Eroding citizenship: gender and labour in contemporary India
Chhachhi, A.

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CHAPTER 2
State Intervention:
Industrial Policy and Labour Regulation

In 1991, India made a major policy shift from the state to the market by initiating a process of dismantling the structures of state intervention and openly embracing liberalisation and integration into the world economy. For many countries and movements in the South, India had been a symbol of economic nationalism, a democratic non-aligned developing country offering leadership and the possibility of a third path to development for four decades after independence. Today it is assuming the status of a symbol of the failure of state intervention and a case illustrating the triumph of neo-liberalism. Previously, India had been labelled as the ‘most autarkic non-communist country in the world’ (Joshi & Little, 1996:63) and had been seen as ‘one of the most heavily regulated economies in the world’ (IMF, 1995). International institutions tied to the Washington Consensus have heralded this massive shift in India as a ‘quiet economic revolution’ (World Bank, 1996: xvii, 31). This ‘quiet revolution’ has, however, generated a noisy debate on state intervention and the causes of the turnaround in the policy regime. Although few scholars in this debate deny the need for economic restructuring and some of the negative consequences of a dirigiste regime, there is contention about the nature of state intervention and the structure of the Indian economy.

This chapter discusses two specific forms of state intervention in India that are directly relevant to this study: industrial policy and labour laws. The nature of state intervention in these areas historically and the rapid changes initiated to liberalise and globalise the economy since the nineties form the broader context which plays a crucial role in determining the nature and type of gendered labour regimes in the electronics industry. The first section gives an overview of state interventionism, especially in relation to industrial policy and growth and employment from 1947 to the present, and of the political economy of Indian industrialisation. The second section examines and analyses the second dimension of state intervention: the structure of labour regulations that govern employment relations and the gendered subtext of labour legislation. It highlights the implicit gender contract embedded in this model of industrialisation and employment. This is followed by an assessment of recent discussions on ‘rigidity’ and the arguments for introducing ‘flexibility’ in the labour market. The chapter concludes with an overview of the process of
industrial restructuring in the electronics industry in response to changing policy regimes, and locates the enterprises and women workers in this study in relation to the structure of the industry.

The State: Industrial Policy and Industrialisation in India – An Overview

Indian industrialisation has been closely linked to the idea of a planned economy. Imbued with sentiments from the anti-colonial movement, the state was accorded a major role in freeing India from foreign domination. The state took responsibility for establishing an infrastructure and new financial institutions, and actively intervened in regulating, expanding and co-ordinating economic development. Industrialisation was envisaged as a process led by heavy industry which would transform the agrarian base of the economy at an accelerated pace. The Mahalanobis plan epitomised the orientation of post-independent India. The intent was to move in the shortest possible time from the economic stagnation and regression of colonial rule towards a dynamic, self-reliant industrialised economy with full employment. This industrialisation strategy, with capital goods as the leading factor, was embodied in the 1952 Second Five Year Plan. The Industrial Policy Resolution of 1956 formulated the idea of a mixed economy, and of the co-existence of the public and private sectors. The state initiated a series of measures to regulate and control the process of industrialisation.

Contrary to the socialist rhetoric of that time, these policies promoted a specific form of state capitalist development, in which the activities of the private sector were controlled through an industrial licensing system and the capital goods sector was developed by the public sector. Government permission was required for setting up new industries and for expanding capacity. An import-export policy that emphasised self-reliance established a highly protected trade regime. Entry of foreign capital was curtailed in traditional areas (plantations, banks, consumer goods), and restricted to certain high technology areas. The slogan at independence was ‘foreign capital must either flow into manufacture for the home market using indigenous materials or “dry up”’ (Bose, 1965:525). State protection was also extended to small-scale capitalist production and petty commodity production, and labour-intensive production methods were encouraged in this sector.

The ‘Nehru-Mahalanobis’ model, as this pattern of state intervention came to be known, did result in significant developments in the first decade and a half, during which industrial production quadrupled. Output of large-scale manufacturing increased at average annual rates of 6, 7 and 8 per cent in the First, Second and Third plans respectively (Nayyar, 1981). Growth was accompanied by a diversification of industrial structure that was unique in developing countries at that time, China apart. The public sector provided crucial infrastructure services, raw materials and capital goods that could sustain
industrial growth in spite of foreign exchange constraints (Chakravarty, 1987; Chandrasekhar & Ghosh, 2002). Whatever the subsequent limitations of this model, what is significant about this phase is the sophisticated use of planning models and formulation of development planning in India (Byres, 1998a).

Indian industrialisation during the first four decades of independence exhibited certain specific features. In spite of state controls over private capital, there was a significant growth of corporate capital and monopoly houses. Hazari’s study found the corporate private sector dominated by twenty groups (Hazari, 1966). Indian oligopoly was characterised by a highly centralised decision making structure, based on the joint family, controlling a number of legally independent firms across a range of industrial segments, enjoying ‘product’ monopoly and access to the financial sector. While the state protected domestic markets from external competition, price competition within Indian monopoly houses tended to be muted, with competitive strategies taking non-price forms. The licensing system in particular was used by this section of domestic capital to pre-empt capacity and foreclose competition from new entrants. These features of Indian monopoly capital are important factors in determining the structure of production and the labour process in manufacturing.

Another significant feature of the post-independence industrialisation strategy was its containment of two opposing tendencies: the tendency to ‘preserve as well as to destroy lower forms of production’ (Kalpagam, 1994:65). The State’s considerable support to the small-scale sectors, including artisan industries, preserved traditional modes of production. This three-tiered structure – the public sector controlling the ‘commanding heights of the economy’, the private corporate sector operating as monopolies in certain sectors and a mass of small-scale enterprises operating in other sectors – reflects the multi-structural character of the Indian economy. Even now, industrial production still takes place through the co-existence of different structures of production, industrial organisation and concomitantly different structures of employment in sites ranging from household industries and cottage industries to large modern factories, consisting of multi-layered categories of capital and labour (Kannan & Rutten, 2003).

By 1965, industrial growth had lost momentum. Neo-liberal advocates attribute the slowdown primarily to the regulatory industrial policy, labour inefficiency and the failure of state interventionism per se (Joshi & Little, 1996; Lal, 1999; Ahluwalia, 1985; Ahluwalia & Little, 1999). Others, however, have highlighted internal contradictions in the nature of the interventionist regime established in the 1950s that led to stagnation and eventually the crisis of the 1990s (Bagchi, 1999; Nayyar, 1981; Patnaik 1981; Chandrasekhar & Ghosh, 2002). A combination of internal and external developments triggered the slowdown and subsequent debt crisis and India’s shift towards liberalisation. Endogenous bottlenecks arose out of the nature of state intervention.

Patnaik and Chandrasekhar identify three mutually related contradictions that created barriers to the implementation objectives of state intervention and
development planning in India. First, the state was caught between two lines of action – of maintaining investment expenditure to expand the domestic market, and at the same time supporting domestic capital through large-scale transfers. As such the state ‘effectively became the most important instrument for primary accumulation by the domestic capitalist class in its various manifestations’ (Chandrasekhar & Ghosh, 2002:4). The inability of the Indian State to carry out structural changes such as thorough land reforms and reduction of class inequalities meant that the domestic market for manufactured goods remained narrowly based. State spending was therefore essential for the growth of the market and was the main stimulus for growth. This dual role led to a fiscal deficit that later turned into a major debt crisis.

The second contradiction lay in the inability of the state to discipline capital. Systematic violations of the rule of law meant that, for instance, transition to an East Asian type model where state intervention is based on close collaboration between state and capital and strong enforcement of discipline, could not occur.\(^2\) The third development was increased demand from a narrow social segment for consumer goods produced by multinational capital. This created a social base for dismantling controls over domestic production and imports.

These opposing tendencies contributed to the decline in growth. After fifteen years of rapid industrial expansion, the next ten years were witness to a dramatic decline of manufacturing growth.\(^3\) This decline was accompanied by a reduction in public investment that further restricted the home market. The development impasse of this period therefore already contained the seeds of crisis since the state could only accelerate growth through deficit-financing leading to inflation and/or a balance of payments problem.

**First phase of liberalisation**

From 1974 till 1980, there was an economic revival supported by increased state spending in core industries, liberalisation of imports and a shift to relying on external commercial borrowing by the state to finance the fiscal deficit. In this period there was a shift from the earlier emphasis on planning and controls to governance allowing a greater role for market forces, seen as the first phase of liberalisation in India. The internal constituency supporting liberalisation included a section of monopoly capitalists. They sought technological competitiveness through closer links with international capital, an emerging class of entrepreneurs, and a burgeoning demand amongst the middle class for the latest consumer goods on offer in international markets.\(^4\) Externally, changes in the international financial system and its increased liquidity, a general shift towards neo-liberalism and the pressures of the World Bank and IMF led to a ‘congruence of interests – of developing countries to borrow and the banks to lend’ (Chandrasekhar & Ghosh, 2002). The Indian government borrowed liberally from commercial banks, the IMF and non-resident Indians, without mobilising domestic resources. The 1980s witnessed an industrial boom, but this
was based on borrowed money and borrowed time. At the end of the eighties, India entered a deep crisis. As the Economic Survey described it:

By June 1991, the balance of payments crisis had become overwhelmingly a crisis of confidence in the government’s ability to manage the balance of payments... A default on payments, for the first time in our history, had become a serious possibility in June 1991. (GOI, Economic Survey 1990-91:10)

Second phase of liberalisation

The second phase of liberalisation was initiated in 1991 under the aegis of the IMF and World Bank based on the standard package of structural adjustment reforms. Policies of stabilisation and structural reforms were formulated to: reduce the fiscal deficit; remove controls on capacity creation, production and prices; allow international competition; reduce the role of the state and liberalise the financial sector. Industrial policy was three-pronged. This included removal of capacity controls by ‘de-reserving’ and ‘de-licensing’ industries; dilution of the provisions of the Monopolies and Trade Restriction Act (MTRP) to facilitate expansion of large firms; and modifying the Foreign Exchange Regulation Act (FERA) to allow for higher equity by foreign capital (Chandrashekar & Ghosh, 2002:22). These measures resulted in the removal of restrictions on the entry of domestic and foreign capital into a number of sectors, and a more competitive environment ensued.

Other policy measures in the neo-liberal package were trade policy reform leading to the dismantling of quantitative restrictions on imports and exports and a substantial reduction of taxes and subsidies on trade, and adjustments in the exchange rate leading to full convertibility of the rupee. This led to the depreciation in the value of the rupee. From 1998 onwards there was complete liberalisation of the import of consumer goods. The only protection left for domestic production was tariffs, which were also being reduced. Reforms in the financial sector were significant. Structural changes in the banking sector and financial markets eased regulations, while reduced state intervention both improved the profitability of the commercial banking sector and permitted the entry of private and foreign capital.

