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# YOJANA

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## LABOUR WELFARE

**Labour's Landscape in India**  
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**Labour Reforms in India**  
Srirang Jha

**Informal Labour Market in India**  
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**Labour Policies and Labour Welfare: An International Comparison**  
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**Focus**  
**Reforms in Child Labour Law**  
Helen R. Sekar



## Recognising the Role of Women in Swachh Bharat Mission

**S**wachh Shakti Saptah, a week-long programme of activities across the country was launched by the Ministry of Drinking Water and Sanitation on 1st March, 2017 to highlight the role of women in Swachh Bharat Mission and to recognize their leadership. The objectives of the event were to (i) honour women Sarpanches, grassroots champions, and other Swachhagrahis who have played a pivotal role in making their villages Open Defecation Free (ODF) (ii) bring to light, from women's perspective, various aspects of sanitation, poverty alleviation, skill India, digital India, housing, and Beti Bachao/ Beti Padhao (iii) appraise the women sarpanches of the



*The Prime Minister, Shri Narendra Modi addressing at 'Swachh Shakti 2017' - A Convention of Women Sarpanches, in Gujarat on March 08, 2017*

various development innovations in Gujarat such as (i) Dairy Development (ii) Water Conservation (WASMO model, drip irrigation) (iii) Self Help Groups (iv) Food Processing (v) E-Gram / Digital Gram (vi) Khadi and (v) Agriculture Produce Markets. The event also aims to (i) Be a reminder to all the participants and dignitaries of their commitment to Swachh Bharat Mission (ii) Facilitate inter-ministerial capacity building as it pertains to SBM action plan, technologies, behavior change etc. (iii) Encourage support to the felicitated GPs to ensure ODF sustainability (v) Propagate successful ideas and foster leadership among poor performing districts and (vi) Encourage a similar event at the State level for Gram Panchayats to enable cross-learning

The national launch of Swachh Shakti Saptah was made in Gurugram, Haryana, at a joint event with the Government of Haryana. Over 1000 women swachhta champions from grassroots in Haryana attended the event.

Nationwide events honouring women champions, women sarpanches, ASHA workers, school teachers, young students and senior citizens marked the Saptah which culminated with a mega-event in Gujarat named Swachh Shakti 2017 where the Prime Minister, addressed 6000 women Swachhagrahi Sarpanches from ODF Gram Panchayats across the country and honoured them for their contribution to Swachh Bharat. Addressing the Swachh Shakti 2017, at Gandhinagar the Prime Minister said that 2019 will mark the 150th birth anniversary of Mahatma Gandhi, who, he recalled, had stated that cleanliness is even more important than political freedom.

The Prime Minister urged the gathering to maintain the momentum which has been generated towards cleanliness. He asserted that Swachhata, or cleanliness, has to become our habit. He said the poor gain the most when we achieve cleanliness and eliminate dirt. He also asserted that he can see the determination to make a positive difference when he meets women Sarpanches, who, he added, wish to bring about a qualitative change. Talking about the 'Beti Bachao, Beti Padhao' initiative, he said that villages with women Sarpanches can play a key role in the drive to end female foeticide.

Over 1.7 lakh villages and 118 districts have already been declared Open Defecation Free (ODF). Women across the country have championed the cause of a Swachh Bharat at the grassroots and have played a leading role in the progress made so far.



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E-mail (Editorial) : yojanace@gmail.com  
E-mail (Circulation) : pdjucir@gmail.com  
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*Let noble thoughts come to us from all sides*

*Rig Veda*

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## Labour with Dignity

**L**abour force has the capability to define the growth and development of any country. It plays the most important role in any economic activity. It is in this context that the labour welfare poses major challenge for the policy makers in any country in terms of creating decent work environment and ensuring well being and prosperity of its labour force.

