

Oppose the retrenchment of IT workers!

An attack on one is an attack on all!

All who work in IT and ITES must be entitled to protection under labour laws!

Let us unite for our rights and to protect our jobs!

Statement brought out by the Kamgar Ekta Committee, Mumbai: Airport Authority of India Employees Union, Air India Service Engineers Association, All India Loco Running Staff Association, All India Guards Council, All India Station Masters Association, All India Voltas Employees Federation, BEST Workers Union, Ladaku Garment Mazdoor Sangh, Mumbai Municipal Mazdoor Union, Western Railway Motormen's Association AND Communist Ghadar Party of India, Lok Raj Sangathan, Purogami Mahila Sangathan.

January 15, 2015

Oppose the retrenchment of IT workers!

An attack on one is an attack on all!

All who work in IT and ITES must be entitled to protection under labour laws!

Let us unite for our rights and to protect our jobs!

Statement brought out by the Kamgar Ekta Committee, Mumbai: Airport Authority of India Employees Union, Air India Service Engineers Association, All India Loco Running Staff Association, All India Guards Council, All India Station Masters Association, All India Voltas Employees Federation, BEST Workers Union, Ladaku Garment Mazdoor Sangh, Mumbai Municipal Mazdoor Union, Western Railway Motormen's Association AND Communist Ghadar Party of India, Lok Raj Sangathan, Purogami Mahila Sangathan.

January 15, 2015

Contact: mumbaikec@gmail.com

Visit: www.lokraj.org.in

The lay-off of middle level workers in the country's largest Information Technology (IT) company, Tata Consultancy Services (TCS) has not only created a panic among workers of TCS, but has alarmed IT workers in other companies. TCS employs over 3,10,000 workers today and is thus the country's largest private sector employer company. So far TCS has had the lowest annual rate of attrition of workers (net percentage of workers who leave the company every year due to any reason) -11 percent - among the large IT companies in India. It has been growing faster than its Indian rivals, both in revenue and profits. IT workers therefore fear that what is happening in TCS today may happen tomorrow in their company.

The TCS management continues to deny that any mass lay-offs are planned. TCS officially maintains that there is nothing out of the ordinary and that involuntary attrition (percentage of workers who are laid off), which is mostly performance related, is just 1-2 percent of the total strength. To support their claim it says that the company intends to recruit 55,000 fresh graduates this year.

However, workers in TCS confirm that there is a widespread retrenchment move within the company. It is creating panic and anger since it is targeting people with above eight years of experience; such workers find it difficult to find alternative jobs within the industry. The lay-offs started on 8th December 2014 and about 3500 people across various locations in the country have lost their jobs. This first started with the banking and finance unit, the largest segment within TCS, and then began in other units such as insurance.

It is reported that all account heads in the company have been asked to give details of the people with above eight years of experience in their teams. According to some of the TCS employees, many workers have been pulled out from projects, benched and asked to resign rather than being sacked outright. Workers asked to go are given at best one month notice to leave. No compensation is paid for retrenchment of IT workers, while according to labour laws, any organised worker who is retrenched must be paid a compensation

based on the length of service - the higher the service the higher the compensation.

The company currently has about 90,000 workers with more than eight years of experience. The workers in the company believe that the plan is to remove around 25,000 workers and hire fresh or workers with low experience in their place. This lay-off plan obviously is to reduce the salaries and thereby improve profits. Such a large scale retrenchment has never been carried out before in TCS.

The Company's claim that only poor performers are being asked to leave, is also not factually correct. Many workers who have been asked to leave have never been rated as poor performers and told about it. As per its own policy, any worker found to be performing below expectations must be told about it and given six months of time to go through a Performance Improvement Plan (PIP). This is being violated.

TCS has been steadily reducing its average salary per worker to make higher and higher profit per worker. TCS effectively achieved a 6.3% reduction in average cost per worker per year over 2007-2013. During this period, the percentage of new graduates out of the total hired rose from 50% to 80%. The salaries for college graduates hired by IT companies has not increased in the last four years and remained at about Rs. 3.15-3.50 lakh annually despite an annual inflation of 10 percent during this period. IT companies have also brought down the percentage of annual wage increase to single digits from double digits since the 2008 global economic crisis.

