

**The Triple Absence of Labour Rights:
Triangular Labour Relations and Informalisation
in the Construction and Garment Sectors in Delhi and Shanghai.**

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This paper focuses on work organised through intermediaries, often labelled labour agencies or labour contractors. The steep increase of such work is a concern for international labour unions such as ITUC and IndustryALL. Labour subcontractors ‘sever the direct employment relationship’ and create ‘indirect’ or ‘triangular’ labour relations which ‘reduce or eliminate’ the end-employer’s ‘legal responsibilities to the worker’ (ITUC 2014: 7); it is a ‘triangular trap’ (IndustryAll 2013). These conditions cheapen labour and curtail workers’ rights, compared to those of workers employed in formalised labour relations.

This paper is based on the research project "Labour Standards and the Working Poor in China and India".¹ The project is concerned with labour regimes and labour standards in the garment and construction sectors in the National Capital Region of Delhi in India and in the Greater Shanghai Region of China. The research project aimed at analysing labour regimes and labour standards. Enterprises and workplaces were carefully selected to provide coverage of different types of enterprises and activities, including different types of ownership, market orientation and size. Management, labour contractors and labourers of a large number of enterprises and work sites were interviewed, as well as government officials, labour union activists and labour NGOs. This included: in greater Delhi, in the garment sector, 35 enterprises, 289 workers and 70 cases of peripheral workers; in the construction sector, 45 firms (including labour contractors) and 250 workers; while in greater Shanghai 148 workers were interviewed in 4 major and a number of smaller construction sites, along with managers and labour contractors at different levels of the subcontracting chain; and 43 garment factories and workshops and 357 garment workers.² This paper draws on reports from the India and China teams as well as on a review of the wider literature.³

There is little doubt that such labour relations put labour in a much more disadvantaged position than formalised labour relations. But under current conditions, in the short run the achievable alternative to labour relations organised through labour contractors is *not* formalised labour relations. Informalised labour relations dominate in the Global South so it is useful not only to compare agency-based work to formal labour relations but also to other informalised but *direct* employment relationships. For example, why and in what contexts do

¹ The research project team consisted of Jens Lerche (Principal Investigator), Terry McKinley, Alessandra Mezzadri, Dae-oup Chang (Co-Investigators, SOAS, University of London), Pun Ngai (Co-Investigator, Hong Kong Polytechnic University and Peking University), Ravi Srivastava (Co-Investigator, Jawaharlal Nehru University) as well as Henry Bernstein (SOAS) and Liu Aiyu and Lu Huilin (Peking University). We are grateful for the support of the Economic and Social Research Council–DFID joint fund for poverty alleviation research (grant number ES/I033599/1).

² The garment sector fieldwork in India was carried out by the Co-Investigators Ravi Srivastava and Alessandra Mezzadri, and researchers Anns Isaac, Srinivas Pandey. The India construction sector fieldwork was carried out by Co-Investigator Ravi Srivastava and researchers Simantini Mohapotra, Rohit Sharma and Ajit Jha. The India fieldwork took place from April 2012 to September 2013, and December 2013 to March 2014. The fieldwork in Shanghai was carried out by Co-Investigator Pun Ngai, Liu Aiyu and Lu Huilin, and research assistants Ng Tsz Fung Kenneth, Chen Wei, Tang Weifeng, Fan Lulu, and Masters students from Peking University, during field visits to Shanghai between December 2011 and February 2013. A desk study of the construction industry in China was carried out by Co-Investigator Dae-Oup Chang.

³ See the individual reports for detailed outlines of the field methodology. Throughout the paper, these reports are referred to as ([author] This Project).

employers use labour contractors instead of other types of informalised labour? Does it cheapen and discipline labour and curtail its ability to take collective action compared to conditions in other informalised labour relations?⁴

What is at stake here is also how much the specifics of the way that the labour relation is organised matter—compared to the over-arching condition of informality. Are all kinds of informality more or less the same or does it matter to workers if they are employed through labour contractors or directly by the employer in an informalised labour relation? This is a question of both academic and practical political importance as it potentially feeds into a political analysis of what pro-labour organisations ought to focus on.

Neo-liberal informalisation in the South commonly includes the informalisation of all employees but a small core workforce. However, patterns and practices of informalisation differ across sectors and commodity chains, with significant national and regional variations (see, among others, Selwyn (2012) and Bair and Werner (2015)). Here, we take a comparative approach to different but comparable labour relations in two sectors in two countries: garment and construction in India and China. This approach enables us to distinguish between global trends and specific national class relations. Construction and garment are the main sectors for rural migrants into cities in both countries and provide migrants with entry-level non-agricultural jobs. These sectors differ in a number of ways. For instance, garment production often forms part of global value chains while construction is domestically oriented and construction work takes place in temporary work sites while garment production is organised in production units which are more permanent (although such units might of course also shut down).

Our general conclusion is that the workers across both sectors in both countries are faced with a *triple absence*: 1) the absence of recognised labour relations and recognised employers, 2) the absence of the right to organise and 3) the absence of rights other than those directly related to labour relations. When we focus on real as opposed to formal rights, we find that these absences are interrelated; and they are sector specific as well as country specific.

We proceed in this paper by providing an outline of the development of capitalism and labour relations in India and China within a chosen region in each country. We then present fieldwork results from our research on the construction and garment sectors in the two regions. We end with a concluding discussion that also outlines implications of the study for wider labour debates.

⁴ The ILO defines the informal economy as ‘all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements’ (ILO 2015).

Labour Relations in China and India

Compilations of China and India-specific articles abound but few proper comparative studies exist (e.g., Lund-Thomsen et. al. 2012, Suresh 2010, Vijayabaskar and Jeyaranjan 2011). Both countries have successfully integrated themselves into global capitalism, not least through the expansion of capitalist non-agrarian labour relations that encompass new groups of circular labour migrants from rural areas. This is more so the case for China than for India (Sen 2014, Riskin 2014) but for the construction and garment sectors it holds true for both countries.

