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**Publication Date**

2024-03-16

# Influence of the British Raj on Modern-Day Outsourcing of Technology Labor

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**Abstract:** The existing influence of the British Raj in modern-day India allows for Indian technological workers to be exploited by American companies by minimal pay and longer hours.

## INTRODUCTION

This paper was written as a final paper for EC ENGR 188: Humanities Informed STEM at UCLA for the Winter 2024 quarter (Carbajo).

Many countries have stagnant economic growth and widespread unemployment due to the era of imperialism and colonization that is part of their history. As a result Western countries' companies come in and exploit these populations as cheap, expendable labor. Examples include use of child labor in sweatshops for garment manufacturing and use of foreign call centers for customer service.

Through an analysis of job postings, average salaries, and cost of living metrics, it becomes clear that Indian technological labor is being exploited for the gain of American companies. I am defining exploitation as longer hours for less pay in comparison to their American counterparts. This paper focuses solely on software engineer roles and the rise of outsourcing software development abroad.

## METHODS

Through an analysis of job postings, average salaries and cost of living metrics, software developers working primarily in Bengaluru (Bangalore), it was found that India often makes significantly less than their American counterparts.

In order to analyze job postings and average salaries, I turned to Glassdoor. I specifically searched for Senior Software Engineer roles in Bangalore and San Francisco. On March 6, 2024, I searched for Bangalore on and used conversion rates for INR and USD. Results for cost of living were also calculated on March 6, 2024. Salaries for Schneider Electric and Oracle were also collected on March 6, 2024. Salaries for Meta were collected on March 7, 2024

I also used a cost of living calculator provided by Numbeo to get average values to live and work in different parts of the world ("Cost of Living in Bangalore. Mar 2024. Prices in Bangalore").

## RESULTS AND INTERPRETATION

According to Goh Chiew Tong of CNBC, tech workers in Bangalore often work 9 hour days on unnatural schedules due to the demands of their foreign clients (Tong). Due to low pay and struggles to make ends meet, developers in Bangalore are forced to pick up side jobs in the evenings to supplement their incomes. Another Reddit thread details how workers often can

work 9 to 10 hours due to unrealistic demands and schedules (“What are your working hours, if any? : r/bangalore”). It is important to highlight that the standard working hour for American workers is 8 hours a day or 40 hours a week (Sahadi).

Another difference between software developers in America and India is the stark difference in pay. One senior software engineer role at Razorpay offered 697K-908K INR which translates to 8419-10967 USD annually (“Senior Software Development Engineer”). A similar role for a similarly sized company (Clinvia LLC) pays 130K-190K USD annually. A role for Schneider Electric also estimated to pay 563K-1M INR which is 6800-12079 USD annually (“Senior Software Roles in Bangalore”). This same role located in America ranges for 118K-157K USD annually for Schneider Electric as well (“Schneider Electric Senior Software Engineer Salaries”). There is a clear pay discrepancy between the same job. The only difference is the location of these jobs.

Of course cost of living is a major factor in these salaries, but oftentimes cost of living does not equate these salary discrepancies. Based on Numbeo's cost of living calculator, living in Bangalore is 77.2% lower than living in San Francisco but it is important to note that salaries are 94.2% lower in Bangalore than it is in San Francisco especially for Schneider Electric.

Let's look at Oracle where a Software Engineer can make 158K-214K USD annually (“Oracle Software Engineer Salaries”). The exact same role pays 1M-2M INR which is 12,079 to 24,170 USD annually (“Oracle Software Engineer Salaries - Bangalore”). This is a 92.4% decrease compared to their American counterparts for the exact same job.

Lastly, Meta also has a clear pattern of salaries being incomparable to cost of living in India. I chose Meta due to its larger revenue than Oracle and Schneider Electric along with its different market products. A senior software engineer at Meta can be paid from 275K-409K USD (“Meta Senior Software Engineer Salaries”). While the same role in India is 451K-7M INR converted to 5453-84636 USD (“Meta Senior Software Engineer Salaries - Bangalore”). This is a 98.8% decrease.

The evidence is clear. The exact job in Bangalore pays a fraction of the exact same job in San Francisco, yet salaries are not proportional to cost of living.

This exploitation of labor exists due to a myriad of factors. India has a large population of youth proficient in English due to existing British colonial influence (Chakraborty). This large group of youth are desperate for jobs. This is due to the large working-age population and not enough jobs available or created (Mehrotra). Many recruiting websites state that outsourcing labor to India “can often hire skilled Indian professionals at more competitive wages compared to local hire in Western countries” (Chakraborty). Indian professionals are marketed as a cheap way to save on labor. They claim this is due to a lower cost of living in India—which is true—but it has been clearly demonstrated that their wages are not a reflection of this conception.

Another reason is that many “professionals are experienced in working with international clients” (Chakraborty). Essentially, due to international clients, workers are forced to work longer hours and through nights due to time zones.

