

# Labouring for investment

Tamil Nadu walks back a key labour law amendment introducing flexibility in work hours that would have benefited foreign manufacturers with export targets, such as Apple’s vendors



SURAJEET DAS GUPTA  
New Delhi, 3 May

It came as a bolt from the blue. On Monday, confronted by stiff opposition from trade unions and political parties of all hues, from the Congress to the Communist Party of India and Communist Party of India (Marxist), Tamil Nadu Chief Minister M K Stalin announced that his government would withdraw the contentious amendment to the Factories Act that the Assembly passed a few weeks ago.

The changes to the Act were aimed at providing flexible hours mainly to niche global electronics companies such as Apple Inc to ramp up production for exports.

Top state officials went into a huddle on Tuesday. Though the amendment can be withdrawn only by the Assembly in the interim period of a few months before it is convened, officials are hoping to allay concerns raised by political parties and trade unions. It is possible, for instance, that the scope of the Act would be limited to niche areas in electronics manufacture.

Unions allege that they were not consulted and that the law would only force them to work more. Also, a similar Bill has also been cleared earlier by the Bharatiya Janata Party-ruled

## WORKING FOR INVESTMENT

- The amendments to the Factories Act broadly provide option to workers to voluntarily work more and get paid more
- These restructured hours help companies like Apple increase productivity without increasing the workforce because the states are wary of large China-like factories as potential centres of labour unrest
- Both China and Vietnam – the other key hubs for Apple’s vendors – have adjusted factory working hours
- Unions and political parties in India fear that the amendments would force workers to put in more hours and be exploitative
- State governments that want to implement similar changes believe it is applicable only to niche industries like electronics

Karnataka government, which is awaiting presidential assent, since labour laws come under the concurrent list.

Why is the relaxation in the work hours so crucial for companies like Apple Inc, which has bet big in the state? For the Cupertino, California-headquartered company, lack of flexibility in work hours could stymie its ambitious plan to ramp up its production to \$20-25 billion by FY26 – a three-and-a-half-fold increase in the next three years. That is far higher than its minimum commitment under the production-linked incentive (PLI) scheme of \$15 billion by which it

has promised to generate 110,000 jobs.

The game plan after CEO Tim Cook’s visit is now at a different level. The government says it expects 25 per cent of iPhone’s global production to take place in India by FY26, the last year of the PLI scheme. To achieve this objective, analysts said, Apple needs to double its direct workforce and make bigger factories.

Tamil Nadu is key for the company because two of the three major Apple vendors, Foxconn and Pegatron, which produce the bulk of the iPhones, are based in the state. Its domestic supplier of enclosures for the iPhone, the Tata group – with

which there are ambitious plans – has its unit in Hosur.

The two contract manufacturers have over 50,000 employees out of a total of 63,000 among the three vendors. They produce over 70 per cent of all iPhones for Apple in India. Only Wistron is in Karnataka.

The key to Apple’s global success has been to build huge economies of scale on the Chinese model. But doing so requires flexible labour laws and larger factories.

In China, where 90 per cent of all iPhones are assembled, Apple’s vendors collectively employ over 10,00,000 workers in just four large factories with the biggest in Zhengzhou boasting 350,000 workers. They produce phones worth over \$100 billion in free on board (FOB) value.

In India the vendors have set up three factories with over 63,000 workers that assemble only 7 per cent of the global production, the largest of them being Foxconn with 35,000 workers. They make \$7 billion worth of phones (in FOB value).

Most Indian states are wary about allowing factories with more than 40,000 workers because they think such large numbers could cause law and order problems. Also, unlike China, dorms within the factory premises for women workers are still not permitted under law – although 70 per cent of the workers in Apple vendor factories are women. Apple is currently holding discussions to change the law. The stiff labour laws were one key issue that Cook discussed with Prime Minister Narendra Modi during his recent India visit.