The booming economy in both countries relies on informalised labour. From the late 1970s, China moved from state-owned enterprises, job security and wider social securities for urban workers to a private sector-driven market economy flaunting existing labour regulations. The huge export oriented factories in the booming coastal-region ‘sunbelt’ (Lee 2007) was based on recruiting yearly rural circular migrants without urban *hukou* (citizen rights in the urban area) as well as without job security or other kinds of labour security. The number of such ‘peasant workers’ increased from 30 million in 1982 to 277 million in 2015, accounting by then for thirty-six per cent of the total workforce National Bureau of Statistics of China 2016.⁵

In the early 2000s labour markets tightened in China, poverty fell,⁶ and labour struggles increased (C. Chan 2010, 2014). A ‘second generation’ of migrant peasant workers with a stronger ‘working class identity’ emerged (C. Chan and Pun 2009, Pun and Lu 2010a, Lin 2015). The central government reacted with a mixture of oppression and legitimising action (C. Chan et.al. 2010, Friedman 2014, Hui and C. Chan 2011). Strikes, independent unions and collective bargaining were prohibited and leaders of strikes were punished harshly. But the government also enacted labour laws in 2007 that require stipulating workers’ rights in written contracts, access to mitigation and fines for employers. Also, statutory minimum wages have been raised in real terms year on year since the early 2000s in the coastal regions (except in the 2009-10 crisis year) (C. Chan 2014).

The bottom of the Chinese manufacturing hierarchy, including the garment sector, is characterised by low wages, very long working hours and the ignoring of labour laws, widespread use of labour contractors, payment only at the end of the working year and factory dormitories that enable tight control of the rural migrant workforce (Pun and Smith 2007, Lüthje 2013). The construction sector is even worse in all these respects (China Labour Bulletin 2013, Swider 2015). Nevertheless, workers sometimes do take action, especially

⁵ Of these, 169 million or 22% of the workforce were longer distance migrants (National Bureau of Statistics of China 2016).

⁶ The proportion living on less than 1.25 PPP \$ fell to 9% in 2010 (World Bank n.d.).

against non-payment of wages, through strikes and public protests, self-harm actions such as threatening to and sometimes carrying out public suicides by jumping from construction cranes, and so-called ‘riots’ (China Labour Bulletin n.d., Pun and Xu 2011, Zipp and Blecher 2015).

For practical reasons, the focus here is on a single region in each country, the Delhi region in India and the Shanghai region in China. They are the most populous conurbations and are hubs for circular migrant workers. Also, they are both centres for the sectors that we have investigated.

Shanghai flourished from the 1980s onwards. Privatisation and full-scale introduction of migrant labour only began in the late 1990s (Buck 2008). The Yangtze region now outstrips the Pearl River Delta (neighbouring Hong Kong) - the erstwhile centre of China’s export-led industrialisation – since it now receives most foreign investment in China (44% of the total in 2011); produces 20% of China’s industrial output, and accounts for 36% of its exports (Chen 2007, HKTDC Research 2013, 2014). These conditions have led to a tight labour market: the minimum wages in the Greater Shanghai Region (Shanghai municipality, Zhejiang and Jiangsu provinces) are amongst the highest in China (China Briefing 2013). However, reported labour struggles are significantly less common (50% less) than in the Pearl River Delta, the undisputed leader in experiencing labour struggles.⁷ In Shanghai the Party exercises strong social control through mechanisms such as its top-down version of *shequ* (‘community’) government, which, among other things, promises a tiny top layer of migrant workers access to urban *hukou* (Nguyen 2013), thus dividing the migrant labourers into different social groups, and it maintains tight control of labour NGOs, including through the introduction of party-organised NGOs (Thornton 2013).

In India, formal labour relations have always been restricted to the small minority of workers employed by major corporations and the government sector, while in the rest of the economy oppressive relations are common and labour laws are ignored with impunity (NCEUS 2009). In total, 92% of employment has been informal (as of 2011-12). This category includes more than half of all workers in the organised sector (58%) while the use of agency workers has grown rapidly in formal manufacturing industries, from 14% in 1990-91 to 34% in 2010-11 (Institute for Human Development 2014: 56, 58). Circular labour migration from rural areas has also increased rapidly and Government of India estimates that by 2015 labour migration might well number more than 100 million, ie more than 20% of the labour force (Government of India 2017: 267). Moreover, poverty levels have remained very high (Raveendran and Kannan 2011). There is no *hukou* system. However, circular migrants most often lack access to government subsidized food shops, free medical centres and other benefits when they work in the cities.

⁷ Information is based on labour struggles registered by China Labour Bulletin, 2011- October 2014 (China Labour Bulletin n.d.).

India has free labour unions plus the right to collective bargaining and to strike. However, union membership is near-absent among informalised labour and workers rarely engage in struggles, although high profile cases do exist (Sundar 2011, 2012). Light industries including garments are at the bottom regarding pay (US Department of Labor 2013), as is construction (Suresh 2010). After 2005, wages increased somewhat, probably due to the pro-poor National Rural Employment Guarantee program (NREGA), which provides rural households with up to 100 days employment per year at the minimum wage, which is most often over and above the going wage rate (Srivastava 2012).⁸ That said, NREGA is still unevenly implemented across the country (Kannan and Breman 2013).

The Delhi National Capital Region (NCR) is one of the most dynamic industrial regions in India. It spans four states: Delhi, and parts of Haryana, Uttar Pradesh (UP) and Rajasthan. Informalised industrial relations vary within the NCR region, with tense relations and wildcat strike actions occurring in the last few years, especially in the automotive industry in Haryana but also a few in the garment and construction sectors (GurgaonWorkersNews 2015). But on the whole labour action is not common. The governments of the concerned states are all capital friendly.

The Construction Sector

Construction is the biggest non-agricultural sector in the world, producing 12% of global output in 2012 (Branson 2013) and employing 180 million workers worldwide in 2008 (Chang, This Project). The world market is dominated by large-scale multinational companies. It consists of two sub-sectors: infrastructure construction and engineering, and construction of buildings. Wholesale subcontracting, triangular labour relations and disguised self-employment are commonplace, even if there are exceptions—e.g. in Germany (Chang 2008, Clarke and Herrmann 2004, Harvey and Behling 2008, ILO 2001). China overtook the US as the main construction market in 2010 while India ranked ninth. Construction employs 10% and 6% of the workforce in India and China respectively. In both countries the sector includes both public and private firms. Until recently foreign firms were limited to foreign-funded projects in China. In India construction absorbed 7% of total FDI (2000-12) (Chang, This Project, Srivastava, This Project b).

⁸ From 2004-05 to 2009-10, wages for casual urban workers increased by 5.6% per year (Srivastava 2012).

