; this number fell further to 31.5% by 2011 – 12. Even among the regular workers, only 34.5% were aware of a union at their work place in 2011 – 12. And even among the workers who were aware of the presence of a union at their work place, in 2004 – 05 only 76% were members of any trade union; this has further come down to 66.3% in 2011 – 12.

Neoliberal policies have created illusions even among sections of the trade union leadership and developed opportunist tendencies among them. Some sections of leadership of the Left led trade unions have also been seen to believe in the beneficial impact of the neoliberal regime. This has resulted in loss of initiative, inaction, and failure to intervene timely at the industry level in some cases. The intervention by the Party and the trade unions led by it have been highly inadequate in taking necessary measures to ideologically prepare the working class for effective struggles for their reversal.

15. This period has also witnessed some advance in joint trade union struggles. During the last around five years, the central trade unions including INTUC and BMS have been organising joint campaigns and struggles including country wide general strikes. Now joint campaigns are being conducted by all the eleven central trade unions on a charter of demands that includes policy issues like disinvestment, FDI, etc.

16. The above details of the conditions of the different segments of the working class under neoliberal globalisation show that while the specific forms in which the

tyranny of capital expresses itself does vary across these different segments, two dominant tendencies are clearly discernible as almost common. Increase in working times when on employment and in intensity of work is a universal feature. In addition, while some categories of middle class employees have seen significant increases in salaries, a large number of workers face a situation of wage depression and stagnation. It is a fact that the average real wage per worker and per man day in India's organised factory sector has not increased over the last two decades. It is in fact lower than levels in the early 1990s. The level of this wage can also not be considered 'high'. It was less than Rs 8000 per month per worker in 2001-12 and varied between an average of about Rs 10000 in corporate sector factories (including public sector), and about Rs 4000 in factories owned by partnership or proprietorship firms. For hired workers in unincorporated establishments the average emoluments also worked out to less than Rs 4000 per month.

Wage depression, irregularity of employment, the need to often move locations for such employment, and the cuts/restrictions in social services provided by the state have made it difficult to sustain working class households. Increases in expenditures resulting from some of these, combined with low wage incomes, have made it necessary for members of working class households to earn additional incomes through different means including the unpaid work by women. In this way, all kinds of employment outside of wage employment in production, the issues of livelihood and of social services in general have also become concerns of the working class. All these concerns have to be addressed by our trade unions while organising different sections of the working class though some of them might be in a domain different from the production enterprise in which they may be wage-workers.

17. Changes in the outlook of the working class.

These conditions of the working class provide a fertile ground for the growth of many reactionary ideological and cultural tendencies within the class and the reinforcement of such elements that are already part of their consciousness. The corporate controlled visual media has been promoting such reactionary ideologies and cultural practices and has been able to influence large sections of the working class. Conscious attempts are being made in the media to glorify isolated cases of individual successes and deride collective efforts, particularly through trade unions. This has been able to create some illusions among sections of the working class, particularly the educated and young middle class sections, who are more inclined to believe in individual efforts and do not show much interest in actively participating in trade union activities. There has also been a change in leisure time spending, consumption etc among sections of better paid organised sector employees. The influence of caste, religion and such identity based organisations has also increased among the working class which is adversely impacting class based unity. Some sections of middle class employees like the financial sector employees have been participating in struggles against issues like privatisation as it directly affects them as well as due to union loyalty, though they do not show much interest to understand the total impact of neoliberal policies.

18. The development of a progressive working class movement will certainly have to face the challenges posed by the pervasiveness of such tendencies. However, it must also be kept in mind that the only effective counter to such tendencies is also the development of a strong working class movement. The basis

for such movement also lies in those very same conditions. Whatever expressions it takes in the consciousness of the working class, the underlying objective reality is one of intensification of the oppression and exploitation of the working class and a relentless struggle for survival. Even if the conditions are promoting a growth of aspirations within the working class it is also impeding their ability to meet those aspirations. These contradictions must mean a growth of an animosity within the members of that class towards the conditions created by the tyranny of capital. Capitalist tyranny might, for some time, be able to prevent this animosity from overtly expressing itself or might be successful in misdirecting such expressions. However, in the process, class oppression and the basis for generating class unity and resistance are also bound to develop. It is up to our party and the trade unions led by it to find appropriate means of intervention in different domains, to bring these sentiments and feelings to the surface, and channelise them into effective struggles against the onslaught of capital. What is important for this purpose is to have a two-sided view and acknowledge that neoliberalism has created not only great difficulties in developing working class movement but also a great potential for it.