A different recruiting agency claims that “India has a surplus of talents” (“Why hire tech talents from India?”). Thus, implying that the population is more willing to work for lower wages due to a large competitive population. However, one characteristic that should be highlighted about the wording of these blogs and articles is their dehumanizing nature. For

example, one article utilizes the word “they” to describe Indian workers (“Why hire tech talents from India?”). This wording creates an “us” vs. “them” situation. This creates a notion that Indian workers are different from American workers and implies the belief that they are worth less than American workers as they are a cheaper alternative to American workers.

This modern-day exploitation of Indian labor from the West is not a new phenomenon. Throughout history, Indian workers have been exploited for a plethora of reasons highlighted through indentured servitude and harsh restrictions during the British colonization of India.

The obvious plunder and looting of the subcontinents’ resources caused an environment forcing the Indian people to obey their colonizers. Pre-colonial India was adorned with precious metals and gems from monuments to palaces all the way to family heirlooms. Many British soldiers saw this as an opportunity for personal gain and began taking property such as gold and silver for themselves (Tharoor). Families lost entire fortunes and savings instantly. On top of that, existing kingdoms and maharajas lost all of their wealth and had their palaces stripped thus losing any influence they had (Tharoor). By depleting the financial security of the subcontinent, Indians were forced to succumb to their colonial oppressors. At the same time, the British were creating new cotton mills and new farms, so as the Indians lost their ancestral trades, they were forced to work for the British. India was forced to become economically dependent on the British. Hence, the colonial British government created situations ripe for the exploitation of Indian labor, and those effects are still lasting today.

Recruitment agencies also claim India’s large population gives American companies an ample workforce, but they forget to mention why the population had gotten to be so large in the first place. During colonial rule, famines were a common occurrence. An approximate 100 million Indians starved to death in 40 years (Sullivan and Hickel). This occurred due to the conversion of farmland to cotton to support the British cotton economy (Tharoor). Land was seen as a resource for exploiting for profit by growing cotton rather than a resource to support life by growing food. During this time, population growth was stagnant (Nagarajan). For the first time in centuries, the Indian subcontinent had resources to support families in comparison to the decades before. After colonial rule, the Indian population exploded during the 1940s and 50s (Lahmeyer). People began having children as a show of prosperity and wealth similar to the American post-war “Baby Boom.” Due to these circumstances, it is clear why India is considered a great place for outsourcing labor due to the British colonial rule.

After the British empire ruled that slavery was illegal in 1833, many of their plantations were left scrambling for a new labor force (Davis). A planter “proposed that cheap labour” from India could be acquired to keep the industry afloat (Davis). Once again, Indian labor is considered a cheap alternative to Western labor. In this system, Indians living in the brink of poverty and starvation signed contracts to work abroad for a few years and return to India. Unfortunately, that was not the case. These workers were stuck in foreign lands with no way to get home. When these workers reached plantations, they were greeted with nine hour workdays six days a week. This is very similar to the 9+ average workday of a software developer in Bangalore (Mintz and McNeil). Although working conditions are better now in software development than they were in colonial plantations, the overarching theme of long hours and low pay still remains. Once again, Indian labor is viewed as a cheap alternative to their Western counterparts.

These dire situations of poverty and famines were created due to a “ruthless economic agenda” by the British government (Rodriguez and Sahni). Farmers were forced to turn their fields into cotton fields, thus limiting the food supply. On top of that, the little food that was produced was exported to the British people (Rodriguez and Sahni).

Many recruitment agencies claim that Indian workers are fluent in English and have a surplus of STEM degrees. This occurred due to the British empire. They needed workers who spoke English and they also needed educated workers who could help run their empire. The spread of the English language was an “instrument of colonization” (Tharoor). English was deliberately taught to create divisions between people who could act as interpreters versus people who could not (Tharoor). These divisions in the Indian population created a different power dynamic putting the white man as “superior” to the Indian man due to the fact that the British controlled everything (Tharoor). When the British left India, their systems and customs remained. People were learning British English in the established British schools. As a result, the British empire helped create a modern-day population who was already accustomed to Western ways and Western exploitation. They saw India as a place with abundant resources and population, a perfect situation for them to exploit for wealth and labor.

Fast forward to modern-day, the power dynamics between America and India closely follow the old dynamics of Britain and India. Workers follow every whim of an American company due to America’s power and control over the technological industry, just like how the British controlled every aspect of India. This influx of American capital into India also creates an economic dependency similar to the one India had with the British. American companies are spending millions of dollars in India for their own corporate interests similarly to how the British spent millions of pounds for their gain.

## **CONCLUSIONS**

Throughout history, it has been made clear that the exploitation of Indian labor is not a new phenomena. Across different time periods, exploitation has only mutated into new ways ranging from farm work to software development. In order to combat this situation, a reasonable solution would be to lobby the American government to impose wage laws for American companies that are outsourcing their labor from India and other countries abroad. This may include mandating that wages need to be comparable to the cost of living in many places. Another solution would be the unionization of software developers in India. The collective bargaining of unions would give more power back to the developers and allow them to ask for higher wages and fewer working hours. However, it must be recognized that these solutions both need to build momentum for their implementation to be successful.

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