Overall, the constraints on foreign direct investment (FDI), both in manufacturing and trading activities, had been removed. Import of technology had been made easier for domestic firms, and provisions of the Foreign Exchange Act had been amended and streamlined both to facilitate investment abroad by Indian companies and encourage global links. The public sector was subjected to a process of dis-investment and privatisation, and the Board of Industrial and Financial Reconstruction (BIFR) was set up to decide on the profitability of sick units. Discussions intensified on ‘rigidities’ in the labour market and changes in labour legislation were proposed, many of which had been already suggested in the mid-eighties.
While the dismantling of the interventionist economic regime has occurred in fits and starts from the eighties onwards, by the mid nineties India was well on the road to liberalisation. The changes noted above have led to a tremendous upheaval and a process of what has been called ‘the first phase of restructuring of industrial capital in India’ (Chandrasekhar, 1999). These changes have been accompanied by attempts to change labour laws. The following section provides an overview of labour regulations with specific reference to women workers. The section looks at the gendered sub-text of two of these laws which reflect implicit gender contracts, and concludes with a discussion on labour market inflexibility and proposed changes in labour regulations.

Labour Regulations and Women Workers

This section focuses on a second aspect of state intervention: the mechanism of labour legislation which frames the legal context for the gendered labour regimes being analysed. State regulation of employment conditions in India varies according to sector of employment and reflects a ‘complicated legal maze that include or exclude, to varying degrees, different categories and types of activities from beneficent legislations’ (D’Souza, 1994: 140). These inclusions and exclusions parallel the organised/unorganised sector division. State regulation of relations between capital and labour has been closely monitored through conciliation, arbitration and compulsory adjudication in the organised sector. The presence or absence of labour regulations, and the degree of state intervention in industrial relations, are therefore significant in determining the conditions for the reproduction of labour and the nature of gendered labour regimes in this study.

A brief overview of legal regulation of labour in the colonial and post-independence period, with a particular focus on laws specifically relevant for women workers, is followed by an analysis of the gendered sub-text of labour regulations. The assumptions and political contestation of women worker’s needs/ rights in the formulation of laws are highlighted. It is argued that the ‘needs’ of women workers, embodied in protective legislation in particular, cannot be taken as self-evident, but rather were interpreted and politically contested when these laws were formulated. The assumptions – implicit and explicit – of ‘needs’ and the ‘interests’ that interpreted them, reflect a social consciousness as well as construction of women workers’ identities which constituted an embedded gender contract which continues to operate as a barrier to implementation of the laws. Two examples are discussed: legislative assembly debates on Maternity Benefits, which is a gender-specific law, and the Minimum Wages Act that is (supposedly) a gender-neutral law.
Labour regulation in the colonial period

Labour legislation in India was significantly influenced by the colonial context, particularly as the cotton textile industry came into increasing conflict with Lancashire and Manchester. During the late 19th and early 20th centuries, labour legislation reflected a contest between diverse interests: the interests of the colonial state, metropolitan capital, Indian business, nationalists, trade unionists and philanthropists in both Britain and India concerned about the condition of the working classes. Until the 1920s, laws relating to labour were of two types: those which sought to regulate the conditions of employment such as setting a minimum age, restricting the hours worked and limiting the employment of women and those which criminalised various forms of worker resistance.

Labour regulations were motivated by the need to ensure stability as well as flexibility, given the particular determinants of the supply of labour, gendered patterns of migration, production cycles, and market fluctuations in the emerging industrial enclaves (textiles, jute, plantations and coal mines) of western and eastern parts of colonial India. Forms of regulation had gendered consequences, often reinforcing male familial control over women’s labour and denying women the right to industrial employment.

In Western and Japanese early industrialisation, women workers constituted a large proportion of the workforce, even, as in Japan, a majority (see Saith, 1986, for a discussion on female labour in Japanese industrialisation). In India, however, though women formed a critical segment of the industrial labour force, they were relatively excluded from modern production. In the early 1920s they were around 20-25 per cent of the labour force in textile mills and 35-40 per cent in the coal mines and plantations (Nair, 1996; Sen, 2003). The progressive decline of women’s employment in all these industries, starting from the 1930s, demonstrates a convergence between capitalist and patriarchal interests in responding to the demands of production and reproduction. The extension of labour regulations and the emergence of an organised sector run concomitantly with the masculinisation of industrial employment.

The rural links of workers and the ‘badli (substitute labour) system’ deployed in the textile and jute mills have been seen as the main mechanisms whereby employers ensured flexibility in the labour force. Rural links were maintained since they allowed employers to transfer the costs of the reproduction of labour power to the villages (Breman, 1999:12; Ram, 1984:182; Chhachhi, 1978:101-102. See also De Haan, 1999, for a contrary view which emphasises workers’ agency rather than employer strategies). Feminist labour historians have taken the discussion on flexibility based on circulatory migration further. For instance, Samita Sen has argued that in the jute industry, employers considered single male migrants from ‘up-country’ as the most flexible and docile labour force. This flexibility was ensured by male workers using their patriarchal social and legal power to keep women in the countryside. This female-based household economy provided a rural buffer, and enabled and
compensated male workers for the insecurity of urban industrial employment (Sen, 1999:243). Women who were employed in the industry were predominantly single women (widows, deserted or divorced), many of whom had migrated to the city to escape social and family harassment. Unlike the single male migrants, these women had broken off their rural links, and were in a sense more fully 'proletarianised' and dependent on urban earnings, and therefore less 'flexible'.

An exception to the secular decline in women's employment during this period was in the tea plantations of Bengal and Assam. Faced with labour shortage despite regulations to provide stability, planters encouraged women migrants to settle and various committees began to recommend some protection for women as breeders, and a need to regulate the working class family within caste divisions and stable unions (Nair, 1996:103). In the coal mines, the concern over shortage of labour led to resistance against legislation to ban the work of women underground.7

From the 1920s onwards, the process of labour regularisation accelerated. International developments and the emergence of workers organisations complicated the colonial state's response to labour and necessitated a shift from the 'law and order' strategy followed until then (Anderson, 1993). The establishment of the International Labour Organisation, of which India was a founding member, and the requirement to choose employee representatives initiated a new relationship between state, capital and labour. In spite of the Indian Penal Code, Section 120, which circumscribed workers' organising, the All India Trade Union Congress was established in 1920. More importantly, participation in the ILO encouraged the formulation of social welfare legislation. Between 1920 and 1947, India ratified fifteen ILO conventions, a number of which related to women workers.

Protective legislation for women workers in some instances predated the ratification of ILO Conventions. Already in 1911, the Indian Factories Act had banned night work for women, specifying that no woman could be employed after 7 p.m. or before 5 a.m. in the morning. The hours of work for women were further limited to ten by an amendment to the Indian Factories Act in 1922. The Factory Act of 1934 incorporated suggestions from the Royal Commission on Labour, 1929: the Act introduced the nine-hour day and recommended provision of crèches and maternity benefits. In 1929 the Bombay Maternity Benefit Bill was passed. Subsequently twelve other provinces passed similar bills, and the central legislature passed the Mines Maternity Act in 1941. In 1935, the Government of India signed the ILO Convention on the complete abolition of women's underground work in mines. The ban was lifted during the war period in spite of protests, and was not re-imposed until 1947. Legislation for women workers in the colonial period was subject to changing needs of production and reproduction. The ideology of protection was deployed when suitable, and ignored when inconvenient. Every time a protective law was proposed, there was a threat to dismiss women and replace them with men or children. The laws
which were passed were violated with impunity.\textsuperscript{8} The fledging women's movement also did not address women workers' needs.

**Expansion and extension of labour regulation: 1947-1990**

Linked to an industrial policy fostering rapid large-scale industrialisation, labour legislation after independence was oriented towards extending social protection to labour. To some extent, this legislation was based on the notion of correcting and moderating the extreme exploitation and lack of employment security in the colonial period. The driving impetus, however, was the future potential of industrial employment based on a modernisation model that would absorb all labour along the lines of industrialised countries. Idealising and striving towards Fordism (a combination of Fordist production methods and the welfare state), the state laid down mandatory requirements governing conditions of employment as well as the relations between labour and capital. The first (implicit) contract between government and capital was based on the state guaranteeing protected product markets through the licensing system. Employers, on their side, were expected to protect employment levels. The second (implicit) contract was based on 'oligopolistic market structures, price competition which was limited to the domestic market, and comparable technology across enterprises... Employers and employees could pass on the costs of employment security to consumers' (ILO/SAAT, 1996:73-74).

Cheap unprotected labour remained contiguous to a Fordist core which was restricted primarily to the public sector and those sectors of large-scale private industry where unionisation was strong. As Breman has argued, 'labour' was seen by planners as concomitant with employment in the organised sector of the urban economy, and little attention was paid to urban casual workers and agricultural workers (Breman, 1999:2-3). Thus in India a different variety of Fordism emerged, combining features of 'delayed' and 'peripheral' Fordism described in the typology developed by Tickell and Peck (1995:362).

In the post-independence period, laws applicable to factories varied according to a number of criteria that reinforced the segmentation of different categories of labour. R. D'Souza shows how the application to statutory regulations of five different tests – numbers, activity, agency, region and wage limit – result in inclusion or exclusion of workers from the purview of these laws. Several laws apply only if a certain number of persons are employed, and there are wide variations between different laws in specifying the minimum number of workers. For instance, the Factories Act 1948 prescribes a minimum employment of 10 workers for factories using power and 20 workers for factories not using power. However the Industrial Employment (Standing Orders Act) 1946 applies only if there are 50 persons employed. The Employees State Insurance Act 1948 applies to all factories under the Factories Act but the Employees Provident Fund Act 1952 applies only to factories where more than 20 people are employed.
Similar variations exist in definitions of the nature of work, of employer and employee, and whether responsibility for the law is with the central government agency or provincial government agency. Different regions and localities are exempted, and there are restrictions on applicability above or below a certain wage limit (D'Souza, 1994:168). Most laws also permit the government to allow exemption or impose the provisions of the law on any establishment. Thus even basic labour laws vary in applicability, and the segmentation of law ensures the segmentation of labour. Rather than the dualistic model of an informal/formal sector, the landscape of labour in India exhibits a wide variety of labour contracts and degrees of security, not all of which parallel the factory/non-factory divide (Breman, 1999:418).

In the mid-sixties, a number of laws were passed which sought to extend legal protection to categories of workers who had been excluded. These laws included: the Bidi and Cigar Workers (Conditions of Employment) Act 1966, which dealt with home based workers; the Contract Labour (Regulation and Abolition) Act 1970; the Inter State Migrant Workers (Regulation of Employment and Conditions of Service) Act 1976; and the Bonded Labour System (Abolition) Act 1976. Two significant pieces of legislation for women workers were also passed in this period: the Maternity Benefit Act 1961 and the Equal Remuneration Act 1976.