Once it is recognised that there is tremendous heterogeneity within the working class in India and that this heterogeneity is not transient but an integral feature of Indian capitalism, it becomes important to ask whether for the same reasons that we talked about the leading role of the working class, should we also not think about the issue of leadership within the working class. Given the differences in the circumstances of different segments of the working class, surely the scope for the autonomous development of a revolutionary working class consciousness is not the same in all these segments. For different reasons, the fullest development of such a consciousness may be far more difficult in case of IT workers and also in case of casual workers with no fixed location or stable employer, relative to the industrial working class proper. This may mean that for the development of a united working class movement, the importance of the industrial working class working in factories may be far greater than is indicated by either their numerical proportion in the class to be so united or the trend in that proportion.

Since they tend to have higher productivity, the industrial working class is often also the section within the working class experiencing the highest degree of exploitation even if their wages might be higher than their unorganised sector counterparts. They also experience most directly the effects of increased mechanisation of production and the reduction of men to becoming the instruments of machines. The fragmentation of this segment of the working class is also at the same time their concentration in other ways. 70% of them are in factories owned by corporate enterprises which means that they not only exist as concentrated groups working in the same factory but each such concentration is also part of larger concentrations of workers created by capital itself – because many companies have multiple factories and in India big capitalists also simultaneously control a large number of companies (the business group) which increasingly includes those engaged in non-industrial activities. Moreover, the presence of MNCs in India, the internationalisation of many Indian business groups, and the incorporation of Indian industries into global production networks, also makes these workers part of larger concentrations extending beyond the country's boundaries.

The global capitalist economy still shows no sign of a durable recovery from the 2008 crisis and Indian capitalism which initially seemed to have weathered the

storm, has also now entered a phase in which growth and accumulation have slowed down as has the growth of profits. At the macroeconomic level, the crisis means that the scope for accommodating the contradictory interests of capital and of the working people in fiscal policy will be highly restricted and therefore the threat to the precarious conditions of the latter will be greater. At the same time there would be a thrust towards greater 'reforms' to improve 'sentiments' of private investors and foreign capital. The crisis is hitting most severely the industrial (manufacturing) sector and capitalists will seek to find their way out of it at the expense of the working class. Even the construction sector, where there is now a large concentration of workers, is facing difficult times. Thus what can be expected in the coming days is a further intensification of the contradiction between capital and labour – both within producing enterprises and at the larger level of society in particular on the question of economic policies.

Party needs to work out proper strategies to guide the trade unions led by it in organising the working class by making effective use of the existing potential and strengthen the struggle against the neoliberal policies.

19. Suggestions:

- Ideological education about the adverse impacts of the neoliberal policies and the need to develop a powerful struggles against them among our own cadres
- Pay special attention to organise the workers in strategic and key industries including in the private organised sectors
- Provide guidance to Party led trade unions to ensure that joint trade union campaigns and struggles lead to expansion of the influence of the Party among the working class
- Develop joint struggles of workers', peasants' and agricultural workers' organisations led by the Party
- In addition to the work place issues, different other aspects including the concerns of the workers related to health, education, housing, civic amenities at their residential areas etc to be addressed by the trade unions led by us
- Special attention to young workers
- Make use of popular culture in campaigns

Members of the Study Group:

K. Hemalatha (Convenor), Elamaran Kareem, Surajit Mazumdar, Vivek Monterio, Prabir Purkayasta, Venugopal Rao

ANNEXURE

WORKING CLASS IN INDIA: FROM THE STATISTICS

As per the NSS 68th Round (2011-12), the size of India's labour force [Usual status (ps+ss)] would be 484 million while the working population would be 473 million. The population in the working age group is considerably larger – over 750 million.

Unlike the situation in the early 1990s, when over 61% of the workforce was engaged in agricultural activities, in 2011-12 the proportion was less than half (*though the Census puts the number of workers in agriculture slightly higher, the declining trend is clear in the census too which additionally shows a decline of 9 million in the number of cultivators/peasants between 2001 and 2011*). Nearly 242 million are in non-agricultural activities (115 million in secondary and 127 million in

tertiary/services sectors). 50 million of those in secondary sector employment, accounting for 11% of the total workforce, are in construction activities alone. Construction had accounted for less than 4% of the workforce in the early 1990s but now employment in that sector has almost caught up with manufacturing employment. Moreover, within the formal sector the at least 16-17 million construction workers are greater in number than those in manufacturing.

