

## Neoliberal industrial restructuring instituting unfriendly labour regimes: An Interposition with Development Practice

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The paper attempts to connect two assertions, one is the adverse impact of Neoliberalism both as an ideology and practice and second is its effect on the labour conditions. Neo-Liberalism from the common understanding is characterised by factors such as the rule of the market, deregulation, privatization and exists in opposition to welfare states. Mezzadri (2008) claimed that since the rise of neo-liberalism, the division of labour and the industrial development pattern of the developing countries changed and he essentially termed it as 'anti-labour'. According to Myant (2012), a labour regime is understood as a system or management to include a wide range of practices and processes such as labour availability, accessibility, opportunity for skilled labour, provisioning of training of the labourers, labour market structures and industrial relations with the labour. In this paper, there is an attempt to evaluate the role of several institutional and policy aspects such as labour chains, skill training management, regulation of labour market and studying employment relations (Myant, 2012). Full employment, welfare rights and improved living standards were also the factors that determined friendly labour regimes. Silver and Arrighi (2010) were of the view that developed countries had better labour friendly regimes with Fordism in practice. As labourers were assigned specialised particular tasks while the practices were unfavorable in developing countries. Amin and Thrift (1992) insisted that even in developed countries, the new labour regime that emerged after the Keynesian period was not so friendly. Therefore, in the following sections, each factor and element of the labour regime would be discussed in terms of its practices.

### Commodity Chains and Labourers

With the breaking up of the Fordist method of manufacturing, the developed countries which were initially manufacturers restructured their units, thereby shifting the production units to developing countries, which previously provided raw materials to the developed countries. Mezzadri (2008) quotes Gereffi and Korenswics (1994) who called these units the 'global commodity chains'. With these global commodity chains, several changes emerged which Mezzadri studied, these deductions are as follows:

- *The change in the notion or perception of development and welfare state, this in the context of labourers could be understood as the cessation of labour welfare policies or pro-labour practices by counties and shifting of the focus to production oriented economies where output was given more prominence.*
- *The idea of development was primarily dominated by export market and export markets focussed on cost minimisation.*
- *Creating and generating cheap labour for enhancing industrial production and the cheap Labour being primarily exploited for global economy.*
- *Informalisation of labour or increase of the labour force in unorganized sector is also being spoken about which opens up the discussions on unorganised sector and the labour regimes. The informalisation of the sectors is what primarily makes the issue of accountability difficult.*

These aspects could be studied and discussed in detail in the light of the garment industry in India. Though India entered into liberalization phase with the New Economic Policy, the garment exports and manufacturing had been ongoing since late 1960s, and the APEC formed during the 1970s to regulate the garment exports rates Delhi as the second largest exporter of the garments. The garment industry as a unit in India could be understood as a crucible to study all these factors that explain and illustrate the unfriendly labour regime. When India entered the liberalization period, it was relying on the informal economy, which provided labour flexibility. The labour involved in the Delhi garment industry were traditionally *darzis* (tailors) who engaged directly with the manufacturing unit. The number is huge and much more than what is quoted, Mezzadri presents the APEC report which says by 2005, the actual employment of the labour is

much lesser than what was reported as the demand was much higher than the actual supply of the skilled labour. Several assertions could be derived from the same:-

- *The relationship between production and labour being skewed, there is an increased migration from other locales/regions to the industrial spaces.*
- *The migrated labour is found to be semi-skilled or unskilled. (De Haan, 2002) who are not provided ample training and are made to work on low or meagre wages and poor standards of living.*
- *It is also to be noted that this labour is flexible and is available for a very short period of time.*
- *Contracting and Subcontracting emerges as an issue in this context with the decentralization of labour involving contractors or thekedaar. These contractors have direct engagement with the labourers and the merchant, and the latter is devoid of any responsibility to mingle with the labourers. This leads to the nexus of low wages and exploitation of the labourers both at the hands of merchants as well as the contractors.*
- *Lack of formal contract due to the temporary nature of the labour is also an issue, as they do not have formal contract to secure their jobs. This indicates that they are not protected during working hours, cannot access the provisions of the Indian Factories Act, 1948 and even Minimum Wages Act of 1948. Also, the health and safety conditions are poor.*
- *Such labourers are not provided any type of deserved benefits that would normally be a characteristic of 'formal' employment.*
- *Another important assertion in this case is that this group or nature of labourers are primarily from U.P and Bihar who are found appropriate for engaging in the garment industry are to be seen in the context of backwardness and poverty. This allows the cost minimization and industrial cost cutting to be practices by the merchants or owners.*
- *The short term period of the labour in this industry also prevented the fear of unionization of labour, which is a threat to the merchants.*