The Maternity Benefit Act applies to every establishment – whether factory, mine or plantation – except those which come under the purview of the Employee State Insurance Act 1948, thereby extending coverage. The Employees State Insurance Act 1948 continued to provide cash benefits in the case of sickness, maternity, and employment injury, and medical benefits to workers earning less than Rs. 3000 per month, in factories employing 20 or more workers. The state, capital and employees all contribute to the scheme. In addition, in recent years, schemes of maternity benefits for women agricultural workers have been implemented in Andhra Pradesh, Karnataka and Gujarat where the costs are the total responsibility of the State Governments. To regulate wage differentials, the Equal Remuneration Act 1976 lays down the principle of equal pay for equal work, in line with the ILO Convention. The Act makes it obligatory for employers to pay equal remuneration to men and women workers for performing the same work, or work of a similar nature, and prevents discrimination against women in connection with retirement and employment.

Although there is this impressive array of laws regulating employment conditions for workers, some of which address issues of the costs of reproduction and gender equality, the laws remain problematic. 96 per cent of all working women who are in the unorganised sector receive no benefits. Despite laws such as the Bidi and Cigar Workers Act 1966 which extend benefits to home-based workers, and a few state government schemes for women agricultural workers, the coverage is still limited and legal regulation reinforces segmentation. Enforcement is negligible – numerous studies have pointed out that women workers in the organised sector do not receive maternity benefits
(Hirawy and Unni, 1995). It is also absurd that even after the costs have been shared, employers continue to see maternity benefits as a burden, and prefer younger unmarried women to avoid paying any costs of reproduction. In 1975 the Status of Women Report reiterated the argument that there is no substantiation to the claim that women are not employed due to the requirement of maternity benefit, since the total expenditure under the Maternity Benefits Acts between 1961 and 1970 was negligible. The Shram Shakti report quotes a study done in 1977-78 that shows the average expenditure per woman in factories was extremely low, ranging from Rs. 1.31 to Rs. 4.54 per year. The report mentions that although the costs are low, there may be ‘a psychological, if not financial barrier in the minds of the employer in recruiting women as employees (Shram Shakti, 1988:107, emphasis mine).

The issue is not simply one of coverage and implementation: the conceptual base and criteria applied in the laws are themselves frequently faulty. A review of minimum wage legislation shows that there is infrequent and sometimes downward revision, lack of proper indexation, weak enforcement’, and no clear set of criteria on which wages are calculated. (Vaidya, 1989) The minimum wage for the unorganised sector is based on an arbitrary notion of basic needs and dietary norms, without reference to levels of living. In contrast, the minimum wages of the organised sector are linked to the cost-of-living index and are periodically revised. This institutionalises labour market dualism. In addition, the ways in which the concepts of the ‘living wage/minimum wage/fair wage’ were evolved and established also institutionalised gender discrimination. The ‘psychological’ barrier noted by the Shram Shakti report earlier was reflected in the political contestation of needs and rights based on gendered assumptions when these laws were formulated, and continues to influence the implementation of these laws. This will be shown in the next section.

The Embedded Gender Contract in Labour Regulations

Women’s employment was determined by shifting needs of production and reproduction. The extension of labour regulations was a process through which a social contract between the state, capital and male labour was forged, which contained an implicit gender contract whereby women workers were denied the independent right to industrial employment. Feminist studies on Western Europe have shown how the Fordist compromise was based on and reinforced an implicit male-breadwinner gender contract. An embedded gender contract sets the terms of gender relations in the family and the integration of men and women into the labour market and other social spheres. (Pfau-Effinger, 1993; H. Gottfried, 2000). In India, labour regulations, even if not applicable to the whole labour force or implemented, also contained embedded gender contracts which had wider implications in terms of the way women workers were and continue to be perceived.
Analysis of the Maternity Benefit Debate and the Minimum Wages discussions below highlights the process by which such a gender contract was forged through political contestation and juridical definition of women's needs, and the lack of recognition of the right to work as a basic entitlement for working women in India. These two examples also highlight the significance of the role of the state in social reproduction and the processes that link the household and the labour market. They emphasise the ways in which any argument about women worker's needs/rights becomes a discursive process whereby social identities are invoked and meanings are invested in those categorical identities (Moore, 1994:96). The juridical construction of recipients/subject positions vis-à-vis the legal system accords or denies them rights. This is linked to the second, administrative, element whereby recipients have to prove their claims on the basis of administratively defined criteria (Fraser, 1989:154). The discursive construction of need/rights operate as a subtext/assumption and affect the material processes by which laws become claims, and claims are translated into enforcement mechanisms.

**The Bombay maternity benefits debate**

The first law that gave working women in India maternity benefits was passed in Bombay in 1929 after acrimonious debate. Proposals presented earlier for maternity benefits for women workers in the Central Legislature were not ratified on the grounds that Indian conditions were different, and the time for legislating on the subject had not yet come. The Bill was then taken up in the Provincial Legislative Councils, where after much debate, Bombay passed the Maternity Benefit Act in 1929. The composition of the Bombay legislature shows the domination of mercantile/employer interests (Newman, 1981). The debates were being held in a context of tremendous upheaval in the textile industry, in the aftermath of the 1924 bonus strike and then the great strike of 1928 against wage cuts, rationalisation and imposition of labour discipline. In March, 1929, the mill owners' representatives were in a sombre mood and labour representatives spoke from a position of relative advantage.

In the following section, I summarise some of the main themes of these debates in the Bombay Legislative Council between 1928 and 1929. The legislative assembly debates on maternity benefits are a site where it is possible to identify the first two moments of the politics of needs interpretation mentioned by N. Fraser. The first is the struggle to establish or deny the political status of a given need, to validate the need as a matter of legitimate political concern or to neutralise it as a non-political matter. The second moment is the struggle over the interpretation of that need, the power to define it and, so, to determine what would satisfy it (Fraser, 1989:164). The debates provide the arena for multiple discourses – on nationalism, on protection, on representation and construction of the identities of working class women and men by the upper and middle classes. These discourses framed the discussion of legal rights for
women workers. Issues of ‘what needs and whose rights’ emerge through a central concern in the debates: *who should bear the costs of reproduction* – the state, capital or the husband. The costs of reproduction include all costs of child bearing and child care, such as paid maternity leave, crèches, and delivery costs. In this chapter the focus is only on paid maternity leave.

The discourses around this issue highlight the struggle to institute a ‘private’ issue into the public domain. Promoters of the Maternity Benefit Bill held the view that the state had the primary responsibility to regulate employers and provide support to labour. However, there was tremendous resentment expressed by opponents, that there appeared to be a trend to shift ‘*domestic responsibilities of the head of the family (the husband, father, brother or son)* on to the factory owner or the school master’ (P.J. Marzban, Bombay City South, BLC: 347, emphasis mine). Distinction was made between a clearly work-related issue such as compensation for accidents, and pregnancy which related to the domestic sphere. The only category of women who could be entitled to state support were pregnant unmarried women since in these cases men had failed in fulfilling their domestic responsibilities.

**Support for the bill**

Supporters of the bill couched their arguments in the language of protectionism and humanitarianism. Grim pictures were painted of the poverty and necessity which pushed women into working, resulting in ‘scandalous incidents in the city of Bombay where women delivered their babies on the streets on their way to work’ (Nariman, BLC, 1928). Representatives of government who opposed the bill were attacked for their inhumanity. Protectionism as a rationale for legal regulation rested on explicitly stated concerns about women worker’s vulnerability/weakness – physical, psychological and social. For each aspect of vulnerability, a specific set of evidence and arguments were made. Expert medical opinion was quoted to show that children born to working women weighed less, and the combination of bad living conditions and lack of rest resulted in high rates of infant mortality.

The second component of women workers’ vulnerability related to their husbands and men of the working class. It was easy for the supporters of the bill to argue against the responsibility of the husband, since a component of the ideology of protection was to protect these women from their working-class husbands. Although supporters of the bill spoke in defence of the working classes, they concurred with the dominant upper- and middle-class view expressed in the legislature that all working men were drunkards. Some saw the reason in the pressures on working men whose income was insufficient to maintain the family, which meant their wives had to work and this dependency forced the men into alcoholism.\(^\text{12}\)

Since the husband had been identified as irresponsible, the focus of the debate shifted to putting the onus of responsibility on the state or capital. Most
of the supporters of the Bill felt that the burden should be shared, or the government should be responsible. They proposed a tax on the whole of industry which would be administered by the local government. Labour representatives were suspicious of the ‘paternal government of the employer’. They and other supporters pushed for the principle of a welfare state which recognised that the ‘conservation of the people’s welfare is primarily the concern of the government’ (Dr. Ambedkar, BLC, 1928:382). Countering the opposition’s dubbing of this notion as alien, a western imitation, and unpatriotic, labour representative then fought for ratifying ILO conventions on the grounds of internationalism and civilisation, the epitome of which was the Welfare state where the government took on the tasks of providing services and benefits for all sections of society (N.M. Joshi, CLA, 1924).

**Opposition to the bill**

It was difficult for mill owners and government representatives to reject the bill outright, given its framing in terms of ‘humanitarianism’. They also accepted the humanitarian reasons for which the bill was introduced, expressed full sympathy with the principle of the bill but, ‘with great regret’, deployed a number of opposing arguments which included technical reasons and an alternative view about women workers. Two significant distinctions were introduced: the difference between Indian women workers and Western woman workers; and the difference between upper/middle-class and working/coolie-class women. It was argued that such a benefit made sense in the West where women workers were regular and efficient, paying attention and concentrating on their work, but in India women workers were inefficient and took leave all the time.13

Like the supporters of the bill, the opposition also quoted expert medical opinion in their case to stress that coolie women had a different body and capacity for physical endurance and could do ‘light work up to practically a few days before confinement’. Mill owners from Bombay gave examples of women working at looms just two days before confinement, and coming back again after fourteen days. They stated that ‘in a country like ours, you forget there is the stamina of women workers’. Throughout the debate, the difference of working-class women from other women recurs repeatedly. The class and race overtones of this distinction were explicit in the statements made by opponents of the bill as they stressed the ease with which women delivered babies and returned to work. As Janaki Nair notes, it was the ‘animality’ of Indian working class women that was highlighted (Nair, 1996:112).

