

# Documenting the Lack of Labour Rights in India's Construction Sector

*The ESRC-DFID Research Project  
"Labour Conditions and the Working Poor in China and India"*

## Introduction

This Development Viewpoint reports on research on labour conditions in the organised medium- and large-scale segments of the construction sector in the greater Delhi area. The ESRC-DFID Research Project on "Labour Conditions and the Working Poor in China and India" conducted this research based on direct surveys of construction workers and in-depth interviews and focus-group discussions with key informants in the sector.

Construction is one of the fastest growing sectors in the Indian economy. In 2011-2012 it accounted for 8% of the country's GDP and about 11% of its workforce. As a result, India has the 9th largest construction market in the world.

This sector is extremely diverse and complex. Hence, the survey results in the greater Delhi area (the National Capital Region or NCR) should not be taken as necessarily representative of conditions in the whole country. Nevertheless, they reveal some disturbing trends in labour conditions that are likely to be representative, to some degree, of conditions across the country.

## Labour Recruitment

A central problem confronting workers who want to secure their labour rights in this sector is that their real employers are hidden at the end of a long complicated chain of the subcontracting of construction work and the recruitment of workers.

These conditions are similar to those found in the Shanghai area of China (see Development Viewpoints #77 and #78). So they could be indicative of how the industry functions on a global basis. One of the purposes appears to be to deliberately obfuscate who the real employer of construction workers is, and thus who is responsible for their exploitative labour conditions.

In the greater Delhi area, 84% of the construction workers are recruited by labour contractors. In addition, 99% of the workers are migrants from other regions (often from Bihar, Uttar Pradesh and West Bengal). Similarly, the great majority of the construction workers in Shanghai are also migrants from rural areas.

Many of the workers in Delhi are recruited by large-scale labour contractors based in their own region and are delivered *en masse* to firms that have subcontracted to carry out particular aspects of a construction project. At construction sites, their attendance and payments continue to be the responsibility of agents of the labour contractor.

Most of the workers recruited in this way are unskilled and stay on the job usually only 4-9 months. They are mainly low-paid day wage workers who average over 10 hours of work per day. Some migrant workers are recruited for even shorter periods, such as 2 months, but are paid even lower wages.

The wages and other benefits of all of these workers have been fixed by their labour contractor, not by their employer. Sometimes workers receive advances from these contractors. But they are invariably

locked into their jobs since they are not paid their full wages until their work is completed.

Some workers are recruited by contractors based in Delhi. The latter can vary in size, but in some cases they supply several hundreds or thousands of workers across multiple work sites. Though they can recruit some Delhi-based workers, these contractors dispatch agents to other regions to recruit the bulk of their workers.

The great bulk of migrant workers (94%) have no formal labour contract. So there is no formal employment relationship. They do not even know who their real employer is. And as the construction industry has grown rapidly and become more concentrated at the top, the chain of subcontracting of both work and workers has become longer and more complicated.

## Worker Demographics

In contrast to conditions in China, nearly a quarter of the workers are female and many workers have moved to the sites with their families, including young children. But the industry is becoming more 'masculinised'. So many women might lose this important source of employment.

The major reasons are the increasing capital intensity of construction and the trend that sees workers increasingly working around the clock and most of the week. The associated working conditions are often strenuous and carry a high risk of injury.

Such conditions have also meant that most construction workers are young—as well as uneducated. For example, 70% of the workers who were surveyed were 18-35 years of age. And 65% of all workers had not completed primary school. By contrast, construction workers in Shanghai tend to be older and more educated.

Most of the construction work in India also tends to be temporary. For example, 70% of the workers reported having less than one year of continuous employment.

Most of these workers come from rural areas but they own little or no land at their place of origin. Hence, for 76% of them, their main income comes from their casual construction labour.

## Construction Wage Rates

In the construction industry, the skills vary by the stage of the work and the task required. But most workers carry out low-skilled manual labour and receive wages below the official minimum. This minimum daily wage varies across the National Capital Region itself (from the equivalent of about US\$ 2.60 to US\$ 4.70). In Delhi City, for example, the average daily wage for unskilled construction workers is only about two-thirds of the low official minimum wage.

Construction workers who migrate to the NCR on a short-term basis have the lowest wages. Also, the average monthly wages of female unskilled construction workers (which are equivalent to about US\$ 78) are one quarter lower than the wages of male unskilled construc-

tion workers. Moreover, female workers are restricted to such low-skilled work.