The concern among IT workers of the country is also aggravated by the reports of IBM, the largest IT Company of the world and the largest multi-national employer of the country, reducing its number of workers in India from about 165,000 in 2011 to 113,000 in 2014. It is reported that IBM plans to further reduce the number of their workers in India to 100,000 in 2015.

It is clear that IT companies are not required to follow any legal process while retrenching workers, as they have been exempted

from all labour laws. There are no monitoring mechanisms from the government side to check these terminations, nor does the government have any will to protect the interest of IT workers. These companies also do not have any grievance redressal mechanism for their workers. The protests by retrenched TCS workers have been

Some Facts about TCS

TCS employed 3,00,464 workers in 2013-14.

All these workers generated revenue (total value of services sold) of Rs. 81,809 crores (cr).

Total salary and other expenses on these workers was Rs. 29,860 cr. Thus average annual salary per worker was Rs. 9,93,796 whereas each worker generated revenue of Rs. 27,22,755 in 2013-14.

The profit made through the labour of all the workers was Rs. 25,402 cr. After paying tax of Rs. 6,070 cr, the net profit was Rs. 19,332 cr.

Thus, each worker generated net profit of Rs. 6,43,405 in 2013-14.

Out of the above profit, Tatas received Rs. 4,611 cr as their share of profit on a one time capital of just Rs. 144.5 cr put in by Tatas in TCS.

From 2004-05 to 2013-14, Tatas received more than Rs. 23,000 cr as their share of profit from TCS on one time capital investment of Rs. 144.5 cr.

Like all other IT companies, TCS enjoys many tax concessions from the government despite such high profits. As per the prevailing tax rate for companies, TCS should have paid tax of Rs. 7,849 cr whereas it paid only Rs. 6,070 cr. TCS thus enjoyed tax concessions of Rs. 1,779 cr in just one year alone.

completely ignored even though about 3000 of them have signed a petition demanding immediate stoppage of further retrenchment and reinstatement of those retrenched so far.

IT and Information Technology Enable Services (ITES) industry employs nearly 30 lakh workers in the country. The total value of business carried out annually by the industry is \$ 110 billion (Rupees 6, 60, 000 crore). However, for an industry of this size and employing so many people, none of the industrial labour laws of the country apply! IT companies of course take full advantage of this relaxation.

Any attempt to form unions or any other kind of association of workers is strongly opposed by IT companies. Workers are threatened with dire consequences if they tried to participate in any efforts to organize and unite them to protect their rights. IT and ITES companies have also been insisting that the central government must continue to give them huge tax concessions, and continue to provide them with subsidized infrastructure and land, on the plea that they provide jobs to so many.

The right to association is guaranteed by the Constitution of India. The right to association, right to collective bargaining, including the right to strike also constitute the core conventions of the International Labour Organisation (ILO) of which India is a founder member. However, all these rights are denied to IT and ITES workers. The employment contracts of many IT companies debar the workers from forming unions or association of workers, which is a complete violation of their fundamental rights.

All efforts to form associations or unions have been stone walled by the IT industry. The IT companies refuse to recognize or talk to even an informal body of workers. The President of NASSCOM, a lobbying organization of large IT companies in India, is on record to state that “union formation will not succeed in IT industry as it does not make sense to think about unions when workers are not exploited and have access to the management to redress their grievances!”