Opponents also pointed out that such a measure as the Maternity Bill would encourage excessive breeding among the lower classes. ‘If these benefits are extended then I suppose every woman will be enjoying three months holiday and receiving benefits almost every year or even every ten months’ and unemployment was blamed on the ‘overproduction of children in these communities’ (Dixit, BLC, 1928:343). This prolific breeding was seen as due to
moral laxity, which would be further encouraged if such concessions were given to women factory workers. To representatives of employers, the working classes were prolific reproducers, drunken men assaulting their wives and producing a baby every year. They feared that the Maternity Benefit Bill would lead to further profligacy, even promiscuity and overpopulation.

Whose needs/interests?

Though the major issue of the debates was the responsibility for the costs of reproduction, discussions were overlaid and polarised on the question of patriotism: Who was more patriotic – the representatives of labour or the representatives of indigenous industry? Opponents of the bill launched a scathing attack on labour representatives for bringing in a measure which suited colonial cotton interests and would cripple Indian industry. Since implementation of the bill would impose great costs, employers threatened that they would ‘do away with female labour altogether’ (BLC, 1928:354).

Supporters of the bill first used an efficiency argument: investing in the health of the working woman and the child would improve efficiency and increase productivity, which would benefit the long-term interests of Indian industry. However, their most effective argument was based on a link between motherhood and nationalism:

For the mother to help her in discharging the sacred function of motherhood by proper treatment so as to put an end to the disgraceful infant mortality, it is absolutely necessary, not in the interests of the poor woman, but in the interests of the nation that she should have adequate assistance. So Sir, it is in the interests of the nation and not in the interests of the poor mother that she ought to be looked after at her critical stage. After all Sir, if we are unfaithful or disloyal to our mothers, are we worthy sons? (Bechar, BLC, 1928:363-364, emphasis mine)

This construction of motherhood and the appeal fed into a common nationalist anxiety. Through the nineteen twenties, Samita Sen argues that ‘poor and working class women became a special target of nationalist anxiety about high mortality rates. As the crucial progenitors of the next generation of the proletariat, they were seen to bear the central and identifiable responsibility for the supposed physical deterioration of the working population of the country’ (Sen, 1993). Interestingly, the statement which swung the debate came from a medical expert, Dr. P.G. Solanki, who combined medical authority with sanction from the Hindu scriptures, putting forward a nationalist argument for maternity benefits (see Chhachhi 1998). The Bill was finally passed, with 50 voting for it and 12 voting against.

Protection versus entitlement

This debate illustrates the political contestation over the issue of responsibility for social reproduction. It succeeded in making maternity benefits for working women a public rather than a private issue. This was based on the broader
commitment of labour representatives (such as N.M. Joshi, Asavale and others such as Dr. Ambedkar) to a welfare and interventionist state. The debate also illustrates the struggle against employers who resisted state intervention in regulating the conditions of employment.¹⁶ From the perspective of women workers, however, there remained a major limitation: the discussions were framed in the language of protection rather than of rights for the working woman. Proponents and supporters of the bill depicted the working woman as a victim of ruthless capitalist exploitation, and a beast of burden and reproduction for the working-class man. Mill owners and opponents of the bill depicted the working-class woman as shrewd and devious – she would produce false certificates, work elsewhere during the maternity leave period, would go back to the village and spend the money on useless things. Working-class men were drunkards, with no knowledge of birth control or self-restraint.

The bill was intended as a concession for the special disabilities suffered by women, rather than as a right. There was no acknowledgement of the fact that women textile workers in Bombay had a clear sense of injustice and awareness of their rights as they organised in the mills, participated in strikes and were the first to protest against rationalisation measures introduced in the industry (Kumar, 1994). Though they meant well, labour representatives and other supporters of the Maternity Benefit Bill could not move outside the discourse of protection. It was only as a mother and as a symbol of the nation that the working woman had a claim. To qualify for those titles, however, she had to be even more moral than the middle-class woman.¹⁷

The reconfiguration of the working woman as ‘mother of the nation’ meant that her social identity was recast as only a reproducer, thus denying her identity as a productive industrial worker. Her interests, her needs, her rights as a working woman were irrelevant. As reproducer, discharging the sacred function of motherhood, she demands loyalty from her sons who ‘protect’ her by fighting for maternity benefits. However, even as a mother her abilities were questioned: official reports reveal a concern about ‘maternal ignorance’.¹⁸ Her role as a working woman, a woman textile worker, her agency in workers’ struggles of the period were completely obliterated or undermined by accounts of her ill-health/inefficiency/general oppression. Not once in the debate is there any articulation of maternity benefit as a right or entitlement for working women. While the argument for protection of the health of the mother and child is not necessarily traditional or dismissive in itself, the Bombay debates were premised upon a notion of moral motherhood, conceived of as a self-evident duty, a given role. Working-class women were represented in this debate by men. The only voice of a woman was that of a woman doctor, whose evidence was discounted by male doctors whose competence was in other fields of medicine.

The debates were concerned with broader political issues that overlaid the issue of working women’s rights. The early twentieth century was a period characterised by intense debate on the issue of citizenship rights. The Indian National Congress prepared and adopted a Declaration of Rights in 1918 (Dutta,
1998:278). The process of moving in consciousness and struggle from *subject to citizen* did not incorporate or recognise women and women workers. They were not seen as independent beings or as rights bearers. This is a story familiar in the history of women's struggle for full citizenship rights in many countries (Lister, 2000; Fraser, 1989). The denial of an independent right to employment was one side of the embedded gender contract that assumed and reinforced the male-breadwinner model.

*The male breadwinner model: The minimum wage discussion*

An analysis of the minimum wage discussion shows that even in the post-independence period, the notion of women workers' right to employment as independent beings remained unrecognised. The debates on the Minimum Wages Act, 1948, the recommendations of the Fair Wages Committee, 1948, the Key Resolution of the 15th Indian Labour Conference, 1957, and the Equal Remuneration Act, 1976, all contain ideological assumptions concerning the definitions of the working-class family and the 'needs' of women workers. The framework for government regulation of wages had been laid out in the 1948 Report of the Committee on Fair Wages, and included fixing of minimum wages, revision of minimum wages in particular industries and sectors, indexation and bonus payment rules and controls over wage differentials.

The Minimum Wages Act, 1948, was one of the earliest attempts to extend legal protection to workers in the unorganised sector. The Act covers even establishments that hire one worker, and is applicable throughout India. Minimum wages are laid out for particular jobs though these vary, since the rates can be fixed either by the Central or the provincial governments. The main concern of minimum wage legislation was to ensure at least a minimum level of living for workers who were unorganised and therefore did not have the possibility of collective bargaining, and were subject to extreme exploitation in rural areas and 'sweated' industries. Although the 1929 Royal Commission on Labour had recommended wage-fixing machinery in line with ILO Convention No. 26, passed in 1928, no action was taken. In 1941, the Textile Labour Inquiry Committee presented a report on living wage standards and a minimum wage for textile workers. Family budget studies were conducted with respect to family size, number of earners and dependants and dietary norms established. The definition of the working-class family in the report explicitly assumed that women's primary role was at home, that the man was the breadwinner, and that therefore the woman's earnings would be disregarded. Adopting the 'natural family' as the basis for calculations of earners, the report went on to state:

The natural family refers to a family of four persons, that is, a man, his wife and two dependants who would ordinarily be children under 14. In such a family, the question can refer only to the earnings of the wife; the dependants or children can obviously not be expected to earn anything. Should any allowance be made for the possible earnings of a wife? It has been argued that, under a proper
interpretation of the term living wage standard, a wife should be spared for the 
duties of the household and for looking after the children. She cannot be and 
should not be expected to supplement the earnings by extra paid work... The 
conclusion we arrive at is that an adult male should be held to have to support 
the family without the help of any supplementary earner or any other source of 
income. (GOB, 1941:78-80, emphasis mine)

In the debate on the Minimum Wage Bill 1948 in the central legislature, it 
was reiterated that the working class family consisted of four members:

From the opinion expressed by eminent economists of this country, the living 
 wage of a worker having a wife and two children should be somewhere near Rs.
140. (Jagjivan Ram, Labour Minister, CLA, Feb. 1948: 341)

The discussions on the bill focussed primarily on the differences between 
industrial workers and agricultural workers, the difficulties of administration and 
implementation if authority rested with the provincial government, and 
resistance to a penal clause to punish employers violating the law. Although 
there were objections to the expanded coverage with the change in terminology 
from workman to employee, the gender neutrality of the term ‘employee’ did 
not change the discourse which assumed that the industrial worker was a man.

Women workers were mentioned twice in the debate: when conditions of 
work were described in the carpet industry, and in a quotation from Mahatma 
Gandhi on the handloom producers. Both references highlighted the extreme 
exploitation and poverty of these women workers. The debate in general was 
couched in the language of paternalistic support for unfortunate workers in the 
unorganised sector, but whenever the right to livelihood was mentioned, it was 
only with reference to the male worker.

This assumption also coloured the report of the Committee on Fair Wages, 
1954, which laid down the principle of different consumption units for men and 
women in the family.

It has been argued that if minimum wages, and consequently fair wages, are to be 
calculated on the basis of the requirements of the worker and his family, there is 
every justification for rating the standard family at a lower number of 
consumption units in the case of a women worker than in the case of a man, for 
she will not be expected to support at any rate her husband even though she may 
have other dependants and encumbrances. According to this line of reasoning, 
the wages of a woman worker should be based on two consumption units if those 
of a male worker are calculated on three. (GOI, 1954: 21, emphasis mine)

Clearly, the Committee did not recognise the existence of households headed 
by females or the presence of unemployed husbands. To give them their due, the 
Fair Wages Committee, in spite of adopting the male breadwinner model, did go 
on to discuss the principle of equal pay for equal work. The Committee 
recognised that women workers constituted about 11.6 per cent of all workers 
employed in factories. Their occupations could be divided into two categories:
(1) those in which they are interchangeable with men; and (2) those in which they are not interchangeable with men (FWC, 1948). The issue of equal pay was seen as relevant to only the first category of occupations. Recognising the contradiction between a conception of a minimum wage based on different units of consumption and the principle of equal pay, the committee reiterated the views of the Bombay Textile Labour Inquiry Committee:

Should the minimum level of earnings for men and women, whatever their occupation, be the same? They will have to be different. A considerable gap, in fact, exists today between the lowest wage earned by men and women in the industry. Any violent disturbance of the existing differentiation is bound to affect the proportion in the employment offered to the two classes of workers. The trade board may reduce the differential between the basic minima for men and women, but this can only be a gradual process. We have already noticed that in countries where the living wage is adopted for fixing a minimum wage, the standard of responsibilities for the calculation of a woman's wage is defined in a different manner from that of an adult male... (Quoted in FWC, 1948:23)

The Fair Wage Committee deliberated further on this contradiction, given that the Constitution of India had incorporated the principle of equal pay in its Directive Principles. They were unequivocal in stating that the principle should primariliy be applied in cases of piece-rate work, or where the work done by men and women is demonstrably identical. However, where:

...women are employed on work exclusively done by them or where they are admittedly less efficient than men, there is every justification for calculating minimum and fair wages on the basis of the requirements of a smaller standard family in the case of the woman than in the case of the man. (FWC, 1948:23)

The recommendations contained an inherent contradiction: wage differentials were supposed to be based on clearly specified criteria, while at the same time wage differentials between men and women were based on assumptions that created different levels of pay. The assumptions were that if women did different work it was necessarily work that was less skilled and they should get a lower wage; and that women’s wages in any case should be calculated on a smaller family size.19 This double assumption reinforced the myth of the male breadwinner. It obliterated the existence of female earner households and implied that all working women were married or had a male provider.20

The explicit assumption of the male breadwinner gender contract in the Minimum Wages discussion constructed a mythical notion of the working-class family and the dependent woman. This was institutionalised in statutory regulations and continues to influence the perception of women workers and reinforces their exclusion from an independent right to a living wage. These assumptions continue also to affect the non-implementation of the Equal Remuneration Act as well as the non-recognition of women workers’ skills.

