

Workers connect...

Demonetisation – Why?

According to several industry studies demonetisation would leave a negative impact on Small and Medium Enterprises, rural consumption and job creation in the immediate run.

1. The All India Manufacturers' Organisation (AIMO), representing over 300,000 micro, small scale, and medium and large scale industries, in a study on the first 34 days since demonetisation, found that micro-small scale industries (MSI) suffered about 35% jobs losses and a 50% dip in revenue.
2. According to the Clothing Manufacturers Association of India (CMAI), 'there was a drop of over 40 to 60 per cent in the market after demonetisation.' While brands have recovered well, smaller manufacturers and retailers, which largely deal in cash sales, have been affected more.'
3. According to the data released by Society of Indian Automobile Manufacturers (SIAM), automobiles sales slumped by 19 percent in December. Passenger vehicles sales fell by 1.4 percent while scooters and motorcycles registered a 22 percent fall in the highest monthly drop.
4. According to Confederation of Real Estates Developers' Associations of India (CREDAI) and other real estate sources in Tamil Nadu, nearly 1,000 major construction projects in Chennai and Kancheepuram districts have been hit. On an average, there would be about 100 to 200 workers at a single project.
5. The All India Motor Transport Congress (AIMTC) expressed how demonetisation has led to an unprecedented crisis for the trucking industry. The AIMTC, which represents almost 75 lakh truckers across the country, has reported on how the turnaround time for truckers has increased as they are embarking on shorter trips. Moreover, there are still no provisions for cash payments on state highways and smaller municipal roads. The truckers are increasingly out of work as overall demand falls.
6. As per a baseline survey conducted by the Tea Board of India, there are over 750 tea plantations in Assam employing about 65,000 workers and 273 plantations in West Bengal employing about 30,000 workers. On an average, a tea plantation needs Rs 10 lakh per week for wages to workers in cash. Demonetisation demobilized these weekly payments to tea workers despite several RBI circulars.
7. The Travel and Tourism industry grew at 2.8 percent last year, faster than it did worldwide (2.3 percent). It contributed to 6.3 percent of the country's GDP and created 78 jobs for every million rupees invested, according to tourism ministry data (agriculture creates 45 jobs and manufacturing 18 for the same investment). The peak tourism season witnessed a significant hit with popular holidays destinations reporting at least 65% drop in bookings, an ASSOCHAM survey has noted. According to the findings, travel trade has reported around 40-45% drop in bookings for international tourists while business for the domestic travellers has gone down by well over 65%.
8. India's jewellery market, estimated at Rs 3 lakh crore, which is 85 per cent unorganised, was hit due to demonetisation. Almost 85-90 per cent of transactions in the unorganised jewellery market in India takes place in cash. Many of the small gold jewellery making units had shut shop as they could not pay wages to their employees. Thus demonetization not just affected the workers involved in this high skill employment, this move has favoured the organized big jewellery chains over the small ones.
9. India's Rs. 17 lakh crore agricultural and food markets, from the mandi to the neighbourhood grocer, came to a standstill. Agriculture is impacted through the input-output channels as well as price and output feedback effects. Sale, transport, marketing and distribution of ready produce to

wholesale centres, is mostly cash-dependent. Following demonetisation, many of these networks have operated less than their optimal capacity or have come to a standstill, depending upon location, market links and other factors. The input side is equally affected as many payments/purchases, such as seeds, fertilizers, implements and tools, are outright in cash. Prices crashed and fresh produce lay rotting. The small and marginal farmers are worst hit as they sell off their produce in the village itself. Similarly, value chains with minimal processing and direct consumer sales such as fruits and vegetables are hit. Most fresh produce is sold by small hawkers and street vendors. Since they take payment in cash and buy their wares from the mandi in cash, they are also affected severely.

The demonetization shock, as is evident in most sectors, was to wipe out small and marginal players in each sector, be it small and marginal farmers or street vendors or petty traders or even small industries and consolidate the market towards large corporations.