A host of problems are faced by most of the workers in the IT industry:

- ◆ **Long Working Hours:** Most of the companies flout the weekly working hours norm; employees working in the industry are forced to work for extra hours as their bosses pressurize them to meet the deadline of projects. The bosses at each level are themselves under similar pressure from their respective higher-ups.
- ◆ **Work Load:** Workers are constantly pressurized for more output so that the company can maximize profits.
- ◆ **Wage Related Issues:** The wages of IT workers are divided into parts – one, fixed and another, performance related variable pay. The variable pay part keeps increasing with the length of service. When an employee is benched, he does not receive variable pay for that duration. However, the parameters for performance based pay are not defined by the companies. Some companies are even paying lesser compensation to their employees going for overseas assignments in comparison to what they are entitled for, as per the regulations of the host country for expatriates.
- ◆ **Appraisal and Promotion Issues:** In spite of the claims to have sophisticated performance appraisal methods like 360 degree and MBO, most of the workers are dissatisfied with their appraisal process. Generally, the entire appraisal of a worker is handled by the immediate manager which generates discontent with no appropriate solution. HR departments in most of the companies specify the number of workers who can be given the highest rating and also spell out the number of workers who must be given the lowest rating. Thus, even if each member of a unit works excellently, some of them have to be given the lowest rating and suffer! The workers thus can see that the whole appraisal process is arbitrary. Due to this arbitrariness many deserving workers are overlooked for the promotion

- ◆ **Job Insecurity:** Employees in the industry have no job security; the companies are at liberty to throw out workers on flimsy grounds without giving any reason and compensation. Workers dread being given the pink slip (service termination letter) but feel totally helpless in such cases.
- ◆ **High Stress Levels:** The jobs are very stressful leading to mental exhaustion and over-worked people who are unable to achieve the desired work-life balance.
- ◆ **Denial of Annual Leaves:** Another major problem in most of the IT companies is that workers are not given annual leave although it is available on paper. In many companies a workers is not given leave for more than 1-2 weeks yearly in spite of pending leaves. This means that a worker cannot take a long break to de-stress himself or herself.

Work-related Health Problems among IT and ITES Workers

The workers in IT and ITES suffer from many work related health problems. Health problems are particularly severe among people working in BPOs and KPOs. A survey among workers in call centres revealed that 83% of workers suffered from sleeping disorders, 8.5% of workers suffered from hearing problems, 15% suffered from digestive disorders, and 11% suffered from eyesight problems.

A large number of IT workers suffer from burn out stress syndrome (BOSS). The symptoms of this syndrome include chronic fatigue, insomnia and complete alteration of the 24 hour biological rhythm of the body, leading to sickness absenteeism.

More than 50% of IT workers suffer from some kind of musculo-skeletal disorder (MSD). The commonly observed MSD are shoulder and arm pain while using the mouse, pain in fingers, wrist pain, lower back pain and neck pain.

- ◆ No Recognition for Extra Efforts: Extra efforts by employees in the organisation are not accounted for and no compensation is given to the employees for that in most of the IT companies.

As a consequence of the above, workers in IT and ITES companies suffer from unmanageably high levels of stress and severe health problems. (See Box) Most of the health problems are avoidable, but the companies refuse to take any measures as doing so would reduce their profits. Exploitation to the maximum to maximise the profit is the norm of these companies. For them, workers are just a tool for making profit.

The IT industry has been enjoying a blanket exemption from the Industrial Employment (Standing Orders) Act, 1946. As per the Act, any industry employing over 100 workers has to define “with

A predominant majority of workers attribute their pain and discomfort to poor seating, constant keying in, and sitting in the same position for hours.

Due to their excessive and irregular working hours, many IT workers face unmanageable problems on the home and family front.

Women IT workers are prey to many gynaecological problems, including reduced fertility.

Many male workers also have reduced fertility.

Due to excessive unhealthy stress, diabetes, high blood pressure and other so-called ‘problems of middle age’ are striking many young IT workers.

An IT worker interviewed by us commented that he does not think he will be able to continue working in this sector beyond the age of 45, due to stress levels and the effect it is having on his health and family.

sufficient precision the conditions of employment under them” and make “these conditions known to the workmen employed by them”. To comply with the Act, companies have to define conditions of employment and details such as working hours, wages, attendance, grounds of termination and so on. The companies also have to make these known to workers by prominently displaying them at the place of work. The terms also have to be approved by labour unions and the Labour Department of the State.

