Automobile Sector

Workers Bear the Brunt - Foreign Owners Milk the Concessions

The automobile industry in our country is employing around 3.7 crore workers directly and indirectly. Out of these 80 % are contract workers and only 20% are permanent workers. The manufa-cturing and assembling activity is concentrated in three regions. They are Manesar-Gudgaon area in North India; Pimpri-Chinchwad area near Pune in Western India and Chennai and Coimbatore in South India. Original equipment manufacturers and auto ancillary makers are the suppliers are components and parts to all the world class cars and other automobiles corporations. Various foundries and engineering units provide support to auto-manufa-cturing industry.

From November 2018 the sales of passenger vehicles and two wheelers has slowed down. Because of this the inventory is piling up and the industry bosses pushed dealers to stock more and more vehicles. This is the result of over production. The slump in the demand for vehicles is due to the general economic slowdown. So the clogged pipeline will have to be cleared before the dealers can place fresh orders. The drop in sales is being reported exagge-rated terms by the industry.

In fact the profit margins in auto sector still better than the average for the manufacturing sector. When we look at Maruti-Suzuki's finances the company last year had a handsome pretax profit margin on sales at 12.6%, with a huge Rs.36,500 crore parked as investment. The payment of dividend has more than doubled in two years. The profit margins in the industry in some companies like Baja Auto and Eischer motors is surpassed that of Maruti-Suzuki. The profit margins of some companies like Mahindra & Mahindra and Ashok Leyland though have come down a bit, they are better than the industry's average upper middle class. The foreign MNCs which own most of the automobile companies do not want to lose even a marginal amount of their profits. They are not satisfied with the incentives and concessions from the government. Through various policies the successive governments have not only benefited the auto companies but also have facilitated buyers of cars from the upper middle class with tax concessions and lucrative business of car loans and insurance. By wanton neglect of public transport, the government goaded the affluent middle class to buy cars and two wheelers. But the recent crunch in money supply due to demonetization, increase in fuel prices, hike in vehicle insurance costs, road tax, low availability of finance and imposition Bharat-VI emission compliance coupled with income and career uncertainties led to slowdown of sales.

Such s slowdown is an intrinsic part of the capitalist system and its production exclusively based on exploitation of labour power of workers and on super-profits, particularly in the present phase of neo-liberal capitalist policies of 'globalisation'.

But autosector corporate made a big hue and cry about the general economic slowdown ringing alarm bells, demanding that government should come down to their rescue on the ostensible pretext of saving employment of workers of the industry. They projected as if they are conducting the business of manufacture of cars and vehicles to provide employment to people, skillfully covering up their purpose of exploitation of labour and earning super-profits. The media in the control of big bourgeoisie too played this game inflating 'need to rescue' the employment and to do this the government has to give tax concessions to the auto corpo-rations as well to the general manufacturing sector.

On the other hand, the auto corporations have ruthlessly trans-ferred the burden of the slowdown of sales on to t backs of the workers forcing them to bear the brunt of the so-called slowdown. Through various forms of laying-off workers, the managements deprived more than 2,00,000 workers – contract workers- of their livelihood. The permanent workers too are penalized in the form of reducing work days-calling them as non-working days and working holidays without pay, as well as reducing the number of working shifts.

In the Manesar-Gurugram belt, at the Suzuki plant some workers were sent on indefinite leave without pay; its third assembly line has been shut down and the first assembly line is running on single shift. While it has been sending its contract workers who had been on company rolls for a decade on indefinite leave, it is keeping temporary workers hired for 6 to 7 months. Around 4000 non-permanent workers are laid off in three units of Maruti-Suzuki, most of them are migrants from Odisha, Bihar and Uttarakhand hired from it is and skill development centres. Production cuts by auto majors MSI, Honda, and Hero Motor corp have led to thousands of contractual workers being laid off. Some 15 to 16 ancillary units like Omax at Manesar, Automax at Binola and Speedmax plant at Sidhrauvali have suspended operations and retrenched thousands of non-permanent workers.

Casual workers, interns and contractual workers are laid off. 1500 ancillary makers and small vendors are forced to reduce shifts. According to Director General of Automotive Manufacturers Asso-ciation at least 30,000 workers have lost their jobs in this belt alone. According to a labour activist, the number is higher, as much as 50,000Maruti-Suzuki has shut down production for two days (sept. 7-9) which exacerbated the situation on job losses still further. The job loss in the automotive sector in this belt has also hit the local economy of the industrial model township in Manesar.