The Delhi Construction Sector: Fieldwork Results

The Delhi fieldwork focused on organised large-scale construction. Ten sites were selected, covering different categories of firms and projects.⁹ Construction projects in the Delhi region are organised along the same principles as globally. Big infrastructure and buildings projects are awarded to major construction companies. The work is normally divided into three stages: 1) preparation activities: excavation and preparation of the structure; 2) finishing stage: the actual building of the structure and 3) installation of services, such as electricity and plumbing. Different subcontracted companies are in charge of each stage.

Case studies indicate that labour contractors are central to India's organised construction sector and that migrant construction workers dominate in large construction projects (van der Loop 1996, Olson and Murthy 2000, Picherit 2008).¹⁰ In our sample, nearly all workers were yearly circular migrants. 86% said they were employed by labour contractors. Of the skilled workers, 12% were employed directly by the (subcontracted) construction firm and moved from site to site with the firm. They were paid on average 21% more than other workers: this level is similar to the fee that the employer would otherwise have paid to a labour contractor, but their wages were well below what formal permanent labourers would be paid.¹¹ 17% of unskilled workers classified themselves as directly employed. They were doing miscellaneous tasks and were paid the same as unskilled workers hired through labour contractors, thus costing the employer less than the latter workers. No workers had employment contracts.

Labour contractors worked either through cascading networks of informal labour contractors from the home villages and regions of the labourers, with the main labour contractors supplying 100-500 workers. Delhi based contractors were larger, each supplying thousands of workers to several sites. They might be formally registered but they kept their workers unregistered, thus denying them a formal labour relation. The actual construction firms argued that they had no duties towards the workers since their employers were the labour contractors.

Most workers (62%) were contracted for 8-10 months. Few worked throughout the year: workers formally gain more rights if they are employed for a full year. In any case, there is little construction activity during the monsoon months. Workers were segmented on the basis

⁹ The construction fieldwork covered construction sites in residential and non-residential building and infrastructure construction, covering public and private firms, domestic and joint venture firms, subcontractors and labour contractors.

¹⁰ Parry (2014) provides a case study from an area where workers were predominantly local. This was probably because the study was in Chhattisgarh, a home state for construction workers.

¹¹ Formal workers in other sectors in Delhi are paid 1½ to 4 times more than agency labour (GurgaonWorkersNews 2015).

of skills, gender, hiring practices, place of origin, language, caste and ethnicity. Men dominated, numerically and hierarchically. Women constituted 24% of the labour force, but were all non-skilled.¹² Construction workers tend to come from the worst-off and most oppressed castes and ethnic groups (such as *Dalits* 22% and *Adivasis* 13%) and the most deprived religious minority (such as Muslims, 24%). Such groups are also overrepresented in the sector at the national level (Institute for Human Development 2014: 78). Most workers (63%) were from rural households at the bottom of the economic hierarchy: labouring or petty trade households that were either landless or miniature landholders (<1 acre).

Labour came from Bihar (32%) and other Indian states with widespread poverty. About two-thirds (64%) had been working in construction for less than five years and were young (70% being in the 18-35 years age group). Few (17%) had been in construction work for more than a decade.

Workers worked long days (on average 10-11 hours against the standard working day of 8 hours), without double pay for overtime. Those directly employed worked slightly less (10 hours). 92% worked at least six days a week and only 5% had a weekly paid day off. The work was physically very demanding, and health and safety regulations were simply not implemented, except for wearing hard hats.

Workers were housed either at the construction site (70%) or in labour camps. Only longer-term migrants rented their own accommodation (11%). Sheds and rooms were very basic and unhygienic. The camps and sites were fenced off and monitored by the employers' security guards, keeping the workers isolated, for example, from union activists.

Daily wages for unskilled male workers averaged INR 207 and skilled workers earned INR 338.¹³ Women were paid 9% less on average. For nearly all (93%) this level amounted to less than the minimum wage. Most workers (62%) were paid an advance of on average INR 5,244, sealing the contract before migrating (with this provision being more prevalent among *dalits* (78%)). Most of the remaining wages was paid at the end of the 8-10 months working year. In spite of the low pay, nearly all workers (90%) managed to save, on average INR 23,291 in a year. For poor villagers this is a considerable sum although it would not cover, for example, the full cost of a health crisis or the marriage expenses of a daughter. Their wage amounted to 20-25% of what has been calculated as an Indian living wage.

Labour subcontracting means that there are no major differences in terms and conditions across production sites. Workers' wages are set before arrival on the site and thus are not closely related to the specific end-employer. That said, pay is somewhat higher where the

¹² See Dalmia (2012) for a study on women construction workers on a site in Delhi.

¹³ For a standard eight-hour day the average pay would be INR 161 and INR 247, respectively. Assessments of whether they were paid a decent wage for a decent working day should be based on these figures and not on what they were earning when working excessive hours.

second tier firm is a public sector company. This was also the case in our one (public sector) infrastructure case. However, these levels may also relate to the location of these sites in the Delhi part of the capital region, where wages generally were higher.

We did not encounter any history of open labour struggles. Labour was segmented, and the ‘triangular trap’ (described above) severely curtailed their ability to raise demands. In fact, most workers (87%) saw ‘their’ labour contractors as their first port of call for work-related problems. Labour unions and union activists were barred from the construction sites and camps. Workers feared being sacked if they contacted a union. Only one worker interviewed was a union member, and, tellingly, he lived in own rented accommodation outside the camps, and only two workers said that a labour organisation had taken up an issue on their behalf. One union acknowledged that while they did work with locally based construction workers, they had not tried to overcome the difficulties involved in organising circular migrant workers.

Government ignored the construction workers and did nothing to implement labour laws, e.g., enforcing laws regulating contract labour and migrant labour, minimum wage laws, and health and safety regulations. Less than 1% of workers had access to any social security benefits, including health, retirement and injury-related benefits.

The migrant construction workers had hardly any other rights in the Delhi region. Local registration cards are crucial to accessing government provisioning but only 4% were registered for such purposes, thus leaving any rights behind in their home village. They did not have access to subsidised food shops in Delhi, or to programmes for children, including free schooling and kindergartens. Neither did they have local voting rights so they were of no importance to local politicians.

To conclude, the absence of non-labour-related rights meant that all construction workers were *de facto* second-class citizens for 8-10 months a year. By far most of them were in a triangular labour relation and even their living quarters were controlled by the labour contractor. None of them were in formal, contractually recognised labour relations. Across the board, they had no *de facto* right to organise and no right to collective bargaining – and had no collective action.