Policy News

Haryana government increases wages for government contract and outsourced workers:

Chandigarh, 31 January 2017: The Haryana government has decided to increase wages and honorarium of its contractual and outsourced employees with effect from 1 January 2017. This decision is supposed to cover over 71,000 contract and outsourced employees employed by the government in its various departments.

According to this decision, the wage for an unskilled worker has been increased from Rs. 8,100 to Rs. 9,258 per month; for semi-skilled workers from Rs. 9,000 to Rs. 10,286 per month; for skilled workers from Rs. 10,000 to Rs. 11,429 and for highly skilled workers from 11,000 to Rs. 12,572 per month.

However, in the case of Anganwadi workers, the honorarium has been increased from Rs. 4,800 to Rs. 5,872 per month thereby increasing their wage from Rs. 7,500 to Rs. 8,572 per month and for helpers, honorarium has been increased from Rs. 2,150 to Rs. 2,650 per month thereby increasing their wage from only Rs. 3,500 to Rs. 4,000 per month. There are about 50,316 Anganwadi workers and helpers in the state.

Labour migration at all-time high: Economic Survey:

New Delhi, 31 January 2017: According to the Economic Survey 2016-17, migration of workers in India is at an all-time high with female workers migrating at twice the rate compared to men in the 2000s.

Inter-state labour mobility averaged 5 to 6.5 million people between 2001 and 2011, yielding an inter-state migrant population of about 60 million and an inter-district migration as high as 80 million, the Survey showed.

Ease of business norms revised for states:

New Delhi, 23 January 2017: The Centre has trimmed the business reform action plan for states that will require them to sharpen focus on improving licensing and related processes in health, pharma, fertilizer and transport for this year's ease of doing business rankings.

The Department of Industrial Policy & Promotion in consultation with states and World Bank has drawn up a new agenda. Last year, Andhra Pradesh and Telangana jointly topped the Assessment of State Implementation of Business Reforms, which covered the period from 1 July 2015 to 30 June 2016. Most low income states completed 70-90% of the reforms last year. Reforms by states last year included single-window systems for regulatory and fiscal incentive approvals, e-registration for VAT, professional tax and online payment.

Centre allows PF contribution via private banks:

New Delhi, 10 January 2017: Companies can soon make statutory provident fund contributions to the Employees' Provident Fund Organisation via private sector banks. According to a Labour Ministry notification dated 4 January, employers can make such payments "through scheduled banks in India, including private sector banks." At present, contribution can be made only through nationalised banks and payment portal PayGov.

Aadhaar mandatory for MGNREGS work from April, for EPF pension:

New Delhi, 8 January 2017: Beginning 1 April, people living in rural areas will need Aadhaar cards to seek employment under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).

However, ration card, driving license, voter identity card, Kisan passbook with photo, job card issued under MGNREGS and a certificate issued by a gazetted officer or a tehsildar will be admissible as proof of identity for people to get the benefits under the scheme till the time they get Aadhaar.

The Centre has also made Aadhaar mandatory for 2.5 crore members of the Employees' Pension Scheme of 1995, one of the benefits available to Employees' Provident Fund subscribers. The Labour Ministry, in a notification, said that those without an Aadhaar number will have to make an application to get enrolled by 31 January 2017.

At present, the minimum pension under EPS is Rs. 1,000 per month and an employee can receive pension only after a minimum 10 years of service.

Collective Bargaining

Coal India unions seek a levy of Rs 20 per tonne for pension fund:

Kolkata, 31 January 2017: Coal India's unions have demanded a levy Rs 20 per tonne on coal to raise resources for the company's pension fund.

Employees also want to increase their contribution to the fund to 7% of their salary from 4.91% and the company to contribute a similar percentage. Currently, Coal India doesn't make any payment. But the government contributes Rs 324 per person every year which also the unions want to be enhanced. There are about 3 lakh Coal India pensioners.

Munjal Workers win a wage hike:

Gurgaon, 22 January 2017: The labour department of Haryana finally intervened and broke the nine-month long logjam between the workers and management of Munjal Showa Limited, an auto components (shock absorbers) manufacturer in Gurgaon over wage revision.

