

Making Cars in the New India

Auto manufacturing holds the promise of employing many young Indians in relatively well-paid, high-skill employment, but this promise is threatened by the industry's role as a site of immense conflict in recent years. Conflict between foreign vehicle manufacturers, domestic firms and state institutions has characterised much of the industry's development. Labour relations have been characterised by high levels of industrial, social and political strife in urban manufacturing regions.

This book asks: How do we explain this conflict? What are the implications of conflict for the ambitious economic development agendas of Indian governments? Based upon extensive field research in India's National Capital Region, this book is the first to focus on labour relations in the Indian auto industry. It proposes the theory that conflict in the auto industry has been driven by twin forces: First, the intersection of global networks of auto manufacturing with regional social structures which have always relied on informal and precariously-employed workers; and, second, the systematic displacement of securely-employed 'regular workers' by waves of precariously-employed 'de facto informal workers'.

Drawing upon a range of critical social and economic theories, *Making Cars in the New India* argues that the problem of conflict can be addressed by bringing together key elements of the Global Value Chain (GVC) and Global Production Network (GPN) traditions, which focus on firms and inter-firm relations, with social-relational explanations found in theories of social class, gender and caste.

Tom Barnes is an economic sociologist at the Institute for Religion, Politics and Society at Australian Catholic University in Melbourne. His research primarily focuses on insecure, precarious and informal work in Asia, especially India and Indonesia, and Australia. He has published *Informal Labour in Urban India: Three Cities, Three Journeys* with Routledge in 2015.

Development Trajectories in Global Value Chains

A feature of the current phase of globalisation is the outsourcing of production tasks and services across borders, and increasing organisation of production and trade through global value chains (GVCs), global commodity chains (GCCs), and global production networks (GPNs). With a large and growing literature on GVCs, GCCs, and GPNs, this series is distinguished by its focus on the implications of these new production systems for economic, social, and regional development.

This series publishes a wide range of theoretical, methodological, and empirical works, both research monographs and edited volumes, dealing with crucial issues of transformation in the global economy. How do GVCs change the ways in which lead and supplier firms shape regional and international economies? How do they affect local and regional development trajectories, and what implications do they have for workers and their communities? How is the organisation of value chains changing and how are these emerging forms contested as more traditional structures of North–South trade complemented and transformed by emerging South–South lead firms, investments, and trading links? How does the large-scale entry of women into value chain production impact on gender relations? What opportunities and limits do GVCs create for economic and social upgrading and innovation? In what ways are GVCs changing the nature of work and the role of labour in the global economy? And how might the increasing focus on logistics management, financialisation, or social standards and compliance portend important developments in the structure of regional economies?

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Making Cars in the New India

Industry, Precarity and Informality

Tom Barnes



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For Dina

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Acknowledgments

This book is the outcome of a journey which began a decade ago when I shifted careers to return to my alma mater, the University of Sydney, to undertake doctoral research. I was motivated by a fascination with the rising powers of Asia and its implications for Australia's society and economy. This was probably a fashionable thing at the time – Goldman Sachs staffers had, in 2003, declared the rise of the BRIC economies (Brazil-Russia-India-China) as the new shapers of the globe; in 2005, *New York Times* columnist, Thomas Friedman, declared a technology-driven 'flattening' of the world; and, in 2012 in Australia, the then-Federal Government published a white paper titled *Australia in the Asian Century*.

Initially interested in the impact of India as a rising power on Australia, I was later drawn into what I felt – and still feel – was the main story: the radical transformation of economic life in India through the country's gradual integration with the world economy. Thus began seven years of research on informal work in India. This led to my first book, *Informal Labour in Urban India* (Routledge, 2015), which is the first book-length study of the Economic Census, a key measure of 'unorganised sector' activity and employment. Combining an institutional and radical political economy, *Informal Labour* questioned dominant narratives about the supposed tendency of 'informalisation' to shift work away from waged labour towards self-employment and micro-entrepreneurship. On the contrary, this book argued that the economic development of urban regions in the global era produced a tendency towards class differentiation with a growing role for waged work among men and women.

As time went on, I increasingly applied this 'classes of labour' approach (Bernstein, 2010) to work in auto manufacturing. During the time of my field research in India's National Capital Region (NCR), a series of fierce and, at times, violent conflicts emerged in the local auto manufacturing sector. As documented in this book, a conflation of developmental factors – the rise of consumer society, the imposition of global production networks, and enhanced market competition – encouraged industrialists to systematically displace their once-securely, well-paid workers with legions of 'de facto informal workers' – people whose work is formally recognised by the state but who, in practice, are denied the agency to access these formal protections.