Indian labour market has a sharp divide between organised and unorganised sector. The small proportion of organised labour enjoys an advantage with stringent laws and rules and regulations enabling them to fight for their rights. The major chunk however consists of unorganised labour with almost no job or social security. Each segment of labour whether organized or unorganized, industrial or agriculture, migrant or non migrant has its' peculiar issues and challenges to deal with. The unorganized sector, whether in the urban areas or rural areas toils hard to help the rich earn huge profit margins and accumulate wealth. Rural unorganized labour on the other hand ends up toiling for the land owner for a mere pittance. The very name – unorganized – symbolizes their state of affairs with their plight being reflected in terms of low wages, bad working conditions and uncertain employment prospects. Migrant labour, moving away from their roots with family, bag and baggage, are found in places far away from where they belong. As construction workers, road workers, household help, they are around us all the time. Women labour constitute another major segment whose work is rarely seen or recognized.

With India poised to have the largest workforce in the world by 2025 it is imperative that labour issues are given the attention and the importance that they deserve. Number of laws viz. Industrial Disputes act, Minimum wages act, Contract Labour Act, have been introduced over the years to take care of various aspects of labour welfare. Most recent ones being The Payment of Bonus (Amendment) Bill, 2015, The Employees' Compensation (Amendment) Bill, 2016, The Child Labour (Prohibition and Regulation) Amendment Bill, 2016. Ministry of Labour & Employment is now taking steps for simplification, amalgamation and rationalisation of Central Labour Laws and replacing them with 4 Labour Codes viz. Labour Code on Wages Bill 2015, Labour Code on Industrial Relations Bill 2015, Labour Code on Social Security & Welfare, and Labour Code on Occupational Safety, Health & Working Conditions. Schemes like MGNREGA, Atal Pension Yojana, Pradhan Mantri Kaushal Vikas Yojana Mudra, Pradhan Mantri Rojagra Protsahan Yojana have been introduced to ensure social and economic welfare of existing as well as prospective work force and empower them towards their own well being.

The Government being committed to make India the largest investment destination and the manufacturing hub in the world, attempts are being made to look at labour reforms holistically with intention to make them commensurate with economic growth and ensure labour welfare in it's true sense. □



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# Labour's Landscape in India:

*Praveen Jha*



*For workers in informal employment, there is an urgent need to ensure universal social protection that improves their conditions of work and helps them live a life with dignity*

**I**t is generally well acknowledged that adequate employment opportunities as well as their quality have been major challenges for the global economy, in general, as also in India, and these have become even more acute in the recent years. The report of the International Labour Organization, Employment and Social Outlook, Trends 2016, has underlined that 'Poor job quality remains a pressing issue worldwide. The incidence of vulnerable employment – the share of own-account work and contributing family employment, categories of work typically subject to high levels of precariousness – is declining more slowly than before the start of the global crisis. Vulnerable employment accounts for 1.5 billion people, or over 46 per cent of total employment. In both Southern Asia and sub-Saharan Africa, over 70 per cent of workers are in vulnerable employment'.<sup>1</sup> As per the same ILO Report, 2.4 million unemployed persons will be added to the global labour force in the next two years and India is projected to account for 17.6 million or nearly 60 per cent of all

unemployed in South Asia by 2017.<sup>2</sup> Clearly, generation of employment and policies to make work decent have been major challenges in India right since Independence and appear to have become even more daunting in recent times. This brief note flags a couple of critical issues pertaining to the overall labour scenario in contemporary India.

## **Workforce Participation and Employment Challenges**

Of India's approximately 1.3 billion population, (constituting approximately one-sixth of the humanity), 70 per cent live in villages and 40-45 per cent can be categorized as the working population. This proportion, or the so called worker population ratio, has roughly remained the same since Independence. The first point worth emphasizing is that the world of work is segmented along the lines of caste, religion, gender, region, etc. This leads to several problems, such as labour immobility for different groups, in particular women, huge wage differentials and discrimination, etc. For instance, the proportion of women in the labour force has been consistently lower than male workers by close to 20 per cent age points. As per the recent official estimates female

The author is Professor of Economics at the Centre for Economic Studies and Planning (CESP) and Adjunct Professor at the Centre for Informal Sector and Labour Studies (CISLS), School of Social Sciences, Jawaharlal Nehru University, New Delhi. He has also been associated with several research studies with the UN institutions such as the ILO, the UNICEF, the UNDP, the FAO etc. His major areas of research and teaching include: Political Economy of Development, with particular reference to Labour, Agriculture, Natural Resources, Public Finance, Education, and History of Economic Thought.

work participation for the country is in the range of 25 to 30 per cent, with considerable variations across socio-economic categories, different states, and between urban and rural areas (Majumdar and Pillai, 2011). As per the data presented in the ILO report *Women and Work*, 2016, the gender wage gap in India is among the highest in the world, at 26 per cent. This is significantly higher than the average for the countries in the Asian continent, which stands at 23 per cent, and the mean average gender wage gap of less than 15 per cent in the developed economies.

