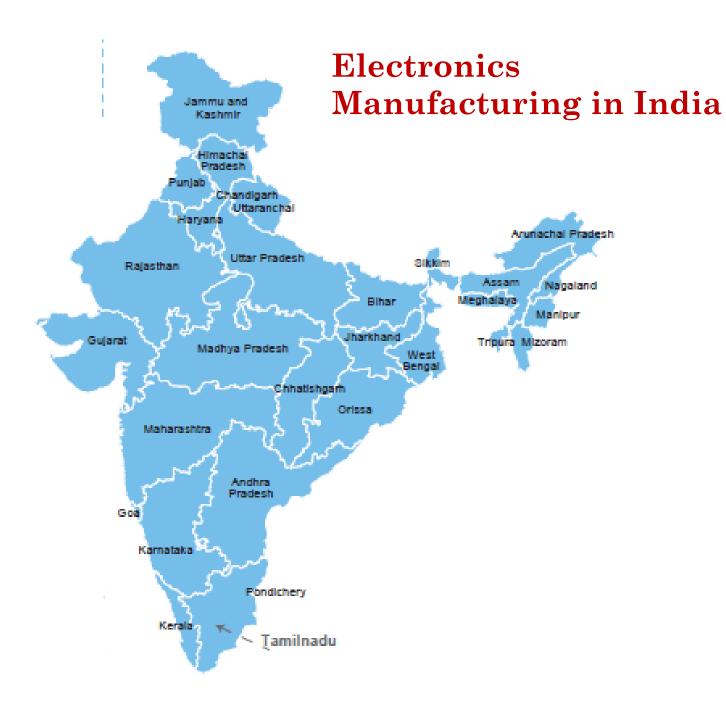


# Contract Labour in the Electronic Sector

December 7, 2017



#### The industry and its labour force

- Investment of USD 711 million over 8 years employing over 10,000 workers
- 80% of the labour force in the electronics industry is working in precarious conditions (Source: Cividep's continuous engagement with workers and as per data collected for Electronics Watch: Regional Risk Assessment India Report)

	А	В	С	D	E	F	G
Permanent	1500	450	3000	350	400	400	180
Contract	2000	2500	200	30	100	2000	20
Apprentices	0	50	0	0	0	100	0
Trainees	0	0	300	0	0	0	0
Total	3,500	2,700	3,500	380	500	2,500	200
Percentage	57	94	14	8	20	84	10

#### **Contract workforce**

- Immediate termination upon association
- Excluded from factory committees
- Not entitled to leave and other employment benefits
- No Personal Protective Equipment
- Earn lesser than permanent workers for same work; wage stagnation

#### Apple in India: Incentives and tax breaks

Apple seeks to set up a production base that goes beyond cell phone assembly

Apple's "pre-requisites":

- Duty exemptions for raw materials and capital equipment for 15 years
- They want the same treatment for their component manufacturers including tax concessions



Sriperumbudur Arch: Industries manufacturing Electronics/ Telecom/ Hardware and support services occupy 41% (918.58 acres) of the Sriperumbudur Industrial Park (Source: TN Govt. website: https://www.sipcot.com/specialEcoZones.html)

### Incentives junkies<sup>1</sup>

- Capital intensive industries tend to be most interested in custom and tax concessions
- Providing infrastructure entails substantial public expenditure but foregoes public revenue in the form of tax concessions and customs exemptions, thereby stressing the economy
- Tax concessions offered in incentive packages may, at least on paper, be meant for a 5-10 year period, but the changes to environment and labour laws and norms can be more permanent, giving great cause for concern.

<sup>&</sup>lt;sup>1</sup> Term used in Oskarsson, P. (2005) Indian Attraction: Profitable Multinationals as Subsidy



## Thank You