

Industrial Relations Trends in India, 2007-2008

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Introduction

- 1. The importance of both the LOCAL and the GLOBAL: one affects the other & a kind of ‘path dependency’ sets in. How to achieve ‘glocalisation’?**
- 2. The Politics of Space: Turning fertile agricultural land into large industrial clusters or Special Economic Zones. Implications for future ‘industrial relations’?**
- 3. Labour laws (‘social relations of production’?) as barriers to economic development (‘productive forces’?)**
- 4. To amplify the above, three recent cases: (a) violence at an Italian subsidiary, (b) the Jet Airways drama, & (c) the Tata Nano location controversy.**

Case A: Violence at an Italian Subsidiary

- 1. September 2008, CEO & MD of *Graziano Trasmissioni India Pvt. Ltd.*, an Italian auto components manufacturing company bludgeoned to death allegedly by a group of dismissed employees inside the enterprise (in Greater NOIDA).**
- 2. Firm had reportedly dismissed about 200 employees; demanded salary hike & permanent jobs; when refused, vandalized its premises. Dismissed employees demanding reinstatement, & management invited them for a meeting that went out of control.**
- 3. Next day: Labour Minister said employers beware if they treat their employees badly! Public outcry led to him apologizing to the media.**
- 4. Issues: ID Act's restrictions....therefore, large hiring of contract workers. The Contract Labour Act; 180 days/year; work of a 'perennial' nature a/c to Supreme Court; but ways around this. Both 'contractor' & 'principal employer' Jointly liable, but in reality.....[Regulatory Framework: Minimum Wages Act, etc].**

Case B: The Jet Airways Drama

1. Biggest private airlines in the earlier booming aviation sector in India, now operating overseas as well. Generated large amounts of employment to young people, especially women, from all over the country: 'merit' & 'looks driven'. All great while sector growing: the new, young, Indian service professional. Almost all from middle to low income families (huge source of family's social mobility).

2. Then current global crisis in aviation fuel prices & intense domestic competition): Jet takes over Sahara (another private player), staggers a layoff of 800 employees (no news). Then: recent Jet-Kingfisher (second largest player): sudden announcement of 800 staff laid off, with 1100 more to go, (around 15% of Jet's workforce) all still on probationary period (existing labour laws allows this; once probation ends in confirmation, dismissals very tough). Because of massive expansion: wage bills swelled by 30%.

3. Huge protests on the streets of major cities: media coverage on TV: young, attractive employees marching – a different image of employees. Approach unions: Left unions in Calcutta & a regional right-wing union in Bombay take up cause! 'I never took part in any organized protest, but I shall certainly be a trade union member in my next job', a laid-off employee said.

Case B: The Jet Airways Drama (continued)

4. A day later: lobbying by the Civil Aviation Minister to Jet Airways Owner (imagine higher unionized costs!); all laid-off employees re-instated; owner says: 'As father of the family, the TV images bought tears to my eyes' (Note: the family metaphor).

Next day: victory marches by the union officials in Bombay & Calcutta, BUT: no airway employees in sight!

5. To cut costs: Jet Airways does: (1) over 1500 pilots & engineers have their 'retention bonus' deferred, & (2) about 35 foreign pilots (paid 40% more) asked to leave, more to be asked (about 200 foreign pilots).

6. Global slowdown: implications for IT sector employment; unions have been trying to get entry; easier now?

Case C: The Tata Nano Location Saga

- **A Handful Hijack Development: A Model Industrial Relations Denied**
- **Brief Background: The Left Front & Deindustrialization in West Bengal**
- **The Tata Nano Project (\$2000 small car): Tatas, a model employer**
- **A place called Singur: Fertile farmland of 1000 acres owned by 12,000 plot holders acquired by state government & leased to firm for 99 years. 10,000 willing but 2000 unwilling & refused compensation.**
- **Why 1000 acres? Totally integrated plant with ancillaries. A future automobile hub: generating large employment multipliers. Tatas started training unemployed farm youth for the auto sector. Complex two years in the making & car ready to roll out....but then Opposition forces Tatas to pull out: now locates in industrialized Gujerat state.**

Issues: (1) definition of ‘public purpose’ in state acquiring land, (2) the right & fair compensation, (3) lack of transparency in transactions.

Case C: The Tata Nano Saga (continued)

- **Huge setback for the state; other firms & industries now fear location here**
- **But, in India now, several projects held back because of land acquisition problems:**

(a) Arcelor-Mittal, world's largest steel producer facing tribal resistance against proposed 12-million ton steel plant in the state of Jharkhand

(b) A new airport in New Bombay: farmers recently voted 95% against in a new model referendum.

- **Labour Laws & Special Economic Zones:**

Labour laws not to be eased or diluted in SEZ's a/c to government; at least 3 state government proposals for some relaxation turned down.

Epilogue

- **Jobs, Jobs, Jobs: Absorption in Agriculture peters out, Service sector yes, but subject to global economic cycles, need Manufacturing jobs for products sold in internal market.....but Land Acquisition problems.**
- **Quality of Jobs: Fragility of Contractual Work**
- **Opportunity for Unions? Penetrating the erstwhile resistant workforce? But then.....**