Modi promotes India as world’s sweatshop

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Under the slogan “Make in India,” Indian Prime Minister Narendra Modi has launched a high-profile campaign to drum up foreign investment, particularly in the manufacturing sector, promoting India as a cheap labour, low-cost alternative to China

The campaign is an attempt to revive India’s economy, which has been battered by the world economic crisis and plagued since 2011 by low growth and high inflation. It is also a recognition that manufacturing in India has failed to take off, despite a huge, predominantly young workforce and that this constitutes a major failing in the implementation of the Indian bourgeoisie’s neo-liberal agenda. Whereas in China, manufacturing constitutes more than 30 percent of GDP, in India, according to the World Bank, it accounted for just 13 percent of the economy in 2013, down from 15 percent in 2011.

The day before he left last week for his first official visit to the US as India’s prime minister, Modi officially launched the “Make in India” campaign, vowing to make India a “manufacturing hub.” Noting that India is ranked low on the “ease of doing business,” Modi pledged “effective governance and easy governance.” In other words, his Bharatiya Janatha Party-led government will intervene aggressively to eliminate barriers—including environmental and labour regulations—to making investments, securing land, and exploiting a “flexible” workforce.

The government has invited the world’s top 3,000 companies to explore investment possibilities in India. An eight-member expert panel is to be set up by the Department of Industrial Policy and Promotion to interface with investors and work with Central and State government departments to “resolve” policy and other issues. Commerce and Industry Minister Nirmala Sitharaman has said the government will review “all regulatory processes with a view to making them simple and reducing the burden of compliance on investors”.

Modi’s decision to formally launch his “Make in India” initiative on the eve of his US trip was hardly happenstance. In between appearances at the UN and two days of meetings with President Obama and his top officials, Modi squeezed in a flurry of meetings with US business leaders. On Monday he hosted a breakfast meeting with the heads of 11 major US companies, including Google, PepsiCo, Citigroup, Cargill, and Caterpillar. He then held one-on-one meetings with the CEOs of Boeing, KKR, BlackRock, IBM, General Electric, and Goldman Sachs.

Responding to big business complaints that India has not done enough to open up its economy to foreign investment, and that its regulations limiting layoffs and plant closures are “onerous,” Modi declared “India is open-minded. We want change.”

The US business leaders subsequently sang Modi’s praises. GE CEO Jeffrey R Immelt told the *Indian Express*, “My interaction with him was outstanding. I am certainly looking forward to further investments in India as the climate for investments has switched to positive once again.’’ According to Indian press reports, Modi planned to signal to Immelt that his government is open to amending India’s nuclear liability law, which US energy companies have denounced because it could force them to pay significant compensation were they responsible for a catastrophic nuclear accident.

MasterCard CEO Ajay Banga said that Modi had responded to the business leaders’ complaints by saying, “I get it,” and promising to “get on with the task of addressing our concerns.” “This,” added Banga, “is a very positive indication of the fact that he wants the investment climate in India to change drastically and change fast.’’

Modi’s campaign is predicated on the fact that wages in India are now significantly lower than in China, where—in response to growing worker militancy, including a wave of strikes—companies have had to grant modest, but significant, wage increases.

India is also seeking to exploit the mounting geostrategic tensions between the US and Japan, on one side, and China on the other, promoting India as a "Western friendly" alternative production-chain hub to China.

Much of Indian and foreign big business have embraced the "Make in India' campaign, calculating that the government's hype about its job creation potential will serve as a convenient cover to push through sweeping pro-big business "reforms." "We are committing ourselves to the movement," declared Mukesh Ambani, head of Reliance Industries and India's biggest billionaire. "The uniqueness of his (Modi's) leadership is that he dreams and he does." "The mood in India has turned positive," observed Franz Hauber, the executive director of the German-based transnational engineering firm Bosch. Hauber urged the BJP government to "address the infrastructure issues, work to improve ease of doing business and set up quick single-window approvals for investment projects."

Modi's BJP-led government has already begun to push through economic reform measures, including changes to labor laws and an acceleration of the government's privatization/disinvestment drive.

At the end of July, Modi's cabinet cleared 54 amendments to the "Factories Act, 1948," the "Apprenticeship Act, 1961" and the "Labor Laws Act, 1988." Under these amendments, women would be eligible for night-shift work, the ceiling for overtime hours will be increased from 50 hours per quarter to 100 hours, and employers will no longer be liable to imprisonment for violating the Apprenticeship Act.

As a test case for the gutting of labour laws nationwide, the BJP state government in Rajasthan has pushed through amendments to the "Industrial Dispute Act", "Factory Act" and "Contract Labor Regulation & Abolition Act." These would raise the ceiling for the number of workers in a factory where employers can retrench workers without government approval from 100 to 300 and make it much more difficult for workers to form trade unions with collective bargaining rights.

The amendments to the Contract Labor Act would strip most contract workers of any protection under the labor laws, as contractors employing less than 50 workers will no longer be subject to its provisions. During the past two decades, Indian employers, including government-owned corporations, have vastly expanded their use of contract labour, so as to slash wage and benefit costs, circumvent restrictions on layoffs, and divide the workforce.

Last month, Modi's cabinet cleared the partial sell-off of the government stake in three major public sector companies: Oil and Natural Gas Corporation (5 percent), Coal India (10 percent), and National Hydroelectric Power Corporation (11.36 percent). As part of a broader public sector restructuring program, the government has started the process of reviving five "ailing" PSUs [Public Sector Undertakings] and permanently shutting down six others.

The Modi government is also preparing to introduce pro-big business amendments to the "Land Acquisition Act" adopted last year after government land seizures for big business projects were met with massive peasant opposition in many parts of the country. Reuters, in a report on a confidential policy paper that is now circulating within the BJP government, said that state governments are proposing "removing a requirement to get landholders' consent in the case of public-private partnership projects, or at least bring[ing] the threshold down to 50 percent of affected landowners."

While the Modi government is moving aggressively against the working class, sections of both Indian and foreign capital are demanding the government quicken the pace of reform and pursue even more radical pro-big business policies. A September 14 article in the London-based *Financial Times,* titled "Modi allure dims for multinationals," cited Gurcharan Das, the former head of Procter & Gamble in India, as saying, "If he [Modi] wants to make India a manufacturing hub, we will need the big bang reforms."