In Maharashtra's Pimpri-Chinchwad belt –a major auto cluster in western India- there are around 12,000 manufacturing units. Deep production cuts and block closures, meaning temporary shut downs to cut inventories) has impacted these units adversely. Tata Motors unit at Pimpri is on temporary shut-down. Ashok Leyland, Volvo Eicher commercial vehicles, Bharat Benz and Mahindra have cut their production and temporarily shut down their units. With these shut downs most of the SMEs that depend on supplies to these big companies are affected adversely.

Due to closure of commercial vehicle manufacturing companies for 25 days in August, 10 to 15 per cent of their contract workers have laid off. As result some component makers are forced to shut down their units. It is not only the small suppliers but also the large auto parts maker MNC at Pune has to cut down its production to half of its installed capacity and laid off 20% of its contract workers. On the whole more than 25,000 workers are laid off in western India.

The auto manufacturing in Tamil Nadu is accounted for 45% of India's motor vehicles and cars export in 2017-18. Chennai accounts for 33% of auto parts production. In Coimbatore many foundries and engineering units cater to the automobile sector.

With slow down in the prominent auto clusters near Chennai –Sriperambadur, Orgadam and Marimalai Nagar thousands of workers are laid off. Ford and Hyundai plants are located in Chennai. The companies like Diamler, Yamaha, Nissan, Apollo Tyres, Ashok Leyland and TVS group have reduced their contract work force. These companies also cut back on number of work-days. Diamler is running its production in a single shift. According to CEO of CIEL

HR Services over the last 3 months workers earnings were dropped by 12 to15 per cent due to reduction in the number of working days.

At Coimbatore major foundries have reduced production to 50 to 60 per cent. This led to the loss of 50,000 jobs, mostly in micro and small units. Due to layoffs at Apollo Tyres, JK Tyres, Nissan and Yamaha about 15,000 workers lost their jobs.

On September 8, Hinduja group's flagship Ashok Leyland, third largest commercial vehicle manufacture in India, announced that it would observe a total of 59 non-working days in its five plants in this month. It has a plant at Chennur near Chennai, a plant at Hosur in TN, Units at Alwar, Rajasthan,Bandra in Maharashtra and Pantnagar in Uttarakhand. TVS Group's auto component maker Sundaram Clayton and Hero Motor Corp announced suspension of production at their facilities. Tata Motors and Mahindra have also announced suspension of production.

With such large shut downs and reduction of production and exaggerating the 'slow down', the big bourgeoisie and foreign MNCs are playing havoc with the livelihood of more than 2,00,000 workers across the country. They put pressure on the government to reduce GST rate from 28 to 18 per cent and other tax concessions. All this is shown and projected as if to facilitate saving of 50% of manufacturing jobs.

The government already dedicated to serve and further the interests of monopoly capital from imperialist countries and attempts to create an atmosphere of ease of doing business too has reacted in lines dictated by the finance capital. Amit Shaw hurriedly announced that "we need measures that are not about saving the auto sector but about saving 50% of manufacturing jobs in the country which is what the auto sector represented". Immediately the Finance Minister reacted by announcing that "…….it would be good to see GST collections slab to evaluate impact tinkering with 28% rate. Consumer sentiments needs to be boosted by changing perception".

With such high sounding slogans like 'saving 50% of manufacturing jobs' and 'boosting the sentiments of consumers by changing the perception', BJP government had announced concessions to corporate by slashing corporate tax rates from 30 to 22 per cent; for new local manufacturing units to 15% and no minimum alternative tax for companies not availing incentives under income tax.

The captains of big business and so-called experts hailed the concessions as a "great respite for the corporates". But none of them talked about how the job cuts will be reconciled ot how those tax cuts would benefit the purchasers of vehicles. There is no guarantee from the corporates that the prices of cars will be lowered or take back all the workers that have been laid off and retrenched from the auto sector on the ruse of slow down. Even the government has not mandated that the laid off workers be re-instated.It remains that saving 50% jobs in manufacturing sector to be an empty talk, while it once again exposed the class nature of our rulers who happen to be the sole representatives of exploiting classes, but not of the exploited workers and people.

The workers movement in India shall rise and prepare itself to meet those challenges of anti-worker and pro-corporate policies adopted by the government and fight against them by preparing workers into a class oriented force ready to conduct struggles for ending the class rule and class system of exploitation.

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