The Factories Act amendment would have helped Apple’s vendors ramp up production with the same number of workers. That is because the cap on the maximum hours they can work (normal plus overtime) would have gone up by 12 per cent. For workers, overall wages would have risen 20 per cent every month and their overtime earnings would have doubled. A spokesperson of Apple Inc did not respond to issues related to the impact of the amendments. The average age of the workers is around

21 and they have passed Class X.

The broad changes in the Factories Act in Tamil Nadu and Karnataka are similar. The amendment extends the total number of working hours in each shift to 12 (two shifts a day) for four days instead of the current system of three eight-hour shifts for six days. The cap of 48 hours a week is unchanged in both cases. The option of which one to choose remains with the worker – a message, government officials say, that has been missed by the unions. It also allows women to work on night shifts.

But the bigger change is in doubling the cap on overtime from the current 75 hours per quarter to 150 hours, which means that additional overtime hours can potentially go up from six hours earlier to 13 hours now.

This regimen is not unusual in countries with an export focus. Apple’s two other manufacturing hubs, China and Vietnam, have already obliged. Vietnam, for instance, has amended laws in 2022 to increase the cap on overtime from 200 hours a year to 300 hours (with a monthly limit of 60 hours).

In China under the new regulations on labour, the employing unit has been allowed to increase working hours in consultation with the union and the workers for one hour a day and for special reasons three hours a day, but with the proviso that the increase should not be more than 36 hours.

Without flexibility in labour laws Tamil Nadu could see Apple vendors shift capacity to other states. That is already happening. For instance, Foxconn has announced investment of \$200 million in Karnataka and intentions to set up factories in Telangana (where the government is looking at changing the Factories Act) generating 100,000 new jobs. Sources said some of its supply chain vendors are considering Gujarat and Uttar Pradesh as alternatives. Also, as most of the production is for exports (70 per cent by FY26) they can continue in China or look for other alternative destinations in South East Asia.

The option of full automation, which is the route other global mobile makers are exploring, is tricky. Apple uses about three to four times more labour per phone as a large part of the quality checks are done physically. But this option would be out of sync with a key objective of the PLI scheme. Flexibility of labour laws could well become a double-edged sword for states that want to attract more foreign direct investment.

# ‘India likely to have 900 million active internet users by 2025’

56% of all new users could be from rural India by 2025, says report



SOURABH LELE  
New Delhi, 3 May

As many as 759 million Indians, around 52 per cent of the country, accessed the internet at least once a month but a digital divide continued among states, said a report on Wednesday.

The number of active internet users in the country grew by almost 10 per cent in 2022, according to the ‘Internet in India Report 2022’, jointly prepared by the Internet and Mobile Association of India (IAMAI) and KANTAR. This is the first time that a majority of Indians have become active internet users. The report estimates that India is likely to have around 900 million total active users by 2025.

In urban India, internet penetration stands near 71 per cent and the number of active users there grew some 6 per cent in 2022. In rural India, internet penetration jumped around 14 per cent over the previous year. Currently, 399 million active internet users are in rural India and 360 million are from urban India. It is estimated that 56 per cent of all new internet users will be from rural India by 2025.

Digital divide continued to plague the positive narrative with a huge disparity in

internet penetrations across states. Bihar’s internet penetration (32 per cent) is half that of the leading state Goa (70 per cent).

The report also highlights a gender disparity in internet usage: 54 per cent of users are male. However, it added that 57 per cent of all new users in 2022 were females. Around 65 per cent of all new users to be added by 2025 will likely be women.

In terms of usage, digital entertainment, digital communications and social media continue to be the most popular services in India. Indians are fast adapting social media platforms as the next e-commerce destination, with a staggering 51% YoY growth in Social Commerce.

Internet usage for digital payments has witnessed 13 per cent growth over 2021 to reach an estimated 338 million users, of which 36 per cent are from Rural India. 99 per cent of all digital payment users are UPI users.

The report is based on the ICUBE 2022 study that covered over 86,000 households across all states and Union Territories of India excluding Lakshadweep.