Another important feature of India's labour domain is the overwhelming dependence on agriculture which accounts for close to 50 per cent of the total workforce. Significantly as per the recent estimates agriculture contributes only approximately one sixth of the GDP of the country. This overcrowding of the workforce in agriculture and its 'underemployment' is structured by the high presence of wage labourers and declining number of people who report themselves as 'cultivators'. As regards the non-agricultural sector, its single most important feature (quite like agriculture) is the extremely high proportion of vulnerable informal employment. Though the non-agricultural sector accounts for about half the work force, it contributes approximately 80 per cent to the total GDP, with a very small segment of less than 10 per cent being in the organized sector. Of the total employment in the organized sector, almost 65 to 70 per cent is in the public sector (including public administration and defense services). Approximately 29.2 million people work for the private sector, largely corporate manufacturing and a variety of services, 16 per cent of which in informal employment (Papola and Sahu, 2012).

The structural features of India's labour domain, which taken together, present a precarious and worrisome picture, are of course connected with India's development trajectory since Independence. However, there has been a significant exacerbation of

precarity since early 1990s, the so called period of economic reforms. During this period, India has experienced significant agrarian distress because of changes in its macroeconomic policies and declining public investment in the primary sector, leading to lack of labour absorption in agriculture. The increasing dispossession and displacement of livelihoods has propelled a labour reserve that is compelled to look for jobs in the non-agricultural sector. But their too, landless and casual workers have found few opportunities for decent employment in both manufacturing and service sectors. The share of the manufacturing sector in the overall national income has been stagnant around 15-16 per cent since the early 1990s. Almost, 85 per cent of all manufacturing enterprises work with either one or two workers, underlining their vulnerability and fragility and an overall trend towards self-employment since the 1990s. Even during the periods of high economic growth, employment expansion has been negligible, and has employment elasticity has tended to decline across almost all the sectors during the last three decades. The core of the growth pattern is centered on the expansion of the service sector, which has a preponderance of both vulnerable casual and self-employment. This has created a scenario of the persistence of high informalisation which is among the defining features of the contemporary Indian political economy.

### **Increasing Vulnerability and Informality**

As per the *World Economic and Social Outlook Report, 2016*, 12 per cent of the workforce in the developed countries and 46 per cent of the workforce in the developing countries are in informal employment. Of this two thirds of the informal employment is in South Asia comprising about 72 per cent workers of the workforce. In India this proportion is much larger with more than 90 per cent of workers being in vulnerable informal employment relations. In fact a major worrisome trend is the relentless informalisation of work in the formal sector. In 1999-

2000, the share of informal workers in the so called organized sector was 37.8 per cent, it had increased to 54.4 per cent in 2011-12, according to the 68<sup>th</sup> round of NSSO. As per the same round (60<sup>th</sup>) of the NSSO, 97 per cent of the self-employed in the rural and 98 per cent in the urban areas are in the informal sector; further, 78 per cent of the rural casual labourers and 81 per cent of the urban casual labourers are in the informal sector.<sup>3</sup> Thus, as per the NSSO estimates of 2011-12 (which is the latest available estimate), count of informal labour was a whopping 447.2 million out of a total labour force of 484.7 million of the total working people. Most of these workers can be classed as 'vulnerable' who work in insecure jobs with negligible social protection. As already noted, informality and vulnerability has been on the rise, despite, relatively high economic growth rates of GDP in the reforms era; withdrawal of the Indian state from several key areas in the social sector has only aggravated the vulnerability of the working-class.

