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Topic of Research: The Politics of Minimum Wages in the Unorganised Sector: A Comparative Study of Construction Workers in Delhi and Kerala

Key Words: Minimum Wages, Unorganised Sector, Construction Workers, Migrant Workers, Labour Laws, Social Security

Findings

The study found various reasons for the same such as lack of effective inspection mechanism to ensure accountability and implementation, lack of political organization among informal migrant workers and reduced bargaining power vis-à-vis the employers, large availability of workers ready to work at low wages, inability of employers to pay, non-legally binding “National Floor Level Minimum Wage” (NFLMW) allowing states to set minimum wages below this level, lack of revision of minimum wages in states at regular intervals, costly grievance redressal mechanism.

Another issue for ill-implementation of labour laws is lack of strengthened institutions to implement these laws in the post-reform period in a context of new and non-standard forms of employment. It was noted that the “Ministry of Labour and Employment”, responsible for ensuring implementation of labour laws, is severely under-resourced and understaffed with reports of rampant corruption and has experienced a reduction in budget allocation in recent years. Some of the continued issues with the new Labour codes noted in this study were existence of thresholds, strengthening of hire and fire regime and arbitrary setting of minimum wages floor. This signals a weakened labour rights regime favouring business and foreign investment.

It can be concluded that social corporatist arrangements (tripartite mechanisms) have worked to strengthen the state-business relations and the bargaining power of the business class vis-à-vis the workers. The economic reforms favouring the market resulted in the weakening of the labour

protective frameworks by states, which scholars have variously referred to as “pro-business tilt” and “reform by stealth”, which resulted in a gradual approach to liberalization.

This study observed absence of trade unionism among migrant workers in the unorganised sector leading to weak political organisation and bargaining among construction workers of the unorganised sector. Though the construction industry is the most labour absorbing sector and contributes substantially to India’s GDP, there is prevalence of informality, low pay, lack of social security in this sector.

The findings, along with an analysis of various reports, highlighted the reasons for poor working conditions in the construction sector are wage fraud and wage theft, contractualization and the resultant informalisation even in the organised sector, lack of written contracts, most construction workers being seasonal or circular migrants (highly-mobile), lack of reliable migrant database, low unionisation, exclusion from political rights as migrants are considered missing voters, weak and unsuitable grievance redressal mechanism, limited social protection due to lack of registration and portability issues, poor access to housing and Water, Sanitation and Hygiene facilities.

As per the fieldwork results, though both Delhi and Kerala are high wage paying states, but the payment of stipulated minimum wages was higher in Kerala. This study found that in Kerala, construction workers are receiving minimum wages, regular work with lesser cases of wage theft, better wage payment for overtime work in comparison to Delhi. However, there are vulnerabilities which the construction workers faced in both Delhi and Kerala. In Kerala, a higher wage in the casual labour market is an outcome of the institutionalised strength of collective bargaining and a pro-labour communist government.

The study also discussed the various measures and initiatives taken by the state governments of Delhi and Kerala in terms of BOCW registrations, response to Covid 19 migrant crisis, skill training among construction workers and other similar welfare initiatives.. In comparison to Delhi, Kerala performed better with a relatively higher percentage of live workers and 100% cess distribution under the BOCW Act. In Delhi, a dismal 7.21% workers, out of the BOCW registered workers, were “live” workers during Covid-19 while in Kerala the percentage of such workers was 75.84%. This rendered relief benefits extended to construction workers during the Covid-19 migrant crisis ineffective.