The Shanghai Construction Sector: Fieldwork Results

Construction labour relations and workers in China have been studied mainly in the Beijing region (Pun and Xu 2011, Pun and Lu 2010b, Swider 2015), and through quantitative, Chinese-language multi-city studies. From the early 1980s, property and housing became marketable, private construction firms emerged and the sector became part of the market economy. State-owned enterprises still dominate the top of the sector, now reoriented as

profit-seeking corporations. Local authorities and property speculators profit directly from continued urban development (Chang, This Project). Subcontracting is similar to that in the Indian case, and the labour sub-contracting system (*baogongzhi*) is dominant across the industry.

Our fieldwork shows that the Shanghai construction sector followed the same pattern as in other Chinese cities. *All* workers were agency labour. Compared to the Delhi findings, the workforce composition was singularly male (96%). But workers were not young: 82% were 31 years-old or older, and they were not new: the majority (58%) had worked in the sector for more than ten years. Unskilled workers, on average, were older than skilled workers and had been in the industry longer. This finding indicates that only skilled workers had the option of moving on from the sector.

Construction workers were normally hired for just short of a year. They were from rural households (93%). They tended to come from three neighbouring provinces (48%) but also from faraway provinces such as Sichuan (18%). Most (67%) considered the labour contractor their employer.

Legally, only registered 'labour services companies' can supply labour, but, illegally, the labour contractors did not register the workers and hardly any labourers had contracts (11%). As something new, our study shows that only skilled workers had contracts (just short of 30% of them). But these were only the young and educated: half of the skilled workers below 30 years-old and nearly half of those with at least a senior secondary education had a contract.

Construction workers in Shanghai, as in Beijing, were without the right to organise. Migrant construction workers cannot join the only legal, party-run, trade union (ACFTU) since they cannot prove a labour relation. In our survey none of the construction workers were unionised. Without labour contracts they also had no legal rights.

In spite of this condition, social insurance was quite common. Normally, the social insurance system does not cover workers who cannot prove employment. Only a third of the workers provided information on this aspect, but among them, two-thirds were insured, confirming earlier Chinese language Shanghai-based research (Pun et. al., This Project). This finding exemplifies the relative social inclusiveness of the Greater Shanghai local governments. But such inclusiveness had serious limits: the workers did not have local rights such as access to urban poverty programmes, the government labour exchange or local government-run schools.

Regarding conditions of work, working days were long but one hour shorter than in Delhi (9-10 hours on average). Moreover, half of the workers (51%) got extra pay for overtime. Health

and safety conditions were poor although better than in Delhi. Employers provide crowded dormitory accommodation and also canteens for workers, most of them charging for meals.

Daily wages for unskilled workers averaged 116 Yuan while skilled workers were paid 140-188 Yuan. The workers stated that their main problems were the absence of labour contracts (41%) and social insurance (also 41%), closely followed by the absence of additional pay for working in very high temperature (38%), wage arrears (31%), and the absence of unions (30%).

The main reason for construction labour conflicts listed by the China Labour Bulletin (n.d.) is unpaid wages at the end of the working year, either due to the construction company not paying the labour contractor or the contractor not paying the workers. In our case, faced with such a situation, most workers (64%) said they would put pressure on their labour contractor. If this failed they expected help from the government's Labour Bureau even though they did not have an employment contract. Most (72%) would be ready to take collective action, such as going on strike, climbing onto cranes or destroying the buildings they had built. These are all well-known methods in China.¹⁴

Still, construction workers in Shanghai tend to resort less to wildcat strike action than their colleagues in the restive Guangdong region; the former account for 11% of all construction workers' strike action in China, against Guangdong's 15% of the total. However, they are more militant than other groups in Shanghai: their strike actions constitute a larger proportion of all strikes in the combined manufacturing and construction sectors in Shanghai, compared to Guangdong (namely, 12% of total strike actions compared to only 6%) (China Labour Bulletin n. d.). The 'Shanghai model' might exhibit an overall lower level of militancy but within Shanghai itself the construction workers are less pacified than other groups of workers.

This stance has little to do with the unions. Hardly anyone in our sample (6%) would bring labour issues to the union. A small percentage, namely 10%, worked on sites where unions were represented but, as already mentioned, none were union members. The workplace level of union representation is often an integrated part of the management anyway, e.g., the site's HR director might be the union representative. There were also no activist labour non-governmental organisations. In Beijing and some other cities, by contrast, they were the main organisations for construction workers.

To conclude, the similarities between construction labour relations in Delhi and Shanghai are striking. In Shanghai as in Delhi workers were, formally, second class citizens during their working year. They were all in triangular labour relations and housed and fed by the

¹⁴ This finding and the following are based on a questionnaire perception survey of all interviewed workers, supported by additional qualitative information. However, it might be the case that the workers underplayed their discontent and any non-legal action they were prepared to take. The same methods were used for both sectors in both cities.

contractor (implying an additional level of social control) and, as in India, they had no *de facto* right to organise and no right to collective bargaining. However, there were also differences. They were ready to take collective action for their rights if need be, while the Delhi workers were not. In Shanghai pay and conditions were slightly better and only there were there signs that the labour market was tightening both for unskilled labour (since few young workers were joining it) and skilled workers, who were younger, better educated and often had succeeded in getting contractual rights even though they were still agency workers.

Garment Labour in Delhi: Fieldwork Results

India's garment industry is a growth industry. Official figures indicate that the sector's proportion of (relatively small) total manufacturing employment increased from 10% in 1983 to 17% in 2011-12 (to 9.2 million workers). Its share of global garment exports peaked at 3.5% in 2011 (WTO 2013). The industry has also benefitted from an expanding domestic middle-class market, the exact size of which is unknown. Garment producers estimate that the domestically-oriented medium to large-scale industry supplies 8-15% of the domestic market, small-scale firms supply roughly 50-60%, and neighbourhood-based tailor-made output accounts for 25-40% (Mezzadri, This Project a).

Production is organised by buyer-driven value chains, by foreign and domestic brands and by retailers. The industry is dominated by small and micro enterprises, although some clusters have larger enterprises employing 500+ workers. This outcome relates in part to industrial policies implemented up to 2005 that favoured small-scale garment units. Small enterprises work well for small production runs, and encourage a docile and cheap labour force (Mezzadri 2014).