Nearly 85 million within the working population consists of those in regular wage/salary employment while over 141 million more are casual labourers (the combined total of 226 million is now nearly as large as the number who are self-employed – 247 million). Of those in regular wage/salary employment, DGET data show that 29.5 million of these are employed in the organised sector, which is not very much different from the number in 1991 (27 million). However, the public and private sector shares in this employment have changed – the public sector employment has come down from nearly 20 million in 1991 to 17.6 million in 2012 while the private organised sector employment has increased from less than 8 million to nearly 12 million. The sharpest decline in public sector employment has been in manufacturing, from 1.85 million to 1.07 million. On the other hand, the increase in employment in the private organized sector has been dominated by non-manufacturing activities (services), with manufacturing accounting for only one million of the increase of over 4 million between 1991 and 2012.

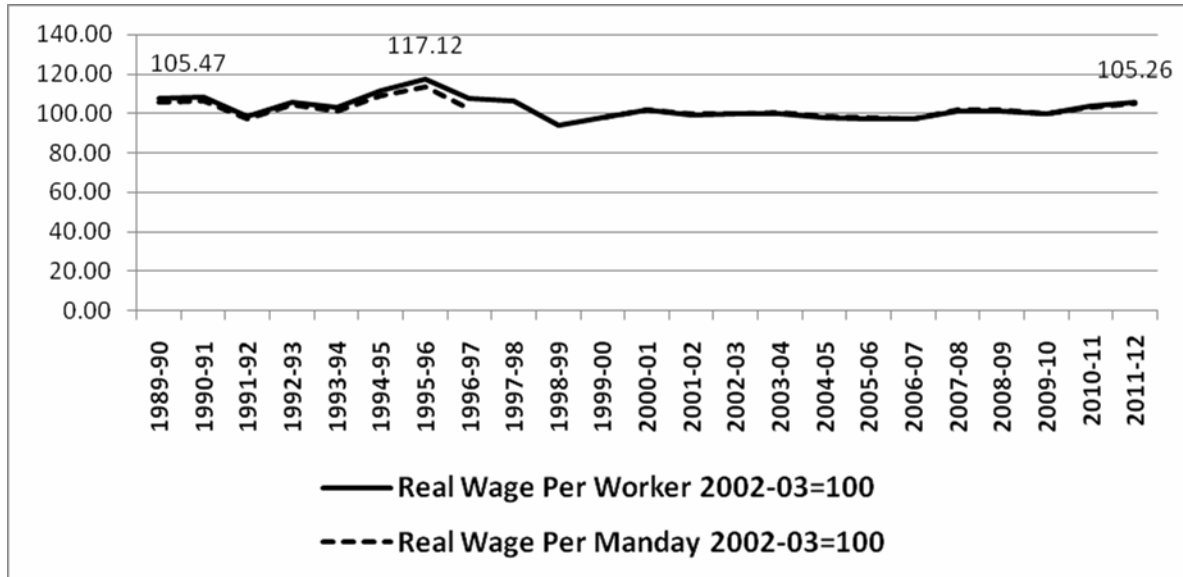
The DGET data on the one hand includes not only those in wage-employment but also white-collar salary earners; on the other it does not capture all employment in the organized sector – it has always underestimated employment in construction and also does not fully cover the increasing proportion of 'casual' employment. Thus, the figure of 29.5 million employed in the organized sector includes less than a million in construction while the NSS data suggests a figure over 15 million for the same activity in the organized sector (though the employment nature of these may be informal the employer is an organized sector entity). Similarly, in comparison to the DGET figure for 6.6 million employed in manufacturing in 2012, the ASI data show that organized sector factories employed 13.43 million people of which 10.44 million were classified as workers.

In unincorporated non-agricultural enterprises other than in construction activity, as per NSSO 67th Round (2010-11), 27 million worked as hired workers spread across manufacturing (10.4 million), trade (6 million) and other services (10.6 million).

The average daily wage/salary of regular employees in 2011-12 (NSSO 68th) was Rs. 396 while for casual labourers the daily wage was Rs. 170/139 (Urban/Rural) (the former average, however, would include the effects of relatively high salaried employment among some of the regularly employed). In unincorporated non-agricultural enterprises other than in construction, the average emoluments per hired worker was less than Rs. 4000 per month in 2010-11 (NSSO 67th). In the organized factory sector, the average monthly wage per worker in 2011-12 stood at a little under Rs. 8000 (ASI) – it was close to Rs. 11,000 in factories owned by public limited companies (30% of factory workers), about Rs. 7300 in factories belonging to private limited companies (38% of factory workers) and between Rs. 4000 and 5000 in case of factories belonging to proprietorship/partnership firms (28% of factory workers).