As per the agreement, the workers will now be paid Rs 10,300 per month with an annual increment of 80% in the first year and 10% in the second and the third year. Moreover, workers will get a monthly incentive increment of Rs 550 over and above the revised wages. Among others provisions, the workers will get Rs 1,700 as leave travel allowance and medical allowance. They will also be entitled to three additional leave per year.

And finally, 72 temporary workers with an experience of five years will be regularised by the company.

Discrimination

Revised minimum wages for domestic workers:

Thiruvananthapuram, 21 January 2017: The Labour and Skills Department of the Government of Kerala announced revised minimum wages for domestic workers. According to the revised minimum wages notification, for 1 hour of domestic work, including washing of clothes, dishes, cleaning up of surroundings and cooking, the wage has been fixed as Rs. 37.50. For every succeeding hour, the wage will be Rs. 22.50.

The minimum daily wage for eight hour work is Rs. 195 and the monthly wage is Rs. 5,070. For taking care of children, the elderly, differently abled and patients, the minimum daily wage has been fixed as Rs. 201 and monthly wage as Rs. 5,226. For drivers and gardeners, the wages have been fixed as Rs. 219 daily and Rs. 5,694 monthly. For security and watchmen, the daily wage will be Rs. 213 and monthly Rs. 5,538. Thus for jobs traditionally performed by women, the wages fixed are much lower than those traditionally performed by men.

In addition to this, those doing at least one-hour work should be given one meal free of cost and those doing more than four hours of work need to be given two meals. For those staying in the house, three meals should be provided. For six continuous days of work, one day holiday has to be given.

Hero contract workers sent on 'long leave':

Gurgaon, 19 January 2017: Following a "dip in sales" after demonetisation, 582 contractual workers from the Sector 37 plant of Hero MotoCorp Limited were sent on a 'long leave' by the company.

About only 100 of the 582 workers have collected their full and final severance package so far. The remainder want the labour department to help them get their jobs back. The labour department has asked the management of Hero motors to prepare a plan to reinstate or compensate the workers. The company has also been asked to share details of production and sales, which they claim has led to the downsizing.

Health and Safety

Kerala Factories' department forms special squads to monitor industrial safety:

Kochi, 30 January 2017: The Factories and Boilers Department has constituted special squads to monitor safety arrangements in industries and check chemical hazards. The decision came in the wake of rising incidence of accidents caused by leakage of chemicals from industrial units.

Under the new system, three-member teams comprising the Factories and Boilers joint director, inspector and chemical inspector will assess safety arrangements in factories. Earlier, this task was assigned to factories inspectors. In every district, the respective squads will visit at least six factories on a weekly basis and prepare reports. Show-cause notice will be issued to industrial units that do not adhere to the norms stipulated in the safety manual. If they fail to rectify the shortcomings, the Department would serve stop memo to these factories.

Workplace Safety Watch

Lalmatia Coal Mines: The death toll reached 17 in the coal mine collapse on 29 December at the Rajmahal open cast project, in Lalmatia of Eastern Coalfields Ltd (ECL). 13 excavators and dump trucks which were swamped under the debris were recovered. According to the Ministry of Coal, this accident could be due to failure of the bench edge along the hidden fault line/slip.

BHEL, Bhopal: On 23 January 2017, Babloo, a 40-year-old contract worker of BHEL, was crushed to death when an iron plate weighing a tonne fell on him. The Theka Majdoor Sangh and BHEL unions alleged that poor safety measures led to the accident and that it was the third death in three years in the factory.

Kirti Oil Mills, Latur: On 31 January, 9 workers choked to death after inhaling poisonous gas while trying to clean the filter tank of Kirti Oil Mills, in Latur located in the Maharashtra Industrial Development Corporation. Primary investigation has indicated that the filter tank of the four-year-old unit has not been cleaned since its inception, which is a flagrant violation of all safety norms.

2 Hospitals and 3 mobile dispensaries for Beedi workers in Karimnagar district:

Hyderabad, 29 January 2017: The Union government has announced the opening of 2 hospitals and 3 mobile dispensaries in Karimnagar district for beedi workers, especially women from 1 March 2017.