There are major labour force variations across India. For example, South Indian garment workers are often female while male workers dominate in North India.¹⁵ Arguably India is the country where triangular labour relations in the garment sector are most common. In the Delhi region studies estimate that 60-80% of the garment labour force is hired through labour contractors (M. Chan 2013).

The Delhi region is also one of the biggest garment clusters in India. It is a centre for fairly short runs of fashion garments such as embroidered womens wear (Mezzadri, This Project a), mainly for export, and children's wear (30%) (Srivastava, This Project a). Statistical data from 2004-05 show that workshops and homeworkers made up a third of the industry (34%), in addition to which the industry also extensively used homeworkers in regions outside Delhi (Mezzadri 2009, 2014).¹⁶ It is well established that the garment chains operates within networks of merchant and manufacturing firms and sub-contracting. Our surveys covered 34

¹⁵ See Mezzadri (2009) for a detailed study of the main garment clusters in India.

¹⁶ See Srivastava (This Project a) for an outline of datasets, and calculations.

enterprises within the so-called organised sector, i.e. factories and workshops with 10+ employees where labour regulations are supposedly enforced. Our sample was stratified by size, markets (domestic/export) and regions within NCR. Management and workers from each enterprise were interviewed, altogether 297 workers. We also sampled 70 'home workers', see below (Mezzadri and Srivastava, This Project).

The sampled factory workforce was overwhelmingly male (83%) rural circular migrants (91%) and from the poor northern states of UP and Bihar (90%). One new trend was that a large firm aims to feminise the workforce and employs almost only female workers. The workforce is young, with 71% younger than 31 years old. Nearly all are first-generation migrants, with an average migration period of 8.8 years. Fewer send remittances back home than was the case for construction workers (73% against 90%), but they send more money (42% more), on average, INR 33,625 per year. Their households back home have slightly better occupations than the construction workers', with landowning farming households (44%) and regular wage work/ salaried work (36%) dominating.

Muslims and middle-ranking 'general' castes were overrepresented among the workers and only 11% were from the lowest castes (all of whom were *Dalits*, with no *Adivasis*). 84% lived in shared rented rooms with poor facilities, as opposed to living at the workplace. Just like the construction workers, only 4% had official proof of residence or ration cards to buy government subsidised food or to access government services and programmes.

Labour recruitment varied considerably from firm to firm, with agency labour making up from 10% to 90% of the workforce. All factories had at least a small directly-hired core workforce. Overall a third of the sampled workers were in triangular labour relations although it is likely that the self-reporting method used underestimates the numbers somewhat. Registered labour contractors are used by factories of all sizes. Two firms used registered labour contractors as in-contractors, handing over to them the work of departments or the entire shop-floor on a piece rate basis. The workers were either paid directly by the firm, or by the contractor. Unregistered labour contractors were common too, mainly in small firms. They can be internal to the firms (e.g., managers or supervisors acting as dummy labour contractors) or external. They were used to circumvent labour laws and social security responsibilities, or to deal with seasonal labour shortages.

Written contracts were extremely rare (being reported by only 1.7% of workers). Those with no written contracts had no employment security. Nevertheless, just below half of the workers said they were in so-called 'regular employment', i.e., employment with no stated time limit and paid predominantly on a monthly basis. The other half was casual workers on daily/hourly rates and piece rates and in less durable employment. Agency workers were more likely to be on daily/hourly rates or piece rates than directly hired workers (42% versus

30%) and employed for fewer months (on average 8.5 versus 9.9) – but both groups earn about the same.

Working hours were about the same as in the construction sector. 51% work 10-12 hours daily but 15-16 hours in the peak season is common. Workshop workers labour longer hours (an average of 12.7 hours) than factory workers (9.3-9.7 hours). There was little difference between export and domestic market-oriented firms, or between employment types. The stipulated double overtime pay is paid in less than a quarter of the cases, and some workers (14%) receive no overtime pay at all. Most workers had a paid weekly day off. Workshop workers rarely were paid for their day off (16%). Paid sick leave was relatively common only in large factories (46%) and when workers were hired directly by the factory. Occupational health problems were common, especially in workshops, while large export-oriented factories were the least bad, for example.

Compared to the construction sector, enrolment in a social security scheme was more common among garment workers, with around half of them enrolled. These workers were predominantly in regular employment, a category much more widespread in this sector. Casual workers were less keen as they (rightly) were unsure if they could draw on social security if needed. If we take the combination of enrolment in social security schemes, weekly paid holidays and more than one year of continuous employment to indicate that workers have some of the rights normally associated with formal employment relations, only 17% of the workers qualify – but that is still a good deal higher than the under 2% who have written contracts. However, there was little economic advantage for workers with even these minimal rights. Employers who paid social security paid workers lower wages than others did. Thus, it appears as if they recovered their social security costs by taking it out of the workers' pay!

The real wages for garment workers in India only increased by 1.3 per cent per year during 2001-2011 and were calculated to be at 23% of what would be a 'living wage' (Workers Rights Consortium 2013: 9, 18). Wages in our sample were mainly close to but below the skills and area-specific minimum wages. The average take-home pay was INR 6709 per month; for tailors – a semi-skilled group of workers - it was INR 7478. For both groups, these levels were more than that of unskilled workers but less than the level of skilled construction workers. Women were paid less than men.

Comparing different types of factories, working conditions and the availability of longer periods of work were superior in medium to large factories and export factories, which also used the fewest agency workers. Surprisingly perhaps, wages were somewhat less in these kinds of units although when social security was added, the cost per worker was similar for different types of factories.

Workers listed as their main problem ‘low pay’, ‘long working hours’ and, in most cases, ‘irregular pay’. No workers were unionised and there was no union activity at the workplaces. Factory security guards actively discouraged such activity and workers who were known to be close to unions were dismissed; so almost half of the workers said they were ‘apprehensive of the consequences’ of unionisation. That said, a handful of workers (5%) said that unions had taken up their demands and 30% of the workers said they had taken part in collective bargaining. However, the most common approach to dealing with problems was to appeal to the employer/contractor. Government labour inspections were rare or, in workshops, completely absent, and did not appear to have any impact, while CSR (Corporate Social Responsibility) inspections by international buyers might be credited for the slightly better working conditions in large export units. CSR takes, however, no interest in pay levels and the freedom of workers to organise.

