

## The post-Lockdown State of Labour: Heading Towards an Institutionalization of Exploitation and Inequality

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As the Indian economy officially [heads into a recession](#) and confusing news reaches us of [layoffs](#) mixed with [economic recovery](#), we turn to the workers to hear their side of the story. Industrial sector workers largely engaged in the automotive and garments factories in the Gurgaon-Manesar belt spoke to us about the tumultuous turn that their lives had taken. Most of them being migrant workers from Bihar and UP, they were forced to return to their homes during the lockdown [under the most distressing circumstances](#), and having remained out of work for several months, they ultimately had no choice but to come back. The media reported companies sending chartered [buses and paying flight tickets](#) to bring their workers back, and indeed it seemed that the workers would finally be in a winning position now that companies were honouring their worth. Increasingly however the workers told us that the opposite is happening, and exploitation and inequality are getting institutionalized.

### Post-lockdown working conditions

Interviewed by our volunteer Ajay (name changed), [Anil returned to Gurgaon](#) from his village about two months back and got good work earlier, but nothing is available now and he has been walking from company to company looking for work. *“Just another few days”,* he says, *“if I don’t not find anything then I will go back”*.

Of the [372 migrant workers we surveyed](#) through Gram Vaani’s voice-based community media platform, Saajha Manch, 60% reported that they were out of work. Of the remaining who had found some work, 65% reported that they were only getting erratic work for hardly 3-4 days in a week. [Companies have no new orders](#), our volunteers told us, and they are shutting down one branch after the next. Until some months back they needed workers desperately just to [complete their pending orders](#). Not enough work is available now, companies ask the workers to go on [leave for a few days](#), then give another day of work.

Due to this work crunch in both the [automotive](#) and the [garments](#) sectors, there is immense pressure on workers to do as the company says else forsake their jobs. More than 50% workers reported that their workload has increased tremendously, more output is being demanded in the same amount of time. Working hours have also increased, but most workers in the automotive sector are only paid for overtime at the regular wage rate. Conditions in the garments sector are worse, where 37% workers reported that they worked for longer but they were only paid for the regular eight hours. *“If you don’t like it then you can leave, is what the employers tell us”,* [reported the people](#). Employers are said to also use other means to hold workers back, like [withholding their pending wages](#), or [threatening to block their Provident Fund withdrawals](#). Whether this is happening because companies are struggling to meet their bottomline, or because they are using this opportunity of a

widely apparent economic downturn to increase their margins, in either case it is the workers who are getting squeezed even more.

There is also a strong shift to piece-rate work and of outsourcing to local fabricators. A seasoned worker [Harsh explained](#) that companies are preferring to outsource and do not even bother to do quality checks now, it helps them save on overheads, forsake giving Diwali bonuses to workers, and to meet social security compliances for PF and ESI. Fabricators engage workers on a piece-rate basis and pay in cash, which workers are also preferring these days so that they are able to get immediate cash in hand and do not have to contribute part of their wages to mandatory social security systems like the Provident Fund. Piece-rates have also reduced, told [Harish](#) to our community volunteer, Manish. Earlier they were paid Rs 10 per piece but now they are only paid Rs 8. A worker from Bihar and currently in Ahmedabad [explained](#) that they are not able to protest because they have no bargaining power, once they arrive in the city they have to find work so that they can pay the room rent, they cannot stay in the city if they cannot earn.

### **Elusive social security**

With not enough income opportunities available back home either, as we [reported in our earlier surveys](#), many workers have wanted to withdraw funds from their Provident Fund (PF). The government announced during the lockdown that [workers could withdraw](#) up to 75% of their PF, or three months of wages, whichever is lower, from their accounts. By the end of August, a massive amount of [Rs. 39,400 crores had been withdrawn](#), with 79% of the PF contributors being those with incomes below Rs. 15,000 per month. We found however that this huge demand is really an underestimate. Of the workers who were out of work, 53% wanted to withdraw their PF but failed, and another 30% either did not have PF or were not aware that they had an account. Even among those who had managed to find some kind of work, 35% had been unable to withdraw funds. The reasons in almost every case were to do with broken systems and procedures.