Indians’ use of ‘smart’ devices like tablets or streaming increased from 8 per cent in 2021 to 13 per cent in 2022.



**SICOM**  
LIMITED

Registered Office: Solitaire Corporate Park, Building No. 4, Guru Hargovindji Road, Chakala, Andheri (East), Mumbai - 400093. Tel.: 022-66572700, Website: www.sicomindia.com

**CORRIGENDUM**

Corrigendum to the Advertisement published on 5<sup>th</sup> April 2023 in "Business Standard", Mumbai Edition Inviting Expression of Interest (EOI) for Sale of Financial Assets (Non Performing Assets) of "SICOM Ltd."

**The last date for submission of offer alongwith EMD of 5% of offer is revised from May 4, 2023 to May 13, 2023 upto 04:00 p.m.** The subsequent dates for the completion of due diligence & submission of offer may be referred through the bid document uploaded on our website www.sicomindia.com.

All other terms and conditions of the above referred advertisement shall remain unchanged.

Place: Mumbai  
Date: May 4, 2023

Sd/-  
Authorised Officer, SICOM Ltd.



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Bank of Baroda

www.bankofbaroda.in

**TENDER NOTICE**

Bank of Baroda invites proposal for Selection of Vendor for Information Rights Management Solution.

Details are available on Bank's website: **www.bankofbaroda.in** under Tenders section and Government GeM Portal.

"Addendum", if any, shall be published on Bank's website **www.bankofbaroda.in** under Tenders section. Bidder must refer the same before final submission of the proposal.

**Last date for Bid submission: 1<sup>st</sup> June 2023.**

Place: Mumbai  
Date: 04.05.2023

Sd/-  
Chief General Manager (IT)



**बैंक ऑफ बड़ौदा**  
Bank of Baroda

**NORTH AVENUE ROAD SANTACRUZ WEST BRANCH (VJSANW)**

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In our endeavor to consolidate and strengthen our services to the customers, our North Avenue Road Santacruz West Branch presently functioning at Pearl Queen Apartments North Avenue Road, Santacruz West Mumbai-400054 will be shifted to Louisiana Apartments Main Avenue Road, Santacruz West Mumbai- 400054 and shall function at the said address w.e.f. **05-06-2023**. It shall function and cater all types of banking business from the said premises.

We sincerely regret the inconvenience caused to you in this regard and assuring you of our best services at all times.

Sd/-  
(Mayank Kumar)  
Regional Head  
Mumbai Metro West Region

Place : Mumbai  
Date : 04.05.2023



**बैंक ऑफ बड़ौदा**  
Bank of Baroda

www.bankofbaroda.in

**TENDER NOTICE**

Bank of Baroda invites Tender for empanelment of Travel Agent in Bank of Baroda, Baroda Corporate Centre, Mumbai for booking of Domestic and International Air-tickets & other Allied Travel Services. Details are available under 'Tender section' on Bank's Website: **www.bankofbaroda.in**

Addendum, if any shall be issued on Bank's website under 'Tender section'. Bidders are advised to check the website before submission of EMD / Submission of Tender.

**Last date of EMD payment / KYC submission: 25/05/2023 before 03.00 P.M.**

**Date of Commencement of Tender: 04/05/2023**

Place: Mumbai  
Date: 04.05.2023

Asst. General Manager  
(COA, Baroda Corporate Centre)

### STATEMENT OF AUDITED STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2023

(₹ in Crores)