The ‘peripheral’ workers, i.e. workers outside the recognised factory sector, made up a third of garment workers in the region in 2004-05 according to official figures. We sampled three categories: own-account workers, i.e. self-employed workers working in family units in their own dwelling; workers in micro-units (with fewer than 5 workers); and single workers working from their home, i.e., homeworkers. Non-factory settings are linked to specific production tasks, such as embroidery and other ancillary activities like ‘button holing’, collar-stitching, and thread-cutting or knotting (Singh and Sapiro 2007; Mezzadri 2008, 2014). Micro-units appear to be the dominant form of production and work across both domestic and export markets, while own-account workers tend to engage primarily in domestic production and homeworkers work primarily in export. There is also a gender division of labour and space: women did *sitara-moti* (or simple sequin work) and embroidery on the *adda* loom in homes, while all micro-unit activities were done by men. Caste, religion and age of workers were roughly the same as in the factory sector.¹⁷

Own account workers and workers in micro units were circular migrants, primarily from ancillary embroidery towns in Uttar Pradesh. They were recruited through kinship networks and contractors, with batches of migrants taking turns working in the Delhi area. Their wages were in line with those of the factory sector, but they had more spells of underemployment. Homeworkers were longer-term women migrants. Their wages were extremely low, fluctuating seasonally around the INR 1000 per month mark.

Only 16% of the peripheral households owned any land back in their home villages, and homeworkers’ households had the least land, confirming that they were the worst off. There was practically no access to social security and many (one third) of the male migrants lived in the contractor’s work unit. Advance payments (around INR 4000) were common but the main tie-in to employers was through late payment of wages. While around a third of the workers were indebted, around two-thirds still managed to bring remittances home, especially

¹⁷ See also Mezzadri and Fan (forthcoming).

from micro-unit work (with an average of INR 15,365, i.e., less than half that of factory workers). Overall peripheral workers in micro units and self-employed workers were worse off than factory workers, but female homeworkers were at the rock bottom (Mezzadri, This Project b).

To conclude, just as in the construction sector, citizens' rights were absent for nearly all garment workers while the right to organise was squashed by harsh workplace security apparatuses. However, garment workers were from a slightly less deprived background, their lives after work were less controlled and collective bargaining by them did sometimes take place.

Garment labour relations come in many shapes and sizes as producers subcontract out orders and use agency labour, directly employed informalised labour and a small group of somewhat formalised core workers. With less than 2% of garment factory and workshop workers on formal contracts and only 17% with some formalised conditions, the large majority are subject to informalised conditions. The pay of garment workers was in the same bracket as that of construction workers while the terms and conditions for many garment workers were better, although some worked longer hours. However, female homeworkers had rock bottom pay and insecure access to work.

Garment Labour in Shanghai: Fieldwork Results

China is the garment factory of the world. After the economic reforms of the late 1970s the industry was integrated into international garment commodity chains, as Hong Kong and overseas Chinese capital in particular invested heavily in China (Butollo 2014, Lüthje et al. 2013: 253). The sector has continued its extraordinary growth and, by now, has cornered more than a third of the world clothing export market, and its share is still rising.¹⁸ As the global financial crisis led to a fall in the garments trade in 2009 (with pre-crisis levels recovered only by 2011) the domestic market became more important even though employment in the sector in China fell by 2.6% (2008-2010) (China Statistical Yearbook 2009-2012; see also Lüthje et al. 2013: 252).

The number of employees in the sector is disputed but one official figure is 21 million (in 2011) (Pun et. al., This Project). China garment firms are large by international standards, but are small in the industrial landscape of China. The top ten garment enterprises had on average 13,400 employees in 2009 (own calculations based on Lüthje et al. 2013: 256).

Garments represent a low-pay sector. Nevertheless, between 2004 and 2011 the average real wage of garment workers in China more than doubled (increasing by 129.4%) to RMB 29026.

¹⁸ Its share of global clothing export reached 37.8% in 2012. Only in 2008 did this share fall slightly (by 0.3 percentage point) (WTO 2013).

In 2001 wages were lower than in India measured in USD (PPP) but by 2011 they were nearly twice as high (191%). Still, this level is only 36% of what has been calculated as the 'living wage' in China (Workers Right Consortium 2013: 9, 11, 18).

In 2012 the three provinces of Greater Shanghai produced 30% of all pieces of clothing in China, against 20% in the original garment export hub of Guangdong, and the value of Shanghai's garment output was more than twice that of Guangdong (Pun et. al., This Project), and Butollo 2014: 245). In 2008-10 the gross output value of garments in the Greater Shanghai Region increased by 25% while employment increased somewhat (3%) (China Statistical Yearbook 2009 and 2011).

China's industrial statistics only include enterprises of 'designated size', namely, those with annual outputs above 5 million RMB (US\$ 800,000). The number of smaller 'workshops' is not known (Butolli 2014). The average registered garment factory in the Shanghai Region has 310 employees (Pun et. al., This Project). Chinese, Hong Kong and foreign capital are all involved. The overwhelming majority of factories are private but there are (still) a few state-owned firms in the sector. Our fieldwork covered 43 garment enterprises: trading companies, factories and workshops. Managers from all enterprises and 357 workers were interviewed: 134 factory workers and 223 workshop workers. This is the first study to include workshops, hence the larger sample of this group.

All workshops were locally owned, as were two-thirds of the factories. Three factories were foreign-owned and 12 were joint ventures. Of the factories, 54% produced for export, 27% for the domestic market and 19% for both. Two of the factories employed more than 500 workers, around a third employed 100-499 and the rest fewer than 100. Nearly all workshops employed fewer than 50 people. This finding indicates that they could be much bigger than workshops in India, which generally have fewer than 10 workers. The factories and workshops produced predominantly, but not only, women's wear.

Many of the factories felt under economic pressure in 2011 and 2012. We were told of some closures but the factories we interviewed dealt with the pressure by developing the domestic mid- to higher-end market--through technological upgrading and establishing manufacturing branches in nearby provinces where labour and land were cheaper. Ten of the firms had undertaken such measures. Our fieldwork as well as secondary data show that computer-aided design systems were common and that computer-aided manufacturing, e.g. automatic cutting machines, were being introduced (Pun et al., This Project). However, as in India, stitching work – which was the main production activity – was still done on electrical sewing machines organised in standard production 'lines'.

Export production in Shanghai was organized by Northern brands, sourced through trading companies or directly from large factories. Production for the domestic market was sourced

by local brands. Trading companies and sourcing offices of larger brands tend to be located in Shanghai proper while manufacturing units have moved to the cheaper, more distant parts of Greater Shanghai. Workshops were located in ‘urban villages’ in these areas.

