

# Contract Labour in the Electronic Sector

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# Electronics Manufacturing in India



## The industry and its labour force

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- 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)

	A	B	C	D	E	F	G
<b>Permanent</b>	<b>1500</b>	<b>450</b>	<b>3000</b>	<b>350</b>	<b>400</b>	<b>400</b>	<b>180</b>
Contract	2000	2500	200	30	100	2000	20
Apprentices	0	50	0	0	0	100	0
Trainees	0	0	300	0	0	0	0
<b>Total</b>	<b>3,500</b>	<b>2,700</b>	<b>3,500</b>	<b>380</b>	<b>500</b>	<b>2,500</b>	<b>200</b>
Percentage	57	94	14	8	20	84	10

## Contract workforce

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- 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

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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>

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

Thank You