The above mentioned average wages of factory workers have remained stagnant in real terms for two decades (Figure 1) – this represents not only a stagnation of real income but also the earnings for every day worked (wage per man day).

Figure 1: Index of Real Wages per Worker and per Man day in the Factory Sector, 1989-90 to 2011-12

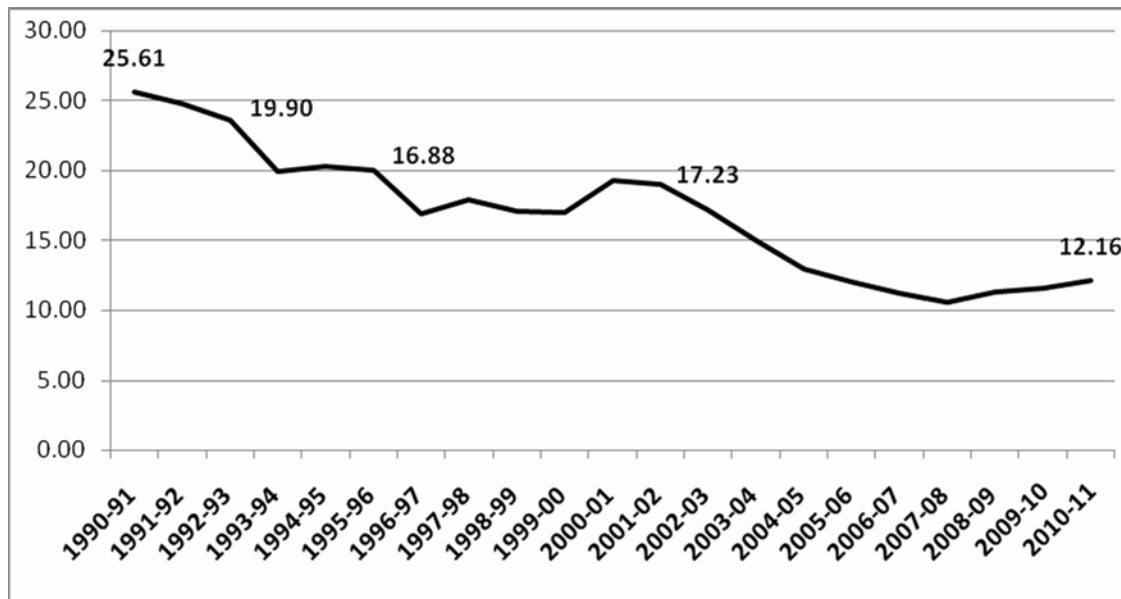


Source: ASI

However, a slightly different trend is there in the salaries of better paid non-worker employees of factories. Thus, while the share of workers in total employees has increased from 76 to 78 per cent between 1990-91 and 2011-12, the share of wages in total employee compensation has come down from 64 to 50 per cent over the same period.

Wage stagnation accompanied by increases in productivity have resulted in a sharp squeeze in the share of wages in value added (a proxy indicator of the rising rate of exploitation) (Figure 2).

Figure 2: Share of Wages in Net Value Added of Factory Sector, 1990-91 to 2011-12



Source: ASI

The trend of declining share of wages is not restricted to only the manufacturing sector but is observable across all activities including construction and services, particularly in the private organized sector (CSO, National Accounts Statistics). If we take the Value Added in the Private Organized Sector as a whole (which is now predominantly coming from non-manufacturing activities) – the share of Compensation of Employees (COE) in it has come down from a level of 55 per cent in 1990-91 to around 30 per cent now. This is despite the fact that the salaries of some employees which are included in the COE have risen extremely rapidly over the last two decades [The average monthly remuneration of the top 103 employees of Wipro in 2011-12 was about Rs. 8 lakhs and ranged from a maximum of Rs. 42 lakhs to a minimum of Rs. 5 lakhs per month].

Another discernible trend is that the organized manufacturing sector is becoming more 'rural' in terms of the location of factories. In 2011-12, the rural factories were bigger, more capital-intensive and more productive than those in urban areas – accounting for 44% of factory employment, 56 % of the fixed capital and 53% of the factory net value added. The average number of workers per factory was greater in them (56) than in urban factories (43). The wage per worker, however, was lower in rural factories (7200 per month relative to 8500 in urban areas) and the wage share in Net Value Added in these was also considerably lower (8.85 % as compared to 15.41 % in urban factories).