When the survey asked construction workers about their main problems, two-thirds of them replied that 'low wages' were a problem. In addition to facing low pay, construction workers do not get properly remunerated for overtime work and they have no paid days off work. Related to these problems, a significant number of workers also voiced complaints about 'long working hours'.

Many workers also complained about the irregular payment of wages. Delays in wage payments could be due to the actions of the labour contractors themselves or to delayed payments from building subcontractors.

The complaints of Chinese construction workers are very similar though their focus is much less on low pay. But they do share problems in common with Indian construction workers. These include strenuous work, long hours, inadequate overtime pay and the lack of any meaningful social security.

### Living Conditions of Workers

About 70% of construction workers live in fenced-in and guarded worksites. Many others live in isolated and similarly protected labour camps. The majority of workers live in temporary sheds.

The living conditions of workers (and sometimes their accompanying family members) are poor, whether they reside in worksites or labour camps. Toilet and water facilities are inadequate and space is highly congested. In addition, electricity supply is limited during both mornings and evenings.

More than half of construction workers complained about work-related health problems, such as persistent coughs and back strains. They wear no protection of any kind at work yet they face major health risks, such as pervasive dust particles and the constant danger of accidents. At the same time, the great majority have to rely on unregistered private medical practitioners for their health care needs.

### Social Security Benefits

A great majority of construction workers report having no access to social security benefits even though several government schemes are in place that could benefit them (see Table). These include, for example, access to injury compensation, health benefits and retirement benefits. The lack of social security is also a major concern among Chinese construction workers.

The Table lists these types of social security and the responses by workers about whether they had access, or even knew about such benefits. For example, even though injuries are common in the construction industry, over 92% of the workers surveyed indicated that they had no access to injury compensation and about 7% did not even know whether they did. A mere 0.8% claimed that they did indeed have access.

The percentages of workers who had no access to retirement benefits or health benefits were similarly high (i.e., about 98% and almost 94%, respectively).

### Union Representation

There are no labour unions at the construction worksites surveyed, nor any other collective organisation. Though unions exist in the area, there have been few attempts apparently to make any contact with construction workers. The lack of union representation is similar in Shanghai.

The workers are well aware of the tight security that construction companies maintain at worksites, which would prevent any contact by unions. A significant number are also afraid of losing their job if they get involved with unions.

Moreover, it is difficult to organise the workers since they come from many different backgrounds, i.e., based on caste, religion, language, region and skill level. In any case, instead of seeking out unions, most workers rely on their labour contractor to resolve any problems of wages or working conditions.

**Access to Social Security Benefits**

Type of Benefit	Yes	No	Don't Know
Injury Compensation	0.8	92.4	6.8
Employees' Provident Fund Organisation	0.8	86.8	12.4
Retirement Benefit	--	97.8	2.2
Employee's State Insurance Corporation	--	88.0	12.0
Health Benefit	--	93.7	6.3
Other Social Security	--	91.6	8.4

Source: Survey Data

### Concluding Remarks

At the core of the problems of construction workers is the fact that they have no clear relationship with their ultimate employer, the general construction company in charge of the entire infrastructure or building project.

Thus, there is no clear formal basis on which they could lodge grievances on their wages, working conditions, living conditions or social security benefits. As a result, they are, effectively, 'informal-sector' workers, lacking in any 'formal' labour rights. While there are laws for their protection and social security, the impact of these laws is minimal.

Many of the labour conditions in the Chinese construction sector in Shanghai are similar to those in the Indian construction sector in Delhi. Much of the work in Shanghai is done by rural migrants recruited by labour contractors.

Though unions exist to represent workers in Shanghai, they do not represent the vast majority of migrant workers, particularly because they lack any legal status in urban areas. Thus, like their Indian counterparts in Delhi, Chinese construction workers in Shanghai are effectively 'informal' labourers, with no clear status and few, if any, labour rights.

*This Development Viewpoint draws on research project reports by Professor Ravi Srivastava, who led the fieldwork and survey efforts in the National Capital Region of India. Also see an early prescient analysis of global trends in the construction sector in ILO 'The construction industry in the twenty-first century: its image, employment prospects and skill requirements', Geneva: ILO, 2001.*