[Mehtab](#) told our community manager, Varun, that he had not been able to withdraw because the spelling of his name on the PF account did not match his name on Aadhaar. With [Akbar](#), there was a mismatch in his date of joining, and which needed his contractor to correct the mistake but the contractor was not cooperating. Workers also told us that at times the HR in many companies are also complicit, they deliberately make mistakes and then charge a commission to fix them. Staff at the PF office are not cooperative either say the people, they are made to visit again and again while [foregoing their wages](#), or are asked to [fill forms online](#) even though many workers are not tech savvy or literate enough. [No receiving is being given](#) either of having submitted the necessary documents. Consequently, *PF shops* run by agents have proliferated to help workers navigate the system, but complaints of [fraud](#) are also regularly heard about them.

Saddled with these issues in not being able to access money which is theirs, most workers naturally perceive PF to be a burden, as reported in a [study by Naraparaju and Sharma](#) from IIM Indore, and 70% workers prefer receiving cash instead of contributing part of their salary to PF. They do not foresee themselves as utilizing these funds in their old-age and especially in the current circumstances many of them are preferring to work on piece-rate

where they can decline having to make PF contributions. This is of course not ideal, as acknowledged by [Shanti working in Tiruppur](#), since regular salaried employed where wages come directly to their bank accounts helps them build a good credit score to avail loans, but the complications and hurdles in using PF does not seem to be worth it. As [reported by Asha](#), many employers may also comply with such wishes of workers and do not declare them. However to protect themselves from any compliance violations, such employers also do not provide any proof of employment to the workers or show them on their payrolls. This lack of a proof of employment has other implications, including [what happened during the lockdown](#) when many workers were not able to benefit from cash transfers announced by several governments since there was no documentation about them with any government or employer database.

According to labour rights experts Professor KR Shyam Sundar, other than issues with providing reliable social security like PF, India has not been strong on [giving unemployment benefits](#) to workers either. This continued with the announcement of an [unemployment allowance for ESI holders](#). The scheme is however riddled with unrealistic conditions that makes it almost non-applicable: The workers should have been in insurable employment since at least two years, and should have contributed for 78 days in the period preceding unemployment. The first condition immediately brings down the eligible poor: despite being more widely applicable ESI coverage is actually [lower than even PF](#), as also confirmed through our survey: 80% of the workers we surveyed had PF, but only 50% workers in the garment sector had ESI. The automotive sector had more workers registered with ESI, possibly due to the [high incidence of injuries and accidents in the sector](#), but many workers told us that registrations were often done in a retrospective manner after an accident happened. The second condition of 78 days is meant to restrict the eligibility to workers who had been working since at least three months before they lost their jobs, but companies are known to [avoid regularization of workers](#) as a workaround to the law by laying them off at a steady frequency. We reported these practices in an [earlier survey](#).

Urgently needed is a substantial simplification of procedures for workers to be able to use schemes like PF and ESI more easily, and to conduct a social audit of these schemes. [PF has an unclaimed balance of 42,000 crores](#). An explanation should be offered for the reasons behind this large unclaimed corpus and this analysis should drive the decision of [how the unclaimed amounts are utilized](#). If it indeed belongs dominantly to low-income workers such as the many whom we surveyed, who face issues with following the procedures and end up losing their money, this would indeed amount to a giant scam of robbing the poor if the funds are being used in other ways. Simple technological systems should be designed to proactively reach out to workers and stay in touch with them to keep them informed about their contribution and how to claim it. [Worker-initiated systems](#) should also be established through which workers who do not have any proof of employment, can claim employment to access any benefits associated with employment-based social security schemes. Without fixing these fundamental issues, the latest round of relief packages [providing two years of PF subsidy](#) to companies is unlikely to really benefit the workers.

## No chances of redress

With so much stacked up against them, be it with access to social security or exploitation at work, are any redress avenues available to workers? [Justice delivery for labour](#) has only worsened over the years with a growing number of pending cases. Professor Shyam Sundar writes that even the new labour code does not pay attention to this issue. He suggests that the need is for an expansion in the capacity of imposing law, making it more accessible, and increasing the possible venues to seek redress such as through workplace committees and worker participation in management. Naturally, what many workers told us is that they do not consider the laws to be of any use to them, neither the old ones nor the new ones.