Sl. No.	Particulars	Standalone				Consolidated			
		Quarter ended March 31, 2023	Quarter ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Quarter ended March 31, 2023	Quarter ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
		Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited
1	Total Income from Operations	1,234.60	767.58	4,155.62	2,746.45	1,234.82	767.77	4,156.35	2,747.12
2	Net Profit / (Loss) before tax (before Exceptional Items)	140.37	74.17	511.28	156.21	140.61	74.35	512.07	156.85
3	Net Profit / (Loss) before tax (after Exceptional Items)	140.37	74.17	511.28	151.21	140.61	74.35	512.07	151.85
4	Net Profit / (Loss) after tax (after Exceptional Items)	111.13	63.08	388.67	120.73	111.31	63.21	389.28	121.20
5	Total Comprehensive Income for the period [Comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (after tax)]	107.00	90.23	394.47	149.94	107.18	90.36	395.08	150.41
6	Equity share Capital (Face value of Rs.10/- each)	228.22	201.20	228.22	201.20	228.22	201.20	228.22	201.20
7	Reserves (excluding Revaluation Reserve)	1,193.54	799.07	1,193.54	799.07	1,196.29	801.22	1,196.29	801.22
8	Securities Premium	1,336.35	863.37	1,336.35	863.37	1,336.35	863.38	1,336.35	863.38
9	Net Worth	2,758.11	1,863.64	2,758.11	1,863.64	2,760.86	1,865.80	2,760.86	1,865.80
10	Paid up debt capital / outstanding debt	18,870.77	12,964.11	18,870.77	12,964.11	18,870.77	12,964.11	18,870.77	12,964.11
11	Outstanding Redeemable Preference Shares	-	-	-	-	-	-	-	-
12	Debt Equity Ratio	6.84	6.96	6.84	6.96	6.84	6.95	6.84	6.95
13	Earnings Per Share (Face value of Rs.10/- each) (not annualised) (In Rs.)								
	(i) Basic	5.09	3.18	18.72	6.17	5.10	3.19	18.75	6.20
	(ii) Diluted	5.09	3.18	18.72	6.17	5.10	3.19	18.75	6.20
14	Capital Redemption Reserve	NA	NA	NA	NA	NA	NA	NA	NA
15	Debenture Redemption Reserve	NA	NA	NA	NA	NA	NA	NA	NA
16	Debt Service Coverage Ratio	NA	NA	NA	NA	NA	NA	NA	NA
17	Interest Service Coverage Ratio	NA	NA	NA	NA	NA	NA	NA	NA
18	Current Ratio	NA	NA	NA	NA	NA	NA	NA	NA
19	Long Term Debt To Working Capital	NA	NA	NA	NA	NA	NA	NA	NA
20	Bad Debts To Account Receivable Ratio	NA	NA	NA	NA	NA	NA	NA	NA
21	Current Liability Ratio	NA	NA	NA	NA	NA	NA	NA	NA
22	Total Debts To Total Assets	82.95%	83.85%	82.95%	83.85%	82.94%	83.84%	82.94%	83.84%
23	Debtors' Turnover	NA	NA	NA	NA	NA	NA	NA	NA
24	Inventory Turnover	NA	NA	NA	NA	NA	NA	NA	NA
25	Operating Margin Percent	NA	NA	NA	NA	NA	NA	NA	NA
26	Net Profit Margin Percent	8.99%	8.18%	9.34%	4.38%	9.00%	8.19%	9.36%	4.40%

Notes:

- The above financial results have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at their meetings held on May 03, 2023 and subjected to audit by joint statutory auditors, pursuant to regulation 52 of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and Paragraph 7 of Operational Circular SEBI/HO/DDHS/P/CIR/2021/613 "Continuous disclosure requirements for listed Commercial Paper" dated 10th August 2021, as amended.
- During the quarter ended March 31, 2023 the Company allotted 10,810,810 equity shares to M/s. TVS Motor Company Limited by way of preferential issue.
- The above is an extract of the detailed format of quarterly financial results filed with the Stock Exchange under Regulation 52 of the LODR (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the audited financial results are available on the Stock exchange website (www.nseindia.com) and on Company's website.
- The Company has prepared these standalone and consolidated financial results in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013.
- Figures of previous periods have been regrouped, wherever necessary, to make them comparable with the current period.

**Date : May 03, 2023**

**TVS CREDIT SERVICES LIMITED**  
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