The analysis of the Maternity Benefit Bill debate and the Minimum Wages discussions illustrates the forging of a male-breadwinner gender contract which
underpinned the subsequent marginalisation of women from employment in the organised sector in the first phase of industrialisation in India. It is worth noting that in 1938 the sub-committee of the National Planning Commission formed by the Congress party on ‘Women’s Role in the Planned Economy’ articulated a Universal Breadwinner model: it recognised domestic labour, argued for recognition of women’s labour as a separate unit of production, for property rights and the need for women to develop as individuals. However these formulations disappeared from state discourse after independence. (see Chaudhuri, 1996, for detailed analysis of this document). The non-recognition of women’s independent right as citizens to employment remains one important factor which continues to affect the implementation of legal rights for women. In the context of economic restructuring, even these grudgingly given legal entitlements are now again being subject to conditionalities and trade-offs.

Labour Market ‘Rigidity’ and Economic Reforms

The initiation of economic reforms in 1991 has led to a major shift in the two implicit contracts forged after independence between the state, capital and labour. Analysts have argued that these contracts were based on the acceptance of slow industrial growth (ILO/SAAT, 1996:73-74). With the economic reforms, these implicit contracts are being undermined by de-regulation and the opening up of the economy to foreign investment and global competition. Proponents of the economic reforms have blamed state intervention in regulation of employment and wages as leading to ‘rigidities’ in the Indian labour market, and have argued for labour market reforms. This view is reflected in the assessment of the future growth of industrial employment in India by the World Bank. In delineating the disincentives to industrial employment growth, the report sees the main problem as due to the protection of existing jobs and a concern with specific firms and industries, rather than with the overall growth rate of industrial employment. It goes on to list these disincentives as:

The legal framework and government apparatus regulating industrial labour; regulations restricting retrenchment of workers and closure of factories; statutory payment of annual bonuses and other benefits; increase in the direct cost of labour due to the substantial over-indexation of wages through the system of ‘dearness allowance’; and the ease with which tiny unions can be recognised.

(World Bank Country Study, 1989:112-14)

Two areas have been singled out by proponents of economic reforms: the determination of wages and employment security, more specifically the Industrial Disputes Act, 1947. A brief elaboration of these is relevant for this study.

The Industrial Disputes Act, which applies to establishments employing 100 or more workers, lays out restrictions on retrenchment. Any retrenchment of an industrial worker requires permission from the local government. If the
permission is granted, then 30 days notice has to be given plus 15 days payment for every year of past service. By 1972, for retrenchment following closure, 60 days notice had to be given. Up to 1976, retrenchment on the basis of ‘last come first go’, with payment for past service and information to the government, was all that was required, and employers retained the sole prerogative for dismissing workers. In 1976, amendments were made which severely restricted retrenchments in establishments employing more than 300 workers. In 1982, another amendment more stringently enforced the clause of prior government approval, and required three months notice in establishments employing 100 or more workers. These amendments were challenged by employers and struck down by the courts. However, a Constitutional amendment in 1984 reintroduced the restrictions. These were modified to reduce the arbitrary nature of government sanctions. The government was required to give the employer a reasonable opportunity to give reasons, and if permission was not decided within sixty days then the employer could proceed to retrench workers (ILO/SAAT, 1996: 71).

The second area of significant state intervention that has been queried by proponents of economic reforms is wage determination. Government intervention in wage determination takes three forms: directly regulating wage-setting in the public sector; regulatory controls for the setting of wages in the private sector; and a statutory regulation on minimum wages for the unorganised sector. For the organised sector, the Act lists schedules with lists of industries in which minimum wages are fixed by the Central or State governments. Wages are supposed to be reviewed and revised every five years. Advisory Committee and Wage Boards are set up periodically to revise wages in selected industries. At present, there are 200 occupations covered under the Act (ILO/SAAT, 1996). Wage-related legislation also includes the Payment of Bonus Act, 1956, which applies to establishments with more than 20 workers. The minimum bonus is 8.33 per cent of the annual wage; the maximum bonus is 20 per cent of the annual wage.

For the organised sector, indexation rules (compensating employees for increases in cost of living) are elaborated regularly. Two systems of indexation have emerged – the Industrial Dearness Allowance, linked to increases in the Consumer Price Index (CPI); and the Central Government Dearness Allowance, which stipulates neutralisation of any rise in the CPI. Hundred percent neutralisation of the cost of living only occurs at the lowest level, i.e. at or around the minimum wage. The extent of compensation declines as wage levels increase.

Considerable debate has been generated by the claim that such protective labour legislation inhibits employment, growth and efficiency. The World Bank and others have ascribed a decline in employment in the 1980s to labour market distortions (Lucas, 1986, 1988; Fallon & Lucas, 1991; Ahluwalia, 1991). However, these arguments have been challenged (Papola, 1994; Nagraj, 1994; Kannan, 1994). Kannan stresses that the picture that emerges of the 1980s is a
mixed one and there is no prima facie case for putting responsibility on protective legislation and trade unions. He stresses that slow industrial growth is more closely linked to ‘the narrow base of effective demand arising from the income of workers because of the small size of the organised sector in the total workforce’ (Kannan, 1994:1940).

Similarly, the ILO-SAAT study has pointed out that labour market rigidity really applies, if at all, to only a very small sector of primarily public sector employees. Employers, particularly after the 1984 amendment to the Industrial Disputes Act, have resorted to numerous escape routes to avoid statutory regulations in the organised sector as we will see in the next section. In fact there had been a decline in the number of protected industrial workers even prior to the economic reform period. ‘The percentage of protected industrial workers among all protected employees declined from 30.3 in 1980-81 to 26.2 in 1990-91’ (ILO/SAAT, 1996:82).

One could therefore dismiss the whole discussion on flexibility as being irrelevant to India, particularly if one is looking at women workers. However the term ‘flexibility’ is increasingly being used by manufacturers and policy makers in India, and labour market flexibility has been recommended by the World Bank. Proposals have been put forward, for example, to amend the Industrial Disputes Act, 1947, but so far no major changes have been made due to political opposition.

The research for this study was conducted in a context where there was a shift in the discourse of the state from welfare and protection to flexibility, efficiency and exit policies for industrial workers. The push towards flexibility is not just at the level of discourse and intention; it is also being implemented in practice. Even if there has not yet been explicit labour market de-regulation whereby formal legal regulations have been changed, in many industries there has been implicit deregulation. Existing legal regulations have been made less effective or have been by-passed.

The next section traces the process of industrial restructuring in the Indian electronics industry, and describes the enterprises and women workers in the study.

**Industrial Restructuring in the Electronics Industry in India**

The electronics industry in many other developing countries, particularly the Newly Industrialising Countries, grew as a direct result of the relocation and shift towards off-shore manufacturing by U.S. and Japanese companies conforming to the ‘buyer-driven’ commodity chain elaborated by Gereffi (1994). However, India’s electronic industry, although linked to global networks, grew within the framework of state intervention and import substitution, with different systems of governance than the simple dichotomy between producer-driven/ buyer-driven commodity chains prevalent in the literature on global commodity chains. In relation to global electronics
production, the Indian electronics industry is (proportionally) small - accounting for roughly 0.7 percent of global production in 1989 (Gowen & Hebler, 1993). The growth, structure and development of this industry can be divided into three broad phases, each one reflecting different policy regimes: self-reliance with regulation (1960-1980); self-reliance and partial liberalisation (1980-1990); and liberalisation and globalisation (1991 onwards).

Self-reliance with regulation (1960-1980)

The industry started in the 1950s when radio sets began to be manufactured in India. The first television broadcasts were beamed from New Delhi in 1959, but it was only in 1973 that a domestic television industry emerged. Within the broader policy framework of import substitution and self-sufficiency, the television industry was set up with a bias towards the public sector and small-scale private enterprise. Indigenous research and development was supported, and no foreign collaboration was allowed. The public sector concentrated on defence and communication equipment, power electronic equipment, instrumentation and components. The small-scale sector concentrated on consumer goods. Although the first four licences for manufacturing were distributed equally to two large industry houses and two small-scale units, the two large companies found television manufacturing to be uneconomic, and subsequent government licenses were given primarily to the small-scale sector.

At this stage, the small-scale sector focused on the production of consumer electronics, primarily televisions. In 1972-73, there were 77 licensed manufacturers of television sets, of which 87 per cent were in the private small-scale sector, with the rest in the public sector (Guhathakurta, 1994). Components were imported with the proviso to develop and use indigenous technology. The production process consisted of manual assembly of these components. Prices of televisions were high due to the high costs of imports, fragmented capacities and low level of technology used in manufacturing. For instance, the picture tube, which had to be imported, accounted for about 40 per cent of the ex-factory price.

Government support to the small-scale sector fostered growth, and the overall growth rate of the small-scale sector was higher than the larger public sector units. The annual compound growth rate of the small-scale sector and organised sector were 59 per cent and 46 per cent respectively during 1971-79 (Joseph, 1985). In 1976, the government channelled the import and distribution of picture tubes through the Electronics Trade and Technology Development Corporation (ETTDC), and norms were formulated for allocations that enabled the small-scale sector to increase its capacity. A number of other government promotional and regulatory agencies were set up for the electronics industry. The Department of Electronics (DOE) was formed in 1970 and the Electronics Commission in 1971. The Commission further set up the Information Planning and Analysis Group to monitor and plan for different aspects of the domestic
electronics industry. By 1981 coverage had expanded, demand had increased, and the small-scale sector share in the production of consumer electronics had increased from 38 percent in 1971 to 61 percent.

