

The Suno India Show - Industrial growth at what cost?

Chandan's story is one among the shockingly many of the automotive components factory workers who lose their fingers, hands and parts of their legs. He is a 20 year old guy, who had lost 4 of his fingers within 2-3 months of working in Anu Industries, Gurugram. A report by Scroll says that, on an average, *"20 people working in the automotive sector factories come to one Employee State Insurance Corporation hospital in Gurgaon because of crush injuries."* Following that, Safe In India Foundation came up to address this problem.

I'm Vaishali, a reporter for Suno India. In this episode, we have Sandeep Sachdeva- the Co-founder and CEO of Safe In India foundation who had recently conducted a study on the accidents happening in automotive factories in Gurugram with us, to talk to.

Vaishali: So, what happens to these injured workers after they meet with an accident in the factory? What kind of fall back mechanisms or support options do they have?

Sandeep: We lose contact with about one third of workers who come to us over a period of time because they go back to their villages, as they cannot find similar-salary-jobs. The income they can make in the cities after handicapping injury, is just not good enough to sustain themselves in the cities. A number of these workers continue having their jobs in the same factories for a period of time because the factories like to calm matters down and get their documentation in order for our workers' ESIC paperwork (things like accidents form and all which are required to be filled by the factory for the government mechanism). All those things are managed until things calm down. The workers are given assurances for a role or for a job. Some of them are given alternative jobs for sometime. After several months, most of these people find a lower paying job, or they have to go back to their villages. Although dozens of such accidents are happening in just Gurugram and in every automotive hub in the country every year, you will not be able to find that many workers in town, because they disappeared from the factory worker employment market in a significant way. There are factories in Gurugram, which have 25-30 percent of their workers, as workers who lost hands and fingers. They almost seem to run their business on these lowly paid, handicapped workers in poor conditions. I'm not talking of these factories trying to help these disabled people. They are able to cut their costs, work on older machines with these workers, who have no other option but to work in very poor factories. Some workers who were not able to get the right jobs afterwards, were doing helpless job initially, or were being paid for a helper job, while they were doing machine operator's job. After they lose their hands or fingers, they go back to the helper job and not an operator job, and the result of that is, salary reduction of anywhere from Rs.9,000-12,000 to Rs.6,000-9,000. They have to live the rest of their lives with that. Workers can file a legal case against their employers, if there is negligence on the part of the factory owner. In those circumstances, they can get compensation under the Worker Compensation Act. The law is that, if a worker is going to get compensation from ESIC, they will not get compensation from Worker Compensation Act. You can either have one or the other. Most workers we know, choose to get compensation under ESIC because it's easier than going to court and fighting against your own employer. There are very few cases where workers have filed cases against their employers. They are much fewer than what you would expect. Given the amount of negligence we've seen the factories, the factory owners manage the documentation in such a way that, the claim lands up in ESIC instead of in courts under the Worker Compensation Act. What we hear a lot is that, after these court cases, informal settlements are made to close the issue. We have heard of anywhere from Rs.20,000-5,00,000 of compensation being given to workers outside ESIC. We have helped some of these workers informally. As an NGO, we don't get involved in legal cases because of limited resources.

Vaishali: With the Indian automobile industry racing from 5th largest to the top manufacturing hub, what does the picture look like in the factories where the parts are made?

Sandeep: A majority of these accidents are happening in the supply chain of large car/motorcycle brands. What is happening in the auto industry is that (as it has happened in several other industries),

for cost and flexibility of production, the parts of a car or a motorcycle are built by suppliers. A typical car or motorcycle/scooter company would have several layers of suppliers. There are thousands of factories supplying thousands of parts. As you go down these layers of the supply chain, cost pressures increase, and the professionalism goes down. Workers' working conditions deteriorate. They worsen, as you go down the supply chain. They make environmental and safety compromises. Many don't even know what a good factory can look like. They carry on with their work practices. This is a general problem in India compared to several developed countries, our smaller industries need to be much more professional. The number of contract workers increases as you go down. People do not like hiring workers permanently, and some workers don't like working permanently, as they have to go back to their farms. The industry would rather have contract workers because they are cheaper and flexible. The working agreements between the workers and the industry/factory are informal. The liabilities and responsibilities are not clear, people can get away with a lot. In the factory environment, the primary relationship is between the contractor and the workers, not with the factory owners/managers and workers. Trying to find good industrial relations between a factory owner and workers is a question that arises much later. These workers are supplied as an industrial resource. They're not really relationship holders with the factory owners. Hardly 70% of the workers that we have are contract workers, not permanent employees. The concept of industrial relationship for these 70% doesn't exist. It's not a situation where you are questioning the quality of your industrial relationships. The question is, "why don't you have a relationship with the locals?". We are a step worse. I don't think much has changed. I haven't heard of many new organizations coming up in this area. I assume that the infrastructure available to workers to support them hasn't changed significantly. We know that unions across the country are losing members. I think that support available from the unions is going down. Some new unions are coming up. Hopefully, they will take some of that slack and find new support. In terms of working conditions and accidents, we haven't seen any evidence of them coming down. They do go up and down as industrial production picks up or goes down. Right now, the auto sector is going through a temporary downturn. Accidents will come down during that period. But unless working conditions improve and we don't see any sign of working conditions improving from the industry/associations, there is no reason for these accidents to come down.

Vaishali: Safe in India had just released their study's report last month, titled Crushed, based on reports from more than 1,300 people who work in automobile component manufacturing factories in Gurugram, most of whom were migrant contractual workers who were working in the lower tiers of the supply chain. 83% of machines they work with were found to function without proper safety sensors. More than 60% of them lost their hands and fingers, predominantly to a machine called power press. More than 90% of them work to produce components for Maruti, Honda and Hero. Tell us about the report Mr Sandeep.