These deductions from the Delhi garment industry could be used to analyse the issues of the labour and connects it to the features of the neo-liberal economy. Further, the unfriendly and unfavourable labour regime is studied in the context of production.

### **Production and labour**

Further drawing from the case of the garment industry, there is a high level of decentralization in production patterns, in the case of Delhi alone, the garment processing involves embellishments on women's garments which accelerates the cost per unit. The kind of embroidery which is prevalent in this industry is machine or hand embroidery, the machines particularly are owned by the vendors and not by the exporters and the production mainly happens in the 'workshops' owned by the vendors. These workshops or manufacturing units are situated in Delhi as well as in the northern belt depending on the nature of the embellishments. Here there are several layers of exploitation faced by the labour. The labourer not only works as the producer but also as the owner of the machinery required for embroidery, Mezzadri (2008) illustrates the same with the example of adda and moti work in Delhi while Sharma (2009) provides example of the chikankari work carried out in Kanpur and Lucknow. Therefore, the labourer who is also the producer and the owner of only the machinery is exploited by the merchants. The migrant labour issue is also visible in the context of Delhi alongside the issue of engaging child labour. There were several instances of child labour and child rights violation reported in and around the industrial units in Okhla in Delhi. GAP Save Children, a report by Bachpan Bachao Andolan (2007) has indicated that more than 30 per cent children are involved in the Delhi garment industries. Besides this, the gender aspect also emerges, which Sharma (2009) describes in the context of Chikankari industry in Lucknow and Mezzadri (2009) also discusses the same in the scenario of Delhi. Following derivations could be studied:

- *The cost minimization is maintained by the merchants by employing labourers who own the machinery. This is marked by the diminishing boundary of worker and owner and reinforces the established cycle of exploitation.*

- *The entire family gets involved in the production process and generally there is over-working and minimum wages.*

### **Unorganized Sector and Informal Labour**

The unorganized sector most of the urban as well as the rural labour population in the context of India. The issues with the labourers in the unorganized sector emerges from the very nature of the features of this sector. The issues in the sector are as majorly the invisibility and abstractness of the labour and their temporary nature. The labour is invisible and cannot be seen and therefore it entails all the schemes and laws, benefits and wages and security which the labourers in the organised sector are provided. In the case of the Delhi garment industry, the link between the urban and the rural is visible through subcontracting as contractors connect the rural artisans and migrant laborers to the merchants and exports, it is to be noted that, though the industry is formal, the labor is informal. Sidhu and Bhatia (1993) asserted that textile industry is the oldest and the largest organised sectors which employ 10 per cent of the employs in the industrial set up in India. However, the variety of work within the garment industry is wide and labourers work in largely the informal contexts. In the scenario of the laborers involved in the leather industry, the same situation of informal labor is visible. Like in the garment industry, there are various stages and processes of leather tanning and footwear production. Several of these takes place as unorganized and informal activity in a differentiated patten in the rural areas. For instance, Knorringa (1999) lists various activities such as flaying, washing, etcetera. Flaying takes place as an economic activity in the rural areas by lower caste unskilled or semi-skilled laborers as well as in slaughterhouses in urban and sub-urban areas by Muslims. These units are linked to the factories where they are processed. Flaying is as traditional to the leather industry as the embellishment and embroidery are for the garment industry, here flaying is enmeshed with the role of a cobbler or a tanner. However, with the advent of advanced leather technology, very little flaying occurs in the rural areas, but the caste and social stratification has led to the engaging of the large part of informal workforce that earn very little from the industry.