This book also represents an intellectual journey from political economy to economic sociology via development studies, with a dose of economic geography for good

measure. While focused on economic sociology, the critical importance of genuinely inter-disciplinary research – and a refusal to accept the intellectual silos and ‘blinkers’ of mainstream academia – has stayed with me. The manuscript was completed as I moved to Australian Catholic University (ACU) in Melbourne to undertake postdoctoral studies on industrial transformation in American and Australian cities. With Australia set to become one of few affluent societies – and the only Group of 20 (G20) member nation other than Saudi Arabia to lack an auto manufacturing industry, this research explores the mirror image of the Asian experience – a rather forlorn picture of industrial decline rather than rapid expansion.

At ACU, my research has formed part of a wider foray, envisaged by the renowned sociologist Bryan Turner, into the link between changes to the economic structure of society, individual flourishing and ‘happiness’. The structural factors that shape individual ‘success’ are complex and include the quality and affordability of housing, healthcare, education and childcare services, mobility and mass public transport, rights *to* and *at* work, physical, economic and social security, and the capacity of civic organisations to unify and organise cross-sections of communities.

Within this catalogue, I have continued to focus on the response of civic and political organisations – above all, trade unions – to the transformation of work, including and especially the prevalence of insecure, precarious and informal work. This core concern with security, work and organisation has transported me between western and Asian societies, including a growing interest in manifestations of industrial transformation in Indonesia and comparisons between South and Southeast Asia.

Despite clear differences, my focus on auto manufacturing has clarified a remarkable similarity between these countries and regions: that the problem of insecure and precarious work is on the rise, regardless of whether regions are undergoing industrial decline or industrial expansion. In the former case, for which Australia is an unfortunate example, many ex-manufacturing workers are threatened with a future of growing labour market uncertainty and insecurity.

In the latter case, dominant institutions in emerging regions have taken advantage of labour market and workforce practices in which precarity, insecurity and informality are pre-established norms. As this book suggests, this is not the straightforward picture of growing prosperity that industry advocates have so enthusiastically pitched, and runs contrary to expectations that automotive expansion would bring about a new era of ‘high road’ labour standards and employment relations. I hope that this research can contribute, even in a small way, to a new space for international comparative research on industrial transformation and insecure work in Asia and beyond.

This book has benefitted from the indispensable work and support of colleagues and friends. The field research results detailed in Chapter 5 updates my work with Krishna Shekhar Lal Das and Surendra Pratap from 2011 to 2013 (Barnes, Lal Das and Pratap, 2015). Shekhar and Surendra proved to be the perfect research partners and I hope we can resume the partnership when time and circumstance permits.

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Among many foreign scholars I met in India, I particularly valued Jens Lerche's intellectual input into my earlier work, and learned much from Lorenza Monaco's co-travails in the field. I was also lucky enough to gain wisdom from the late Sharit Bhowmik, whose writings on workers movements remain a major source of inspiration.

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Finally, it is a cliché, but none of this would be possible without my (growing!) family. I would like to thank, above all, to Dina Marissa for her constant love and companionship, to Alfie for being a constant source of joy and a marvel of curiosity, and to my parents and parents-in-law. One day, I'm sure, we will repeat this exercise on 'home turf'. Perhaps in Cigaru?

List of Abbreviations

ACMA	Automotive Component Manufacturers Association of India
AGC	Asahi Glass Company
AICCTU	All-India Central Council of Trade Unions
AITUC	All-India Trade Union Congress
AMP-1	Automotive Mission Plan 2006–2016
AMP-2	Automotive Mission Plan 2016–2026
ASAL	Automotive Stampings and Assemblies Limited
ATP	Aathi Thamizhar Peravai
BJP	Bharatiya Janata Party
BKES	Bharatiya Kamdar Ekta Sangh
BMS	Bharatiya Mazdoor Sangh
BMW	Bayerische Motoren Werke
BPO	Business Processing Outsourcing
BRIC	Brazil-Russia-India-China
CEO	Chief Executive Officer
CITU	Centre of Indian Trade Unions
CK Birla	Chandra Kant Birla
CKD	Complete Knockdown
CLARA	<i>Contract Labour (Abolition and Regulation) Act 1970</i>
CMA	Chennai Metropolitan Area
CNC	Computer Numerical Control
CTUO	Central Trade Union Organisation
C-SEZ	Chakan Special Economic Zone
DDA	Delhi Development Authority
ESI	Employees' State Insurance
FCA	Fiat Chrysler Automobiles
FDI	Foreign Direct Investment
FERA	<i>Foreign Exchange Regulation Act 1973</i>
FIBRO	Fischer-Brodbeck
FIEU	Ford India Employees Union
FIPL	Ford India Private Limited
FMC	Ford Motor Company