Sandeep: From the start, we focused on crush injuries. Over a period of time, we found that most of these crush injuries are happening in the auto sector. Our report is an industry-specific report, which makes it more solution-centric. We are focused on Gurugram as of now, to understand that issue in its entirety. We have found that 52% of accidents happen only when working on one kind of machine. 93% of accidents are happening in the auto sector. Of these crush injuries, these kinds of observations will apply anywhere in the country. We work with workers who are registered in ESIC. ESIC provides workers with insurance and healthcare, for any sickness for themselves or their families. Post-accident, they are required to give pension, called the Permanent Disability Benefit to these workers. One of our pillars of activities is helping the ESICs improve their services to sick and injured workers. We have been making good progress with that. The government has rehabilitation services for injured workers, but I have not seen much evidence of that working. There are several support structures in other areas like education, health care, skill-building, training women issues, etc. The assistance provided for the infrastructure and support systems is not as much as required. We have crores and crores of formal and informal workers across the country.

Vaishali: ESIC as we know is the Employees' State Insurance Corporation. It is a social security scheme which takes care of the financial and health insurances for the organised sector workers, under the Ministry of labour and employment.

How many workers are enrolled in it?

Sandeep: It's difficult to say an exact number because different government authorities give different numbers. As an indicator, Employee State Insurance Corporation (ESIC) has more than 8 lakh registered workers in Gurugram. The reality of the number of workers, including informal sector is a multiple of that. If you include NCR, it's an even bigger number. All over the country, ESIC has something like 3 crore insured persons. ESIC also covers their family members. An average of 12 crore people can benefit from ESIC.

Vaishali: These automobile factory workers, are they all reaping ESIC's benefits?

Sandeep: ESIC is a very good scheme. The quality of services is sometimes effective/sufficient, but there is a huge potential for improvement. It'll be good for the workers and for the industry too. We find that 67% of the workers who come to us for health, received their temporary insurance card on the date of/after the accident. These workers should have had their insurance cards before the accident to claim reimbursement. When they have children, ESIC pays for every pregnancy. Not only that all workers are losing all the ESIC benefits, but most of them are paying ESIC insurance premium to the factories, which is probably getting stolen by the people in this chain (either the contractors or the factory workers). They don't lose out on all the benefits before the accident, but on the day of the accident, immediately after the accident, these workers don't get the required benefits and the quality of health care that they desperately need. If you don't have your insurance card, how are you going to go to ESIC hospital? 62% of them are taken to small private hospitals. In this period of 1-5 days, while workers are not taken to a hospital, the documentation of ESIC and of the accident is being managed before they're taken to ESIC. This is clearly a legal contravention of the current laws, and it is also very bad for the workers long term health because if they do not get quality care right away. It is quite possible that an injured hand/injured nerve which could have been repaired/mended cannot be mended anymore and the broken ends up with a far worse disability than they would have otherwise. This delay of the paperwork and complications that happened during this time often leads to delay in compensation to workers. Their permanent disability certificates get delayed, their permanent disability benefits get delayed, we have cases where some of these workers don't get compensation for years and you can imagine how a poor worker finds it difficult to survive in a city. To fight the system, compliance with ISIS is something that the government and the industry need to push. All auto manufacturers brands should make it mandatory for all their suppliers to ensure that ESIC rules are followed. It will not only help workers pre-accident and post-accident, but it will also improve safety. An aware worker, aware factory owner and a system that works for workers will push a reduction in accidents because, every time there's an accident, ESIC inspector is supposed to go to the factory, to inspect the factory.

Vaishali: What kind of betterment do you think your solutions and recommendations can bring about in the industry? Tell us about the efforts you've made for them to be considered.

Sandeep: There are lots of solutions and recommendations in our report. If the government and the auto industry come together, we can help in reducing these accidents by 30-40% in a short time, and 70-80% in a few years. Once we reached 1000 workers injured in the auto sector (it happened in the third quarter of last year), we sent it confidentially to the three large cars and two-wheeler organizations in Gurugram (Maruti, Hero and Honda). We sent it to all the board members, the Labor Ministry, secondary labour, Gurugram administrative machinery, government's arm for safety, ESIC and several other senior stakeholders. We requested them to discuss our recommendations (a number of them were very specific about what can be done). We give all of us six months, to discuss this before going public. So there was a 6-7 month period of discussion with all these players. The good news is, Maruti has started taking a few actions. We got a good response from some of the government departments. Discussions started on what actions need to be taken. The government machinery clearly takes longer to start acting. This is a journey that will go on for the next 5-10 years.

There's a separate issue, called National Guidelines of Responsible Business Conduct issued by the government. Under that set of guidelines, there is a responsibility on the brand owners to ensure safety in their supply chain. We have analyzed the public information available from the other automobile companies. What we are doing now is, going to six national companies, including the three I mentioned, and asking them, "what exactly is the mechanism to comply with energy ordinances?", and "why are certain actions being taken and why certain other actions are not being taken?" That would take us several months. The government is currently drafting labour laws. One of those labour codes is on Occupational Safety and Health. There is definitely going to be a new way to look at. Safety in the industry in the next few months and years while this code is being drafted, the question is whether this new code will help improve safety or not. We have been reviewing the draft code to give feedback to the government, on the good bad and ugly of the new draft. There are some areas which may be better, but there are other areas where it is business-friendly, and potentially not worker-friendly. The government in its documentation often says that worker safety is helpful for industrial productivity. If that is what the government believes, we hope that the government actually takes the right steps and improve the bill. Things like specifications and definitions of working conditions in the factories, the role of inspectors on the government to go to inspect the factories, definitions of dangerous machines and of how factories are supposed to run these, etc. I think, we have between this winter session and maybe the next session to convince the government to do better.

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