When the Karnataka state government tried to withdraw the exemption on its expiry in 2013, the IT companies threatened to move out of the State as complying with the Act, according to them, would lead to formation of unions. Under this threat, the state government extended the exemption by another 5 years.

It is therefore evident that IT companies and their owners and the central and state governments are hand in glove in denying the basic rights to people working in these organizations. In the name of providing employment, they have been trampling upon the rights of workers and severely exploiting them. IT workers cannot depend on the government to help them to secure their basic rights as workers. Only by uniting and organizing, will they have the strength to face the threats of companies. Only with their unity will they be able to face the might of the biggest capitalists of the country who own the IT companies.

There has been no response from the government to the reports of retrenchment of TCS workers. The memorandums submitted by retrenched workers has also not evoked any intervention by the government.

The IT industry in our country is a few decades old and has enjoyed the patronage of governments formed by various parties at the central as well as state levels. These governments have also always acted in favour of the capitalists and against the workers in every other industry. The present day governments are continuing down the same path and have taken several steps to attack the hard won

rights of the workers in various branches of the economy in order to boost the profits of the capitalist class. Workers all over the country are raising their voices against these attacks on the working class and in defence of one another.

The Indian IT industry caters largely to the lower end of services such as providing software services for accounting, data collection and storage etc. or adapting existing software solutions for different clients. The major part of this work involves the laborious coding work done by young workers freshly recruited. With experience this worker gets promoted to a supervisory cadre and it is this middle level of IT employees that are now considered redundant as with age and experience their salaries also increase.

The IT sector witnessed rapid growth in the period 2000-2008 but ever since the world financial crisis of 2008-2009, the rate of growth has been affected. Hence to maintain the high level of profits, they target the middle level supervisory cadre to reduce the wage bill. There is added pressure to show super-profits because of the stock market and the clamour of the “investors” to show good results.

The IT workers are therefore treated in a use and throw manner. It is this that has to be fought against - should keeping a high rate of profit and the stock market happy be more important than ensuring secure livelihood to its employees whose labour has brought the companies to this level?

Organizations of highly qualified workers and professionals, many of them as highly paid as IT workers, already exist in the country and only their united actions have secured them whatever rights they enjoy today. Airline pilots of both public and private sector airlines, aircraft maintenance engineers, doctors, bank workers and officers, insurance workers and officers, university and college professors are a few examples of workers similar to IT workers who have successfully organized themselves into their unions or associations and fought for protecting their interests.

IT and ITES workers are probably the only such a large category of workers in the country which today does not have any body to fight for securing their rights and protecting their interests. The history of workers' rights since the Industrial Revolution has shown that workers had to always unite and build their organizations to improve their working conditions, to limit their working hours, to secure their jobs, to improve their earnings, to protect themselves from unfair practices.

The companies have a vested interest in spreading the notion that those who work in the IT industry are not 'workers'. It enables them to escape giving them benefits due to all workers – whether physical workers or those who perform mainly intellectual labour. In this day and age, the IT workers are crucial to the economy and to the profits of the capitalist class, just as crucial as those who work in say power generation, transport or the finance sector. Bank officers, airline pilots and so on realise that they are members of the working class, highly trained and much better paid than manual workers. They have organised on that basis and won many rights.

Those who work in the young IT industry must also realise that it is in their best interests to recognise their true identity as members of the working class and organise themselves as such!

We call upon all workers in the IT and ITES industry as well as all the other workers and working people to come out in support of the retrenched workers of TCS and demand immediate stoppage of retrenchment and reinstatement of already retrenched workers.

We also call upon all workers in IT and ITES companies to realise the strength of their unity and organize themselves to protect their fundamental rights. Only such united actions will ensure that their working hours are regulated, their work environment is improved for the protection of their health, proper work-life balance is achieved, their annual wages rise at least higher than the rate of inflation, the stress levels are reduced and their jobs are secured.

Contact: mumbaikec@gmail.com
Visit: www.lokraj.org.in