The Indian electronics industry's growth during this period was based primarily on the domestic market. Compared with other electronics products, the television industry recorded a relatively high rate of growth. The share of televisions in the total production of consumer electronics increased from 8 percent in 1971 to over 36 percent in 1981 (Joseph, 1992). During this period, export processing zones (EPZ) began to be established. The first one, the Santa Cruz Export Processing Zone (SEEPZ), was started near Bombay in 1974 exclusively for the manufacture of electronic products. In the export processing zone, small-scale units manufactured components mainly for the Southeast Asian consumer goods sector. In the initial period, these units were owned primarily by Indians and non-resident Indians (NRI), with very few multinational investments.

In 1975 there were only five firms operating in the zone. By 1982-83, there were 44 units employing some 3,500 workers (Gothoskar, 1991). The Tandon group dominated the manufacture of electronics, owning four units and employing almost half the zone's workforce. With the setting up of the Kandla Free Trade Zone, (KFTZ) in 1978, export of electronic items rose. In addition to exports from the export processing zones, exports from small-scale consumer electronic enterprises, from defence, telecom equipment and industrial electronic enterprises also rose. Nonetheless the home market remained much more significant.

Despite the growth of the industry, the predominance of the small-scale sector in television production meant high costs and a lack of international competitiveness. The components industry was just starting and there were many problems with the domestic development of electronic circuits. Failure rates were high, producers could not cope with servicing demands, and unauthorised copying of foreign circuits led to numerous non-standardised technologies being used in the industry along with a continuing reliance on imports (Guhathakurta, 1994). Thus prices remained high. The cost of assembly and marketing, together with the profit mark-up, meant that the price of a black and white television in India was four times that of a similar television abroad (Joseph, 1992).

Self-reliance and partial liberalisation (1980-1990)

In 1981 a new phase began. Policy measures were initiated within the electronics industry, following the recommendations of the Sondhi Committee in 1979 and a shift in the general policy environment towards liberalisation. In 1985, when addressing the All India Manufacturer's Organisation, Prime Minister Rajiv Gandhi articulated the new approach, stating that 'Electronics is the nervous system of a nation: and as a nation evolves, that nervous system
must also evolve.’ He stressed the application of electronics in the wider industrial system and called for the private sector to invest in the industry, with the promise that regulations and restrictions would be streamlined. A comprehensive policy package – ‘Integrated Policy Measures on Electronics’ – was announced in March 1985, in order to improve productivity and efficiency in different sectors of the national economy.²² The main features of this package were:

1. Lifting of the restrictions on entry into the sector through an overhaul of the duty structure and relaxation of capacity limits. Many large-scale enterprises were allowed to enter, as well as companies with foreign equity up to 40 per cent.

2. Lifting of import controls on most electronic components that were not manufactured indigenously.

3. Provision of licences for the import of colour television kits for assembly.

4. De-regulation of subscriber-end telecommunication equipment for the private sector.

5. Import of technology subject to a ‘phased manufacturing program’ (PMP) leading to indigenisation.

6. A shift to fiscal controls (duties, taxes), rather than a total ban on the importation of certain products.

Liberalisation proceeded during this period with caution and selectivity. For example, imports of components were allowed, but were subject to local manufacturing capacity. The 1982 Asian Games provided an inducement for the Government to allow extensive importation of colour television kits, and there was tremendous expansion in the manufacture of colour television sets. Although most of the firms that started producing colour televisions were already making black and white sets, a number of new firms entered the field, including a number of large firms. The 28 per cent growth rate of the 1975-81 period increased to 44 per cent over the next seven years. By 1988, the share of televisions in consumer electronics production had increased to over 70 per cent, exceeding the projections of the Department of Electronics for the Seventh Plan period.

The policy shifts of the eighties resulted in a significant change in the structure of the industry, hitherto primarily concentrated in the small-scale private sector alongside a few large public sector units. There were two processes whereby large firms became significant during this period. These were through the entry of large industrial houses (MRTP) and foreign controlled companies (FERA) into electronics production; and through the ‘graduation of small-scale units through expansion.’²³ This process was often accompanied by a shift in production items. A number of units which produced items such as radios, tape recorders and calculators discontinued manufacturing of these items
and shifted to colour television and, in some cases, video recorders (Papola, 1989).

In the mid-eighties, medium- and large-sized enterprises accounted for 35 per cent of total output, public sector enterprises accounted for another 35 per cent, while the small-scale enterprises accounted for 30 per cent of total output, primarily in consumer electronics (Gowen & Hefler, 1993). An important feature of the electronics industry was the phenomenon of market segmentation. A few firms dominated regional markets, with almost monopoly power. This meant that competitive pressures between firms were muted. Competitive strategies therefore tended to be ‘non-technological’ in nature, with advertisement used to enlarge market access (Joseph, 1997:115-117).

Almost from its inception, the Indian electronics industry has been characterised by *systemofacture*, the subcontracting to a network of small firms (Kaplinsky, 1985). Initially, small-scale enterprises were expected to be vertically integrated independent units, undertaking design, product development, manufacture, testing and marketing as well as after-sales service. However, since most of these units lacked sufficient infrastructure and finances, they ended up as dependent on one or two large customers for job work (Annavjhula, 1987).

Bypassing the licensing system and taking advantage of the concessions provided to small-scale enterprises, large firms resorted to subcontracting in two ways – commercial and industrial. The type of subcontracting involved both ‘assembly’ and ‘product’ subcontracting (Nagraj, 1984). Some large firms that entered the industry in the 1980s also initially had in-house capacities. However, this led to over-investment and under-utilisation and consequently large business houses began to resort to industrial subcontracting. Large companies subcontracted (or even set up) small units in various states, in addition to their main branches in and around major cities, in order to get the tax differential benefit. In Maharashtra, for instance, there were 70 television manufacturing units, of which half were vendor (subcontracted) units for companies such as Nelco, Binatone and Crompton. Phillips India Ltd. had a network of 561 independent subcontractors, with the number of workers in the ancillaries almost equal to the number working in the main plants (Nagraj, 1984:1447). In a study on consumer electronics, Papola found that of 240 electronic units registered in NOIDA Complex near Delhi, the majority assembled televisions for larger units who supplied chassis and components to them. He estimated that subcontractors undertook 60 per cent of processing, and parent units undertook 40 per cent (Papola, 1989).

By the mid-eighties, such flexibility in the organisational structure of the firm was already a significant feature in the industry. Three types of subcontracting relationships developed in the small-scale sector:
1. **Captive subcontractors:** These were small-scale units set up by large business houses. The units supplied the parent firm with products made to the parent firm’s specification.

2. **Semi-autonomous subcontractors:** These units relied on subcontracting jobs from one firm but also took on subcontracted jobs for other clients.

3. **Independent subcontractors:** These units manufactured and marketed their own products as well as taking on job-work for large firms for a variety of products.

Subcontracting was encouraged and supported by government policy directly through recognition of enterprises called Original Equipment Manufacturers (OEM). These enterprises manufacture for other companies and do not market under their own brand name. The Department of Electronics list of the top 50 television manufacturers in 1988 included 13 establishments who were OEMs (Guhathakurta, 1994).

Major reasons for subcontracting were lower labour costs and the avoidance or undercutting of a unionised workforce. In the 1980s, employers in many industries resorted to subcontracting on a large scale as a deliberate strategy to undermine the strength of a unionised workforce. In Bombay, companies manufacturing radios and audio products such as Murphy and Bush put their total production out to subcontracted units so that workers in the main plant in Thane were left without work (Shrouti & Nandkumar, 1994). The first-phase liberalisation in the electronics industry already led to significant changes in the structure of the industry: large enterprises entered into manufacturing, directly or through subcontracting linkages. Small-scale units proliferated, and there was a shift in product items.24

By 1990, the boom in production was over and the electronics industry entered a period of severe recession. In 1991, there was negative growth rate in real terms. Worst affected were the television and components sectors. Demand fell for televisions, radio receivers, and video recorders. In 1992, only audio products and electronic watches and clocks showed any growth. Exports also declined due to global recessionary trends and the break up of the Soviet Union. The compound annual growth rate stood at 40 per cent between 1985-89, but by 1993 it was 29.64 per cent (Chakraborty, 1993). The crisis hit those small-scale units which had proliferated during the boom period of the early eighties. Already between 1984-1987, out of 460 firms which were granted licenses, 167 units closed down after selling only a few sets. It was estimated that nearly 30 per cent of the small units would shut down in 1991. In 1992 there were reports of 101 units out of a total of 335 closing down (Financial Express, April 1992). The Journal of Consumer Electronics and Television Manufacturers’ Association (CETMA) reported that 50 members had left the association because they had closed down their units (CETMA, August 1995).

Manufacturers’ associations such as the Indian Television Manufacturers’ Association (ITMA) blamed the rise in excise duties in the 1989-90 budget for
the crisis in the industry. ITMA representatives bemoaned the high rates of taxation, saying that the government was treating colour televisions as a luxury item and this was contradictory to their policy of expanding television coverage to 70 per cent of the population. The new excise rates, combined with other taxes, meant that the customer bore almost 50-55 per cent tax burden (Financial Express, January 1990; The Week, August 12, 1990). Government policy to collect more revenue was seen as counterproductive since it provoked demand-led recession.

The reasons for the crisis were much deeper. The growth in electronics production in the eighties was in fact a 'kit assembly boom' which did not address structural weaknesses in the industry. Cashing in on the demand for televisions in the early eighties and benefiting from government support, huge capacities were created. In 1988, installed capacity for both black and white and colour televisions was sufficient for the production of 15 million sets per annum, but actual production was 4.4 million for black and white and 1.3 million for colour televisions. Capacity utilisation was thus 29.2 per cent for black and white televisions and 8.6 per cent for colour television (Economic Times, April 1990). In the 1990s, capacity utilisation went down even further.

Companies facing a crisis in the 1990s included Televisa, Paman Electronics, Cosmic, Sois Electronics, Jetking, Samtel TV, Calcom Electronics, Gandhi & Co., Goldstar (vendor for Crompton Greaves), Amber and Stellar Electronics (vendors for Nelco), and Interwood (vendors for Binatone).

The first phase of restructuring in the electronics industry led to significant structural change induced by the market. Managerial strategies to deal with the demand recession varied depending on the size of enterprises. Large enterprises followed two strategies. Big companies such as Videocon and BPL-India went in for vertical integration and product diversification. Other large companies wound up subcontracting linkages with small enterprises and units established in backward areas, and shifted into other products. Large firms cut out the small units as soon as the costs went up. Medium-scale enterprises in contrast have tended to further their flexibility by cutting back production in their own units and increasing subcontracting, thereby reducing labour and overhead costs. Other strategies included finding niche markets and entering less competitive areas.