*“Everybody exploits us, agents take away our money, the company doesn’t give us any papers, the law is of no use to us, it does not do anything for the poor”,* says [Naresh](#).

Another worker [Rajesh](#), from UP, adds that *“laws were around even earlier but didn’t work, we had to walk back home and we will have to walk back again”*.

*“It is difficult for us to put documents together and take leave to go to the labour court, we can’t use the laws”,* says [another worker Prashant](#).

Even if workers do go to the labour court, Manish [reports](#) that due to under-staffing at the office, the workers have to stand in long lines with severe over-crowding to get their work done. To make laws work for the workers, a key requirement is to set up helplines and simple technological systems like IVR (Interactive Voice Response) so that irrespective of whether anybody has a smartphone or Internet access or not, they are able to get guidance on how to proceed without foregoing their wages, register their grievances, or even just report a violation. The new labour code suggests commissioning of random inspections – these violation reports should become the underlying data to infer red-flags where inspections should be commissioned, and group-cases should be developed instead to benefit a large number of workers in one go.

## Is there any hope?

Work is becoming not a calling but just an alienated and commodified means of survival for most workers. What good can come from this? The already frayed bonds between employers and workers are getting even weaker. Workers are increasingly beginning to view their employers and contractors with suspicion, [warning one another to take everything in writing](#), to [first get their pending wages before agreeing to anything else](#), [share malpractices with each other such as unfair PF practices](#), and to [unite to stand up against injustice](#). Workers seem to be on their own now.

Instead of trying to secure rights for the workers, shockingly states like Gujarat, UP, and MP tried to [suspend labour laws](#) to spur recovery during the slowdown, but thankfully more [sense prevailed at the Supreme Court](#). The new labour code, [passed without any due deliberation](#), makes it even [harder for workers to seek redress](#) and protest against injustice and exploitation. Employer friendly policies like Fixed Term Employment (FTE) being introduced in the new laws, will be detrimental to worker rights, and as seen from the

[experience of other countries](#) it will make it harder for workers to gain permanent status, and it will increase wage volatility and lower job security. Despite [emerging solidarity between contract and permanent workers](#), the curbs on collective action with the new laws is likely to weaken the power of unions even further. Random inspections that were meant to terrorize employers, are [now being used to terrorize workers!](#)

The reason for this partial treatment is not hard to understand. A neoliberal state strives to maintain a balance between keeping wages, working conditions, and social security at a [bare minimum to avoid protests](#), but never high enough that it can give a [strong bargaining power to workers](#) and [reduce the competitiveness for Indian companies in today's globalized markets](#).

This has been apparent throughout the lockdown where few benefits really [reached workers in any meaningful ways](#). The [loss of income](#) was very difficult for workers to handle, [informal sector workers were hit even worse](#), and the [new labour code does not provide any guaranteed benefits to informal workers either](#). Social welfare like PDS and cash transfers under schemes like PM-KISAN and Jan Dhan fell [short as well](#). Fallback options like MGNREGA that have the potential to retain migrant workers back at their homes and strengthen the collective power of workers in the labour market, has been plagued with many [operational issues](#) as well that reduced its effectiveness. Serving as a basic floor wage, MGNREGA is known to have pushed [higher wages for agricultural work in rural areas](#). Similarly, [PDS is known to have led to a lowering of labour supply and consequently higher wages](#). In the current pandemic, a better functioning [MGNREGA that paid higher wages](#) could have led to a similar effect of securing higher wages in the cities by reducing the labour supply of migrant workers, but this has not come to pass. As a result, the workers had no option but to come back to [work under even more exploitative conditions](#).

The government has decided to take a [fiscally conservative](#) approach to [kick-start the economy](#) and thereby create a fiscal space for welfare, rather than take a demand generation approach or [impose higher taxes](#) to create the necessary fiscal space. Notwithstanding this choice however, the government should not forget its priority to give dignity to its workers. It must impose fairer wage standards, ensure compliance of better working conditions, and improve access to social protection for the workers.

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