Production itself is organised by large-scale manufacturers, sometimes owned by the brand. Such factories subcontract to locally-owned ‘second tier’ factories (mainly employing 50-100 workers), under which ‘third tier’ garment workshops or small registered firms are used when necessary. The workshops tended to use old machinery and simple production processes and produce mainly for domestic orders. At the bottom of the pyramid were homeworkers proper, working from home, with or without a few employees, to whom simple clothes production were outsourced, to be sold on the Chinese E-bay, Taobao Marketplace. The homeworkers also undertook labour-intensive processes that cannot be mechanized, such as trimming or knotting.

First- and second-tier factories maintained a stable core labour force but also hired in labour from labour contractors (*Baogongtou*) along the same principles as in the construction industry. Factories might also contract in temporary teams of workers to work inside the factory (*Baogongdui*): some were led by a contractor but others were non-hierarchical teams of skilled workers who, jointly, have established local workshops. They were better paid than the ordinary workers and, according to factory managers, they drove hard bargains.

Workers were overwhelmingly migrants but 15%-16% have local *hukou*. The biggest factories (with 500+ workers) relied most heavily on migrant labour (92% of their work force). The migrant labourers were primarily from nearby provinces, especially the neighbouring Anhui province.

The overarching controlling ‘dormitory regime’ (Pun and Smith 2007) also existed in Shanghai, with more than half of workers (59%) living in dormitories provided by their employers, although a sizable minority resided in rental flats (23%) or even owned their own houses (19%). Nearly all (90%) dined in subsidised factory cafeterias or, in some workshops, were provided ingredients to cook.

The workforce differed significantly between workshops and factories. Factory workers were mainly young, low skilled women (75% women), working predominantly as seamstresses. The workshops employed more men than women (57% men). These workers were older, (often 40+ years old), and better skilled.

More than half of the factory workers had a copy of their signed contract (54%), increasing to 98% of workers in the biggest factories. Only 11% of workshop workers had signed a contract. Contracts were mainly for fixed periods of one to two years so they did not provide much job security. This meant that just above half of the factory workers in all but the

smallest factories did have some statutory rights but such rights were routinely breached by the majority of the employers. One core statutory right was the right to social insurance. Of the various social insurances medical insurance had the highest level of coverage but still only reached 34% of factory workers. Meanwhile, 13% of workshop workers had medical insurance, but this coverage included rural cooperative healthcare insurance introduced in some villages by local governments and not by employers.

The terms and conditions of work in this sector were harsh and not in line with labour market regulations. The average daily working hours were 11.3 hours for factory workers and 13.2 for workshop workers, i.e., longer hours than in Delhi. Only 16% were paid overtime rates. On average they had only 2.5 days off each month. Unsurprisingly, occupational health problems were common.

The average pay for garment workers of the sample was RMB 2900 per month – just short of the average pay of unskilled construction workers.¹⁹ This level is well above the minimum wage but only 75% of the average worker's wage in Shanghai proper (Pun et. al., This Project). The workshop workers were paid on average 300 RMB more per month and their wages were more differentiated, with a large group of both better-paid and lower-paid workers as well (with 39% paid below RMB 2000).

Workers felt that upward economic mobility was possible and also expected that the government and legal systems could protect their rights and interests (75+%). The factory workers in particular were overwhelmingly positive towards their employers and the work rewards and salary systems in place. The workshop sector was quite differentiated, with both egalitarian and hierarchically-organised workshops, and with differences within workshops. Workshop employment might be a means to escape the factory system for the mainly male, highly-skilled, well-paid workshop workers, but for the group of poorly paid workers who worked longer hours in the workshops under worse conditions than their colleagues in the factories this was not the case. The lower level of satisfaction that we registered in workshops is an indication of these conditions.

Trade unions were part of the factories system but union leaders were part of or selected by the management and only 16% of the workers even thought that unions should protect workers' rights or undertake collective bargaining. Meanwhile, 43% of factory workers stated that they were members of unions while 29% did not even know. For workshops, only 6% of the workers were unionised.

While the workplace trade unions did not defend workers' rights, regional-level trade unions tended to be more willing to support migrant workers' rights, as shown by Wen for the Zhejiang Wenling area of Greater Shanghai (Pun et. al., This Project). However, in our

¹⁹ This is in line with the official figures for Zhejiang and Shanghai.

survey work we did not come across any collective bargaining or strikes. The China Labour Bulletin (n.d.) registered only 6 garment strikes in the Greater Shanghai Region in 2011-14, against 12 in Guandong, and 21 in the construction sector in Shanghai.

Labour NGOs are also weak in Shanghai. We identified 6 such organisations in 2012. In comparison, 30-35 labour NGOs operated in the Pearl River Delta in 2008 (Pun et al., This Project). There were many breaches of labour laws for NGOs to engage with. Cases dealt with by one labour NGO, for example, included compensation of workers for factory closures, lower salaries than originally agreed, injury compensation, the lack of employment contracts and social insurance, wage arrears, dismissal without cause, and dismissal due to refusal to work overtime. However, Shanghai labour non-governmental organisations were much less confrontational than labour NGOs elsewhere in China, and did not encourage strikes, rallies and demonstrations. Instead they sought to work within the law and build support from party and state officials for workers' rights and to help workers develop their skills and careers. The tight political control in the region meant that nothing more was possible if their activists wanted to continue their NGO work.

To conclude, as in the Delhi garment sector, Shanghai garment labour relations varied a great deal, comprising a core labour force with formal contracts, informalised directly employed labour, agency workers and workers in subcontracted workshops. As in Delhi, the overwhelming majority of workers had no local citizens' rights but some did have local *hukou*, and while agency workers were present, most workers were directly employed. More than half of the factory workers had contracts (compared to next to none in Delhi), especially in the largest factories, and thus formally they had some labour rights, albeit these were not adhered to in practice, while few workshop workers had any formal rights at all.

The dormitory control regime dominated in Shanghai but was far from all-encompassing. The formal freedom to organise was in practice limited to the factory management-directed union, and labour NGOs were few and feeble due to strong political control in Shanghai. The young, mainly female, factory workforce expressed content and compared to the Delhi garment workers, they, as other workers in China, had experienced significant wage increases – even though they also worked longer hours than their Delhi colleagues. Compared to the Shanghai construction workers, Chinese garment workers worked longer hours and were paid a bit less and they had none of the labour awareness of labour struggles expressed by the construction workers. Only in the diverse workshop sector had at least some of the skilled, mainly male, workers built themselves a strong bargaining position and engaged in collective bargaining.