The effect on small-scale enterprises varied depending on whether they were captive subcontractors or independent subcontractors. Captive subcontracting declined while the independent subcontractors managed to survive through increased orders from medium and large enterprises. In fact, these small-scale enterprises were able to spread their risks and weather the changes of this period. They did this by moving into other products, trading in electronic items rather than assembling them, and by keeping operations small and flexible (Guhathakurta, 1994:838-54). Another reason for the malaise in the industry was the failure of the policy of indigenisation. There was very little innovation or research and development, and manufacturers remained basically involved in
Chapter 2

'screwdriver assembly' of imported kits. The import content remained high (Joseph, 1997:122).

**Liberalisation and globalisation: 1991 onwards**

The present phase has ushered in fully-fledged liberalisation with globalisation. The New Economic Policy of 1991, which was propelled by an external debt crisis, initiated structural reforms in the whole Indian economy. However, as recorded above, from the mid-seventies through the eighties there has been a process of 'creeping liberalisation'. The drastic measures introduced in 1991 should be seen in the context of changes in many sectors that occurred during the earlier period.

The 1993-94 budget was termed by many as *the* budget for the consumer electronics industry. The Finance Minister, Dr. Manmohan Singh, stated that the electronics industry has the potential of becoming a 'world class industry, contributing to the country's export effort and to employment generation.' The government reduced excise duties and customs duties, recognising the need to revive industry from the recession. Some large companies such as Onida, Videocon and BPL benefited from these measures, and their sales rose. However, other sectors of the electronics industry, such as components manufacturers, were badly affected due to the convertibility of the rupee. Lobby groups were formed and considerable pressure exerted on the government. To consolidate their opposition, manufacturers of electronic components (ELCINA), consumer electronics (CETMA), computer hardware (MAIT) and telecom (TEMA) formed a united front and submitted joint proposals with reference to the recommendations made by the tax reforms committee headed by Dr. Raja Chelliah.

However, by this stage, the electronics industry had been opened up almost completely to global competition, as multinational giants entered into electronics production in India. The lowering of import duties on imported electronic equipment brought in as personal baggage (first reduced from an initial 250 per cent to 150 per cent, then later to 100 percent), meant that foreign brands would compete directly with Indian ones. Indian manufacturers' reactions ranged from stating that this would mean 'the death knell for the indigenous industry' to a more cautious response calling for a 'level playing field' (*Financial Express*, May 1993). Indian television manufacturers felt that the industry needed at least four to five years more of protection, since it was in the process of restructuring to establish international quality standards. Newspapers regularly reported statements such as:

The international giants will come with an aggressive marketing blitz and wipe out Indian industry, just as they have done in Europe and even in America where domestic TV set manufacturers have closed up shop in the face of Japanese market aggression. (S. Vachani, *Financial Express*, 1993)
To expect Indian industry to compete with the Japanese and the Korean giants when European consumer electronics industry gave up, is to ask for the moon. (Sehgal, ex-President, CETMA, Financial Express, 1993)

The threat of competition at this stage was simultaneously countered by statements that domestic manufacturers had a well developed vendor network as well as service centres, and multinationals could not so easily enter. However, the liberalisation of foreign equity restrictions did result in the direct entry of multinationals into the country and this added to the competition ensuing from imported foreign brands. By the mid 1990s, a large number of Indian television companies had linked up with multinationals for domestic manufacture of international branded electronic products. This is shown in the following chart:

<table>
<thead>
<tr>
<th>Indian Company</th>
<th>Multinational Company</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sony/Olympia Electronics</td>
<td>Sony</td>
<td>Audios</td>
</tr>
<tr>
<td>Salora International</td>
<td>Matsushita</td>
<td>CTV</td>
</tr>
<tr>
<td>Bestavision</td>
<td>Gold Star</td>
<td>CTV</td>
</tr>
<tr>
<td>Videocon</td>
<td>Toshiba</td>
<td>CTV</td>
</tr>
<tr>
<td>BPL</td>
<td>Sanyo</td>
<td>VCR</td>
</tr>
<tr>
<td>Kalyani</td>
<td>Sharp</td>
<td>VCR</td>
</tr>
</tbody>
</table>

**Competition and forced restructuring of domestic companies**

Global competition has forced domestic companies to initiate more intensive programs of restructuring. The industry continued to show low growth rates into the mid-nineties. In 1992 CETMA, in consultation with the Department of Electronics, conducted a survey through the Operations Research Group to improve the market for consumer electronics and identify the reasons for the negative growth in the industry. The proposals put forward by CETMA to counter the recession included rationalisation of the excise structure. In September, 1995, the Planning Commission constituted a Working Group on Electronics and recommended a goal of a growth rate of 32 per cent. In April 1995, the firm of Arthur D. Little, commissioned to do a study on the Television Manufacturing and Electronics Component Industry, projected that the Indian TV industry could achieve a production target of 11 million sets by the year 2000. This would be done through increased exports and linkage with foreign companies following the Mexican route.

International and domestic subcontracting was further intensified with large firms linking with companies such as Phillips, Goldstar, Delta Hamilin, and Motorola, and some small-scale enterprises establishing subcontracting relations with a number of large firms. Although a few large companies such as Videocon
were moving towards vertical integration and starting their own ancillaries to ensure quality control, the structure of the industry predominantly consisted of layers of subcontracting. By 1996, domestic manufacturers in the electronics industry began to change their attitude towards multinationals. ‘Foreign friends, partnership and collaboration’ became the new buzzwords. Behind the scenes, domestic manufacturers were engaged in yet another phase of restructuring to meet the challenge of multinationals by introducing even more ‘flexibility’ in the organisational structure of companies, in product items and in the labour market. It is in this setting that this study was initiated.

The Enterprises in this Study

As mentioned in Chapter 1, Delhi’s electronics industry is concentrated in Okhla Industrial Estate, with other factories scattered in Nariana and Badarpur industrial areas and in the neighbouring industrial estate set up by the New Okhla Industrial Development Authority (NOIDA). The twenty companies in the sample represent the multi-structural and differentiated character of the electronics industry, and different phases of the development of the industry. Drawing on the conceptual framework elaborated in Chapter 1 the companies are classified into a broad four-fold typology of gendered labour regimes taking into account variations in labour process/level of technology as well as distinctions based on the nature of linkage between domestic capital and multinational capital.

The linkage between domestic capital and multinational capital takes four forms:

- Import of semi-knocked down kits from global markets
- Technical collaboration with a multinational company but producing own local product
- Technical collaboration as an OEM and/or producing own product
- Direct subcontracting i.e. assembling and marketing an international brand

There is a further distinction between enterprises on the basis of the level of technology: simple manual assembly; semi-automated, conveyor belt; automated continuous flow technology; and advanced automated continuous flow technology. Combining these two criteria, a four-fold classification emerges.

Gendered Labour Regime I consists of small and tiny enterprises who either manufacture their own products out of kits imported from Southeast Asia, for the low end domestic market, or supply to large units as independent subcontractors, using manual assembly and low levels of technology. Gendered Labour Regime II consists of enterprises established in the 1970s who produce and market their own products, have technical collaboration agreements with foreign companies, and use semi-automatic conveyor belt technology. Gendered Labour Regime III consists of companies which expanded in the 1980s and developed closer technical links to foreign capital. These companies are OEMs
Table 2.2 Classification of companies in the sample

<table>
<thead>
<tr>
<th>Company</th>
<th>Products</th>
<th>Estd.</th>
<th>Foreign collaboration</th>
<th>Subcontracting links</th>
<th>Employment size</th>
<th>Level of Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gendered Labour Regime I</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indian Electronics</td>
<td>TV</td>
<td>1970s-80s</td>
<td>Import of SKD/CKD</td>
<td>Own product</td>
<td>Small</td>
<td>Manual assembly</td>
</tr>
<tr>
<td>Alphine Audio</td>
<td>TV</td>
<td></td>
<td></td>
<td>Own product</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kalra Electronics</td>
<td>TV</td>
<td></td>
<td></td>
<td>Own product</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tony Electronics</td>
<td>TV</td>
<td></td>
<td></td>
<td>Own product</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eppeltone Engineers</td>
<td>PCB, other</td>
<td></td>
<td></td>
<td>Large enterprises</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technika Electronics</td>
<td>PCB, calculators</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shiv Shakti</td>
<td>PCB, other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dynamic</td>
<td>PCB, other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gendered Labour Regime II</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jupiter Radios/Texla</td>
<td>TV</td>
<td>1976</td>
<td>Goldstar technical</td>
<td>Salora + others</td>
<td>Large</td>
<td>Semi-automatic</td>
</tr>
<tr>
<td>Weston</td>
<td>TV</td>
<td>1976</td>
<td>Various technical</td>
<td>Own product</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Usha Electronic</td>
<td>TV</td>
<td>1975</td>
<td>Japanese technical</td>
<td>Onida, Salora</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Control &amp; Switchgear</td>
<td>Elec. Relays</td>
<td>1968</td>
<td>German technical</td>
<td>Own product</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Ahuja Radios</td>
<td>Speakers</td>
<td>1973</td>
<td>Own Product</td>
<td></td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td><strong>Gendered Labour Regime III</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Calcom</td>
<td>TV</td>
<td>1976</td>
<td>Philips</td>
<td>OEM</td>
<td>Large</td>
<td>Automated (CF)</td>
</tr>
<tr>
<td>Monica Electronics</td>
<td>TV</td>
<td>1975</td>
<td>JVC</td>
<td>Own brand ONIDA</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Supercassette</td>
<td>TV</td>
<td>1980</td>
<td>Various</td>
<td>Own brand</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Salora FBT</td>
<td>TV, VCR, Audio</td>
<td>1977</td>
<td>Japanese</td>
<td>Own brand + others</td>
<td>Large</td>
<td></td>
</tr>
<tr>
<td>Tacker Technology</td>
<td>TV</td>
<td>1980</td>
<td>information not available</td>
<td>OEM</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>As Impex</td>
<td>TV</td>
<td>1990</td>
<td>Indirect</td>
<td>OEM</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td><strong>Gendered Labour Regime IV</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Panasonic</td>
<td>Audio/TV</td>
<td>1995</td>
<td>Matsushita</td>
<td>International brand</td>
<td>Large</td>
<td>Advanced automated</td>
</tr>
</tbody>
</table>
who primarily supply finished products to other large units with international and national brand names. Some do market their own product. The labour process is automated. Gendered Labour Regime IV is an example of direct international subcontracting (producing and marketing an international brand) resulting from the linkage of domestic capital with Japanese companies initiated in the 1990s, using advanced automated technology.