Legal News

A 9-judge bench of the Supreme Court to review the definition of 'industry':

New Delhi, 3 January 2017: The Supreme Court has referred the case seeking to redefine the term 'industry' to a nine-judge bench. At least 250 state bodies from Uttar Pradesh, Haryana and Gujarat has sought to revisit a 1978 ruling of the apex court which defined the term 'industry' under the Industrial Disputes Act (IDA), 1947.

The 1978 verdict said that any establishment would fall under the definition of an industry if an employer-employee relationship existed and there is systematic and organized activity. The ruling led to the categorization of hospitals, educational and research institutions, autonomous institutions, and government departments as 'industries'. Now, the states want the definition be limited to the manufacturing sector.

The definition was framed in a case between Bangalore Water Supply and Sewage Board (BWSSB) and some of its employees on whether BWSSB would fall within the term 'industry' under the Industrial Disputes Act of 1947.

In 2005, a five-judge bench sought a reconsideration of the ruling by a larger bench, as the verdict carries an "over-emphasis on the rights of the workers."

News from Around the World

Bangladesh government cracks down on garment workers and trade union leaders:

On 11 December, a group of workers at Windy Apparels factory in Ashulia walked out on strike and were quickly joined by about 150,000 workers from more than two dozen factories. The strike continued for 10 days over 16 specific demands, including a wage increase to 16,000 taka a month. While demands for an increase in wages to meet inflation have been growing, the last wage increase had earlier been in 2013, preceded by 2010 and 2006. The last revision

of the minimum wages brought the figure up to 5,300 taka. The workers are now demanding an increase to 16,000 taka to meet their cost of living. Workers claim that production targets had increased manifold after the last wage increase in 2013, as also, in many cases, forced overtime.

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) responded by locking out workers at 59 factories. An estimated 1,600 workers were fired and police cases were filed against 700 workers and trade union leaders in connection with their protest efforts, although some reports claim the number was much higher, at over 3,500. Around 249 workers, including 14 local union leaders, were arrested. Many workers and union officials went into hiding to escape from house raids by security forces. Union offices have been vandalized and forcibly shut down, with membership documents burned and furniture removed. Many of those arrested were charged under the Special Powers Act, a law introduced by the Awami League in 1974 to quash so-called "threats to state security."

In a letter addressed to the Prime minister, the steering committee of the Bangladesh Accord on Fire and Building Safety, global retailers, including H&M, C&A, Esprit, GAP, Li & Fung and others, called for the release of detained worker leaders after the December unrest in Ashulia, and a wage review mechanism to address the increased cost of living in Bangladesh. They called on the government to form a new wage board for the garment workers. The statement further noted that those arrested have been subjected to custodial torture and/or threats; approximately 1,500 workers had been terminated from their employment at several Ashulia garment factories and that more than 700 more persons faced court cases and potential arrest related to this unrest.

Victory for metalworkers in Turkey:

24 January 2017: Strike action by over 2,000 workers in 22 plants of 3 companies in 10 cities in Turkey on 20 January has paid off. Birleşik Metal İş, the metalworkers union, won a major victory in securing a higher wages and better social security for metal workers. The union was forced to take strike action when the collective bargaining negotiations with major electrical equipment multinationals, Schneider, General Electric and ABB, broke down. The Turkish government issued an order declaring the strike

illegal but the union went ahead with the strike.

The Ministry of Labour on 23 January was forced to hold a discussion between the union and management representatives. The companies finally relented and reached a two year agreement that includes:

- An 18.5 per cent increase in wages on an average.
- An increase of 27 per cent in social benefits.
- Over time pay will be 200 per cent on religious holidays.
- Paid leave on International Day for Disabled People.
- Private health insurance for all workers at ABB.

National Union of Mineworkers saves 849 mining jobs in South Africa:

24 January 2017: On 20 January 2017, gold mining company, AngloGold Ashanti, issued a section 189 notice, a notification in the event of mass retrenchment, to the union to lay off 849 workers.