Conclusion

This paper has examined labour relations and conditions in the two biggest sectors for circular migrant workers in which pay and conditions are known to be poor. It has shown that

labour in these sectors in both the Delhi region and the Shanghai region faced what we have termed a *triple absence*: the absence of formally recognised labour relations and formally recognised employers, the absence of the right to organise, and the absence of rights other than those directly concerning the labour relation.

As expected, labour subcontractors and the resultant ‘triangular trap’ played a major role in this process, but so did other types of informalised labour relations. The degree to which workers had access to labour rights and other rights differed. There was a mix of *de jure* and *de facto* absences of rights, not always related straightforwardly to the presence of triangular labour relations.

For example, the construction workers in Shanghai were all agency workers but, nevertheless, did not face a complete triple absence of rights. Many young, educated and skilled workers were in a sufficiently strong bargaining position to secure labour contracts from their labour contractors. And in spite of the absence of formal rights to organise due to the absence of labour contracts, this group was also one most ready to take collective action. In spite of the absence of recognised labour relations they were also able to sometimes make use of government labour protection systems and some of them did have some access to social security.

The Delhi construction workers faced, on the other hand, a complete *de jure* triple absence and had none of the *de facto* mitigating rights or collective bargaining and strike experiences of their Chinese colleagues. The fact that a (small) section of them were not agency workers did not bring more *de facto* rights.

Garment-sector labour relations were even more complex, with the presence of both a core labour force with some rights and an additional mix of agency workers and other informalised workers. There were some relatively minor variations in conditions and pay and the employment of agency workers played a role in creating this condition.

In Shanghai, in particular, formally recognised labour relations and formally recognised employers were not uncommon, but this context did not bring with it any *de facto* right to proper collective bargaining, actions or unionisation independent of the management controlled union. Opposed to this trend, the very mixed Shanghai garment workshop sector, with comparatively low unionisation, did hold a promise of more bargaining power and better income for skilled, mainly male, workers—but not for other workshop workers. In the Delhi garment sector, formalisation was much less developed and the right to organise was *de facto* wholly absent.

Nevertheless, and in spite of such variations, the overall conclusion regarding the impact of triangular labour relations is that they do indeed help in keeping workers’ rights at bay; but so do other means of informalisation. The detailed study from the Delhi garment sector shows that agency workers are cheaper and may have to work harder than other informalised

workers. Our data from Shanghai highlights that the extent to which different groups of workers possess employment contracts serves, in fact, as a means to divide and rule. However, one should not focus excessively on what are essentially the formalities of the employment relation. The Shanghai construction worker case shows that labour can overcome such limitations and take collective action irrespective of the *de jure* context.

It is also clear that the particularities of sectors influence labour relations: there are obvious sector-specific trends across the two countries. In the construction sector, the changing character of the worksite and the significant variation in workforce size and composition required by individual construction companies over time facilitate the use of agency workers since it works against the forging of strong labour solidarities.

In the garment sector, in spite of the differences in size of the subsectors and of individual factories and workshops in the two countries, the Delhi and Shanghai contexts are both characterised by subcontracting of production arrangements and the use of a range of different kinds of labour relations, including agency work and other types of informalised relations. This mixture serves to segment labour, although not to fully prevent collective labour activities, not even when labour is employed as agency workers.

The absence of local citizens' rights for migrant workers in both India and China is a serious impediment for workers. They are treated as second-class citizens both at the workplace and in society at large: state and private sector oppression go hand in hand in our cases. In other words, citizen rights cannot be separated from class-based relations and class-based labour rights; there is a clear class-based rationale in not granting migrant workers citizen rights. This condition makes it more difficult for workers to fight for more formal rights.

The differences in national circumstances have a clear impact on labour relations and conditions. It is well known that wages have increased much faster in China than in India since the turn of the century, and wages in our two sectors reflect this difference. We have also shown that the willingness to take collective action and engage in collective bargaining is higher in Shanghai, especially in the construction sector but also among some sections of skilled garment workers. This finding is in line with the general context of labour market tightening, increased labour struggles and the mixture of oppression and legitimising action by the Chinese government. Apart from the oppression, these developments are absent, however, in India.

It is perhaps surprising that the ability to take action is weakest in our cases from India, in spite of its liberal democracy and its formal protection by law of labour rights and freedoms.²⁰ It is also noticeable that social security is nearly absent here. But the circular

²⁰ This is a point also made recently in relation to labour conflicts involving informalised labour in the Southern parts of Greater Delhi (GurgaonWorkersNews 2015).

migrant workers are in no position to put pressure on the local government in Delhi. Among other problems, they only have voting rights in their place of origin.

Rina Agarwala has recently argued for a citizens' rights strategy for informalised workers in India, based on their electoral muscle (2013). However, she does not consider circular migrant labour and the absence of their voting power, so this strategy is of limited value for this huge section of informalised workers. In our cases, state-leveraged and state-implemented improvements are only of real importance in Shanghai. More than voting power, we would argue that what matters is the constellation of classes, including the interests and strengths of the class-based coalitions in power and the composition of the labouring classes.

In China, it has long been argued that the regime gains its legitimacy to rule from its claim to be a workers' party and this status makes it much more sensitive to workers' demands and action, be they formally legal or not. In India, there is no such pretence and while liberal democracy requires that rights be enshrined in law, there is little need for the ruling-class constellation to enforce any pro-labour laws.

The Indian regime gains its legitimacy primarily from delivering growth and only very secondarily from poverty reduction - and this latter condition prevails only as long as poverty reduction does not go against the interests of the dominant classes. Pro-labour initiatives are not on the agenda. A proper investigation of the different national regimes is not possible within the confines of this paper but in our view this factor is as important as sector-specific issues if one is to explain why labour relations differ across countries and sectors today.

That said, such issues cannot be reduced to whether or not a group of workers is ready to take action or not. Had that been the case, the Shanghai construction workers would have had better access to state support than the garment workers there. But this has not been the case. The strategy deployed in the class struggle from above in the two Chinese sectors varies since it appears that it is deemed necessary to use the stick more than the carrot to keep restive construction workers at bay.

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