This first-order classification highlights different forms of labour control, and the construction of a specific type of gendered labour force and regime given variations in the degrees of state intervention, managerial practices and workers' responses. A second order classification is introduced to reflect the differences between regimes that were forged in the pre-liberalisation period and those which were forged in the post-liberalisation period. Chapter 4 looks at GLR 1 and 2 as reflective of the pre-liberalisation period and Chapter 5 at GLR 3 and 4 as symptomatic of the post-liberalisation period. Each category presents a composite picture based on data from two to four enterprises, drawing on observation and in-depth interviews with workers, employers and managers.

**Women Workers in this Study: Labour Status/Vulnerability Index**

Before moving into the specificity of the social composition and nature of each labour regime, an aggregate picture of the labour status of women workers in the electronics industry is presented below. In terms of employment size (the basis for application of labour regulations), the majority of these enterprises (except for the tiny and small enterprises) are large with a workforce ranging from 200 to 500. Hence, all labour regulations are applicable to large and medium size enterprises, and a limited set are applicable to the small and tiny enterprises. It should be noted that reference to large, medium, small and tiny in this study is based on size of the workforce and not to value of capital investment.

The Vulnerability/Security Index below shows changes in the labour status of women workers in the total sample between 1993 and 1999. The index used here is a composite of data on work status, nature of contract, legally entitled benefits, minimum wages and trade union organisation. Based on the presence/absence of legally specified entitlements, the index highlights three dimensions of protection and security: employment security, income security and labour representation security. Employment security refers to whether the job is permanent or temporary and whether there is a written or verbal contract. Income security refers to the implementation of minimum wage regulations and legally entitled benefits. Labour representation security refers to the presence or absence of a trade union. The index is a truncated version of the seven forms of security included in the ILO definition of Decent Work.

The index resulted in the classification of women workers into three broad Vulnerability/Security categories, which in 1993 were: Unprotected (17 per cent), Marginally Protected (40 per cent) and Protected (42 per cent).
results reveal the absence and uneven implementation of statutory labour regulations, as well as a significant section of protected workers.

Figure 2.1 Vulnerability/Security Index

The major change in the labour status of women workers between 1993-1999, as revealed by the index, clearly demonstrates that enterprises in the electronics industry are resorting to labour market flexibility. In the space of six years, the number of workers who fall into the category of unprotected and insecure increased from 17 percent to 60 percent. The shift has been primarily from the protected, secure category to the unprotected, insecure category. The latter category includes women who were illegally retrenched due to relocation of their factory, and those dismissed during the course of the research. It also included young women newly recruited in the recently established multinational factories, indicating that new employment is informal and vulnerable. The discussion on gendered labour regimes in the electronics industry in the next chapters identifies the processes that are leading to these changes. The case studies throw light on the interplay of forces resulting in processes of both continuity and change in labour market flexibility, and the interplay of diverse forms of labour control in the context of the industrial restructuring in the 1990s.
Notes

1 Contemporary commentators in the era of neo-liberalism tend to label these policies as socialist. See Deepak Lal for a critique from a neo-liberal perspective of India's dirigisme (Lal, 1999).

2 Some commentators suggest that this is due to India's democratic structure that allows less policy flexibility to the state (Nayar, 1992).

3 In the period 1951-1965, industrial production grew at an average annual rate of 7.7 per cent. During the decade following, the rate fell to 3.6 per cent (Nayyar, 1981: 91).

4 This new class is composed of different sections, including 'shadowy' wheeler-dealers in trade and finance as well as regional capitalist groups who have moved into new products. Its composition also reflects the proliferation and growth of small and medium capitalists who benefited from the government support policy for the small-scale sector. For further discussions on the class/state debate and the move towards liberalisation, see Harris, 1989a; Kohli, 1989; and Bardhan, 1993. Patnaik, 1995, gives a Marxist political economy approach, and Rudolph & Rudolph, 1987, provide a liberal interest-group approach.

5 Nancy Fraser has shown that the issue is not simply one of whether predefined needs are met, but also reflects the fact that people's needs require an interpretation, and needs/claims always have a contextual and contested character (Fraser, 1989:163; Moore, 1994:93).

6 The first legal regulations in the plantations, for instance, were directed against the excesses of the contractor recruitment and management system intended to ensure a stable flow of labour. A number of Acts passed in the mid-nineteenth century were accompanied by penal sanctions which allowed workers to be arrested for 'absconding without warrant' (Nair, 1996:100; Anderson, 1993).

7 The law was finally passed in 1929. By that time, women were already being phased out of underground work, with a change in the structure of the workforce whereby men replaced women, migrants replaced locals and individuals replaced families (Simeon, 1999; Barnes, 1989).

8 The argument that protective legislation was a deterrent to women's employment remains a contested issue in historical studies. In the textile industry in Bombay, for instance, government documents and analysis of early historians tend to explain the decline in the proportion of women workers due to the passing of protective legislation. However, research by M. Savara and R. Kumar highlights the need for stability and labour discipline, and mechanisation respectively as causal factors (Savara, 1986:52; Kumar, 1994). Kumar sees the passing of protective legislation as occurring after women had already been displaced. R. Chandavarkar on the other hand points to a combination of factors: technological changes in winding and the closure of reeling departments, along with protective legislation (Chandavarkar, 1994:388). Iftikar- ul-Awwal also sees the proposal for protective legislation as influencing employers in the coal mines to reduce the number of women, even
before the Mines Maternity Benefit Bill was passed in 1941 (Iftikar-ul-Awwal, 1985). It appears that the displacement of women from factories and mines seemed to precede rather than follow the passing of protective legislation (Nair, 1996).

9 In the Central Legislative Assembly, there were two nominated seats for labour. N.M. Joshi, one of Bombay’s most well known social workers and a trade unionist, occupied one of these seats between 1921 and 1947. See Chhachhi, 1998, for details on representation of class interests.

10 The third moment is the struggle over the satisfaction of the need, the struggle to secure or withhold provision (Fraser, 1989:164).

11 For a more detailed elaboration of the debates, see Chhachhi, 1998.

12 This image of the drunken (male) worker persists and is found repeatedly in subsequent reports and discussions on the maternity benefit scheme. An inquiry into conditions of work in the mines based on reports from managers and labour officers stated that the cash benefit given to women under the Mines Maternity Benefit scheme, initiated in 1941, was utilised by the men for the purposes of ‘the four G’s – goats, ghosts, grog and gambling’. The report in fact recommended that maternity benefit should be paid in kind so that it would really reach the women (Report on the Mines Maternity Bill, 1948).

13 Supporters of the bill also admitted that women workers were inefficient, but saw that as a result of low wages, lack of food and ill-health.


15 There were a number of problems with the provisions of the bill, which laid out administratively defined criteria which further limited the implementation of the Act. For instance, the ‘continuous service’ clause meant any break in service could be used to deny women benefits. The provision that the benefit could be paid after childbirth meant the woman could not use it for better nutrition before. The benefit could also be suspended for unspecified ‘misconduct’. Some of these restrictive clauses remain until today.

16 The original proposal was for a general tax on all industry regulated by the local government. Amendments were made seeking to eliminate the administrative role of the state and to restrict the Act to industries employing only women. Supporters of the Bill then played on the threat of state intervention, and mill owners backed down, preferring to take on the whole burden rather than allow government to regulate their relations with labour. In the event though, the bill in fact did imply that the government not only framed the rules governing the scheme but could also inspect violations. The setting up of the Bombay Labour Office in 1934 was the culmination of the attempts by the government to enter into and regulate relations between capital and labour (Newman, 1981, Kooiman, 1989). This laid the basis for state regulation of employment and relations between capital and labour in the post-independence period.

17 In 1922, in a passionate speech on the ban on underground work for women, N.M. Joshi argued against the employment of women on the grounds that working women
cannot be good wives and mothers. This sets off the vicious cycle of men resorting
to alcoholism, which then means women have to seek work outside the home. At the
same time, he defends the working-class woman against the charge of immoral
behaviour if left alone above ground since, unlike the upper classes, the working-
class man trusted his woman (for details see Chhachhi 1998).

18 Through the period when the Maternity Benefit Bill was being debated and
resisted, the focus was on maternal ignorance and the need for the ‘education’ of
mothers. Based on a model of ‘mother craft’ becoming popular in Britain, working-
class women were being taught the standards of hygiene, nutrition and childcare
derived from a middle-class context (Sen, 1993:238). Scientific advice usually came
usually from male doctors, whose word carried more weight.

19 The Committee formulated very clear criteria for the fixing of wage differentials.
These included degree of skill, strain of work, experience, training, responsibility
undertaken, mental and physical requirements, the disagreeableness of the task, the
hazards and fatigue involved (FWC, 1948:20). Such a combination of factors has
never been taken into account to assess wage differentials for any section of
industrial workers in India.

20 Government notifications of minimum wages continue to classify work as ‘light
work usually done by women’ and ‘heavy work usually done by men’, thereby
justifying lower rates for women (Shram Shakti, 1988:103).

21 Government intervention in wage determination and industrial conflicts has
tended to sideline the agencies for collective bargaining (Ramaswamy &

22 In addition to this package, specific policies were formulated for different sectors.
In 1986 a major reform was introduced through the Policy on Computer Software

23 Joseph notes that of the top ten black and white television manufacturers in 1988,
eight were in the small-scale sector in 1976. Of the companies included in this study
5 of the 14 companies in the sample were registered in the small-scale sector in the
1970s and registered in the organised sector in the 1990s.

24 An attempt was made in 1984 to develop a local model of ‘flexible specialisation’.
This attempt, which did not succeed, used a consortia approach based on the
Japanese model of clustering of small firms, supply of kits, and infra-structural
facilities through a government agency.

25 Commentators saw the crisis as ‘shedding the excess fat the consumer durables
industry has acquired during the boom period. The boom in the mid-80s period had
brought along with it ‘too many manufacturers’ who climbed onto the bandwagon
anticipating a part of the cake’ (S.P. Kumar, Sunday Observer, August 18, 1991).

26 There was a 25-30 per cent increase in the sales of three major TV brands –
Onida, Videocon and BPL in the first four months of 1993.
27 It is significant to note that the firm Arthur D. Little had been commissioned to make recommendations for the Mexican maquiladoras in the 1980s (Little, 1995).


29 On the basis of capital investment, most of these enterprises (except for GLR 4) are classified as part of the small-scale industrial sector. The sample therefore represents the predominance of this sector in the Delhi electronics industry.

30 Women electronics workers who lost their jobs during the period of research have been included on the basis of data relating to employment conditions before job loss.

31 The index is a modification of the labour status approach very usefully developed by J. Harris, K.P. Kannan and G. Rodgers, 1990. In this study, the focus is on different dimensions of protection and security, rather than regularity and autonomy of different kinds of work. It covers a number of dimensions included in the Decent Work Index developed by the ILO.