NUM rejected the company's retrenchment plan as insensitive to the high unemployment rate, and argued for an alternative plan. AngloGold Ashanti and the union entered into an agreement that entails a re-skilling of the affected workers and a transfer of others to the company's other business units. A detailed analysis of all the business units within the company was undertaken to determine labour needs and opportunities, with a view to finding a mutually beneficial solution. In the process, it was agreed that all 849 workers would now be retrained or transferred to other areas of the company.

AngloGold Ashanti is a gold mining company with 17 gold mines in 9 countries, and is the third largest gold mining company in the world measured by production.

Textile and garment workers strike for renewal of National Labour Contract in Italy:

14 January 2017: 500,000 textile, garment, and leather workers in Italy went on a general strike on 13 January, demanding the renewal of the national labour contracts. A demonstration was held in Florence, coinciding with one of Italy's major fashion events, Pitti Uomo.

Negotiations on the renewal of labour contracts

for Italy's garment industry for the period of 2016 – 2019 have been delayed for more than ten months.

Trade unions are calling on the employers to return to the negotiating table and agree on the renewal of the labor contracts, which should comply with national and international labour standards.

Chilean miners end 43-day strike:

Santiago, 17 January 2017: More than 70 Chilean miners in the southern town of Curanilahue striking over unpaid wages blocked themselves inside a 2,130 feet shaft underground and refused food and water.

The miners began their protest on 5 December against the government for not fulfilling the 2015 agreement that provided for the state acquisition of the mine and its reactivation.

The Santa Ana mine was closed in 2015 after the mining company declared bankruptcy, bringing the unemployed miners to insist that the government buy the mine to keep it running, a move to protect the workers from job instability.

Chile had planned to buy the mine but has not fulfilled each of the protocols in the 2015 agreement reached after a similar strike last year, said the union.

The regional government said that they would ensure the full execution of the protocols and demanded an end to the strike.

Corporate Watch

Supply Chain Audits are for Corporations, says Report:

A report on Ethical Audits and the Supply Chain of Global Corporations argues that supply chain audits are ineffective at improving compliance and act merely to embed an unhealthy status quo in multinational offshore sourcing.

The authors claim that supply chain audits are "ineffective tools for detecting, reporting, or correcting environmental and labor problems in supply chains."

The supplier audit industry, the report argues, "is 'working' for corporations, but failing workers and the planet" For example, in 2013, just months before the collapse of Bangladesh's Rana Plaza factory, in which hundreds of workers lost their lives, the facility passed a compliance audit.

The industry that 'certifies' suppliers is frequently subject to criticism. That auditors are paid by those that they are certifying creates an inherent conflict of interest, many argue.

The report further states that "Audits typically treat social concerns separately from environmental concerns. This divide allows companies to work towards, and highlight, improvements in one sphere – typically the environmental – whilst allowing social standards to persist or even worsen." For example, "the Lipton brand of tea has recently achieved the 'green' Rainforest Alliance Certification, despite illegal labour practices in its supply chain being widely reported."

The report goes further and calls for the supply chain audit industry to move from the private sector to public governance. Self-policing, the authors contend, has failed and now radical remedies are required.

Uber loses right to call its drivers self employed in the UK

Uber drivers are not self-employed and are entitled to earn the national minimum wage, holiday pay, sick pay, and other benefits ruled the Central London Employment Tribunal in a landmark case. The ride-hailing app could now be open to claims from all of its 40,000 drivers in the UK, who are currently not entitled to holiday pay, pensions or other workers' rights.

Unite the Union, the largest union in UK, announced setting up a new unit to pursue cases of bogus self-employment. The ruling by the London employment tribunal involves a case taken by two drivers, James Farrar and Yaseen Aslam, on behalf of a group 19 Uber workers, supported by the GMB union, who argued that they were employed by Uber, the San Francisco-based firm, rather than working for themselves.

At a hearing, Farrar narrated the "tremendous pressure" from the company to work long hours and accept trips and said that there were "repercussions" from the company if he cancelled a trip. The judges stated that the "Drivers do not and cannot negotiate with passengers ... They are offered and accept trips strictly on Uber's terms."

The ruling should be regarded as a lesson for businesses who try to arbitrarily classify workers as 'contractors', 'entrepreneurs' etc. to deny them their labour rights.