The following synthesis could be arrived at in this situation:-

- *The unorganised sector is vast and complex and the neoliberal economy has further reinforced the complexity thereby information the laborers.*
- *Informalisation of the labourer has led to their denial of basic rights such as meager wages, poor working conditions, and inaccessibility to welfare etcetera.*
- *The industrial set up sin neo-liberal economies are so complex that the boundaries between the formal and informal is enmeshed and not dichotomous thereby creating a group of labourers who are unable to access basic rights of livelihood and work.*

### **Social Factors**

There are several explanations of the unfriendly labour regime in the neoliberal economy from the social perspective, here particularly the gender aspect, the workspace and social context of the labourers are being discussed which is found to be reinforcing the existing cycle of exploitation. For instance, as mentioned earlier, there is a mention of the child population in the labourer which indicates exploration at several layers. While Bachpan Bachao Andolan(BBA) reports on child labour in the Delhi garment factory is being described, there is also the mention of child labour and exploitation in the leather tanneries which lists the immense occupational hazards and violation of human rights. As mentioned earlier, the child population in the labor is a result of the effort of the cost cutting and minimization by the employers. BBA suggests that mechanisms of ethical trade practices must be drafted and followed stringently and efforts from the manufacturers to organise the supply and manufacturer chains. The recent example of the employees in the garment sector emerges from the Hindu report citing the cases of several employees being confined by the garment sector employers for increasing the production. The Unfree and Unfair report by India committee of the Netherlands (2016) says that the labourers are largely migrant workers. the report asserts that, most lanbourers live in the lodgings porvided by the company. There is a caste based hierachy also and alos reported that there is no intercation with the outside world and there are 70 workers in each floor. Employers must ensure good practices in the supply chain. Other aspects are of gender, as mentioned earlier, the differentiation is such that mostly women and children are being employed for cost minimization, and there are situations of exploitation by the employers as well as the contractors. The division of work is such

that the feminine contribution is not taken into consideration. The report on sexual harassment at work place by Society for Labor development situates the issues of harassment at workplace for women in the garment industry in Gurgaon. It lists in detail the discourses of women who have undergone verbal and physical harassment at the hands of male coworkers, contractors and employers. Besides, gender, the factors of migration of labor is also discussed in the context of urban poverty, shelter less and increase in the street population.

Following derivatives could be deduced from these discussions:

- *The discrimination and exploitation at work place exists for both women and men, however the contour of exploitation is more visible among female labourers.*
- *Connecting both migration among labourers and the gender issues, migrant women labourers are affected by unemployment, relatively lower wages and discrimination. However, Farris (2013) asserted that women labourers are affected by neoliberalism at a very different level i.e. the care and domestic sector has been commoditized and the gendered market has not acknowledged their contribution in the economy.*

### **Coda: A journey towards Inclusive and Rights based Enterprise**

With the example of the garment industry and few citation of the leather industry in India, the effects of neoliberalism on labour regimes have been discussed in the paper. It is evident from the themes that, by studying the commodity chains, production, social factors, unorganized sectors which are major factors of neo-liberalism, the unfriendly labour regimes could be listed. The suggested intervention is to follow stringently the ethical trade practices an organizing the informal work force to help them avail fundamental right to livelihood and work. The development practice at this point involves multilayered approach to the issues of addressing unfriendly labour regimes, these domain of intervention will span from economic to social including issues of migration. While the recent sustainable goals have highlighted the role of business responsibility as a tool in achieving the targets, there should also be a simultaneous impact of the state mechanism to control and regulate private ownership as well as public sector. The unfriendly labour regimes are also prevalent in the public sector, such as instances of contracting and subcontracting within the government set ups. With growing focus on the human rights perspective to business, it is imperative to ensure equality and discrimination work-spaces contexts for one and all.

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