xiv	<i>Abbreviations</i>
FMS	Faridabad Mazdoor Samachar
GCC	Global Commodity Chain
GDP	Gross Domestic Product
GE Capital	General Electric Capital
GKM	Gujarat Kamdar Mandal
GM	General Motors
GOI	Government of India
GP	Global Production Network
GUF	Global Union Federation
GVC	Global Value Chain
GWN	Gurgaon Workers News
HARTRON	Haryana State Electronics Development Corporation
HMC	Hyundai Motor Company
HMIATS	Hyundai Motor India Anna Thozhilalar Sangam
HMIEU	Hyundai Motor India Employees Union
HMIL	Hyundai Motor India Limited
HMS	Hind Mazdoor Sabha
HMSI	Honda Motorcycle and Scooter India
HMWU	Hero MotoCorp Workers Union
HR	Human Resources
HRM	Human Resource Management
HSIIDC	Haryana State Industrial and Infrastructure Development Corporation
ICT	Information and Communications Technology
IDA	<i>Industrial Disputes Act 1947</i>
IKD	Incomplete Knockdown
ILO	International Labour Organisation
IMT	Industrial Model Town
INC	Indian National Congress
INTUC	Indian National Trade Union Congress
ISI	Import Substitution Industrialisation
IT	Information Technology
ITI	Industrial Training Institute
ITES	Information Technology-Enabled Services
JBM	Jay Bharat Maruti
KEPS	Kamgar Ekta Premier Sanghatana
MBA	Master of Business Administration
MBI	Mercedes Benz India
MIT	Massachusetts Institutes of Technology
MOU	Memorandum of Understanding
MRF	Madras Rubber Factory

Abbreviations

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MRTPA	<i>Monopolies and Restrictive Trade Practices Act 1969</i>
MSIL	Maruti Suzuki India Limited
MSWU	Maruti Suzuki Workers Union
MUEU	Maruti Udyog Employees Union
MUKU	Maruti Udyog Kamgar Union
MUL	Maruti Udyog Limited
MSPEU	Maruti Suzuki Powertrain Employees Union
NCEUS	National Commission for Enterprises in the Unorganised Sector
NCR	National Capital Region
NCRPB	National Capital Region Planning Board
NCT	National Capital Territory
NGO	Non-Government Organisation
NREGA	<i>(Mahatma Gandhi) National Rural Employment Guarantee Act 2005</i>
NTUI	New Trade Union Initiative
OBC	Other Backward Class
OEM	Original Equipment Manufacturer
PMP	Phased Manufacturing Program
PPP	Public Private Partnership
PSU	Public Sector Undertaking
PF	Provident Fund
R and D	Research and Development
SAIC Motor	Shanghai Automotive Industry Corporation
SAIPL	Skoda Auto India Private Limited
Saket MTC	Saket Metal Technocraft
SEZ	Special Economic Zone
SIAM	Society of Indian Automobile Manufacturers
SMC	Suzuki Motor Corporation
SOE	State-Owned Enterprise
SUV	Sports Utility Vehicle
TACO	Tata AutoComp Systems Limited
TCS	Tata Consultancy Services
TELCO	Tata Engineering and Locomotive Company Limited
TKAPL	Toyota Kirloskar Auto Parts Limited
TKMEU	Toyota Kirloskar Motors Employees Union
TKML	Toyota Kirloskar Motor Limited
TKSA	Toyota Kirloskar Suppliers Association
TMA	Team Member Association
TMEU	Tata Motors Employees Union
TPS	Toyota Production System
TVS	ThirukkurungudiVengaram Sundaram
UAW	United Auto Workers

UNCTAD	United Nations Conference on Trade and Development
UP	Uttar Pradesh
VASI	Visteon Automotive Systems India
VE	Volvo-Eicher
VRS	Voluntary Retirement Scheme
VTSC	Visteon Technical and Services Center
VW	Volkswagen
VWI	Volkswagen India
ZF	Zahnradfabrik