The above marked trend of persistent informality has been accompanied by a tendency towards stagnation of regular employment since the early 1990s. For instance, regular employment among males was 10 per cent in 1987-88, which declined to 8.5 per cent in 2009-10, though it rose to 10 per cent in 2011-12. This was accompanied by the fact that over 80 per cent of the new jobs created in recent years have been casual in nature, with a large number of them in the construction sector. The increasing fragmentation of the working class is reflected in the changing nature of the workplace. Recent data indicates that the changing organization of production and the smallness of production system impacts on the access to decent working conditions. The increasing preponderance of self-employment fits in with this conclusion as the production within these units took place in a location which cannot be designated as conventional or designated places of

work. Thus many of these workers have not been given the recognition of being 'workers' and are outside the scope of any labour legislations which sets out the parameters of workers rights.

The presence of vulnerable labour reserves is structured by the lack of employment opportunities. Data on current daily status of work reveals that there was a significant decline in unemployment between 1983 to 1993-94, but unemployment rose sharply between 1993-94 and 2004-5. As per the official estimates, there is a need to create 10-12 million jobs every year to absorb the potential entrants to the labour force. The latest estimates, available from the Labour Bureau, paint an extremely depressing picture with respect to the pace of job creation. Apart from being nowhere near what would be required to facilitate near full employment, there has been a staggering decline by about 90 per cent in creation of new jobs; the figure for new jobs has come down from about 11 lakhs in 2010 to 1.5 lakhs in 2016.

### Need for a Social Protection Floor

During the era of so-called economic reforms, official spokespersons have often argued that India's labour market is too rigid (due to several restrictive laws) and therefore reforms are particularly critical for foreign investments. Indian policy makers frequently suggest that the country has a key comparative advantage is its 'demographic dividend' which, if upgraded through skill development, and supported by labour market flexibility, will help to attract investments and create jobs. A careful examination of the above arguments, as I have discussed elsewhere (for example Jha 2016), it is amply clear from economic theory that labour market regulation *per se* does not impede either economic growth or employment generation.

As has been noted earlier, only a minuscule proportion of the total workforce, which is part of

the organized sector, enjoys some protective coverage. Except for the Minimum Wages Act in some states and some sectors, informal sector activities, for all practical purposes, remain unaffected by the existence of the major labour laws which were enacted to address the relevant labour relations in the organized sector. Keeping such a backdrop in view, it seems difficult to make sense of the shrillness with which the absence of flexibility in India's labour market is bemoaned. Thus, as argued by me elsewhere (Jha 2017), the problem with more than 90 per cent of India's labour force is one of inadequate laws in the *de jure* sense and almost a picture of lawlessness in the *de facto* sense.

In this context India's policy makers face the challenge of designing and implementing a floor of labour rights, with a comprehensive vision of a 'national labour market'. Such a vision should clearly spell out a set of core labour standards, including a national minimum wage. This ought to be on the front burner of the policy agenda so that the informality in labour market can be addressed. Further, the discourses on social security need to be located in the currently dominant trajectory of growth and accumulation. The refusal of the contemporary Indian state to address the concerns of labour in the current context of the overall macro-economic policy regime is predicated on reaping advantages from a 'cheap labour regime'. However, the rationale of such a stance is seriously questionable both on grounds of theory and global experiences.

For workers in informal employment, there is an urgent need to ensure universal social protection that improves their conditions of work and helps them live a life with dignity. In order to do this there has to be a simultaneous focus on both expanding and improving delivery systems in the provisioning of basic services like nutrition, sanitation, health and education. This will improve the material and social conditions

of workers and help to reverse the processes that increase the vulnerability of a majority of the workforce.

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#### TABLET PREVIEW



Central Plan Outlay by Sectors in BE 2015-16 (in per cent)  
Source: Budget documents and CGA.

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### Labour Reforms in India

*Srirang Jha*



*Labour reforms in true sense will take place when the labour market is full of highly skilled people ready to add to the value to manufacturing and service delivery without fear of being exploited at the hands of the employers*

**L**abour reforms have often been viewed as changes in the labour laws to make it easy for the entrepreneurs and industrialists to run their businesses without the pain of compliance and fear of punitive action by the state. However, this has limited appeal as labour reforms essentially call for overhaul of labour market rather than making piecemeal changes in the labour laws or expanding the social security measures in a sporadic manner. Interestingly, it is the most opportune time for labour reforms in India for two reasons: first, China is fast losing its advantage as manufacturing hub as labour cost has trebled there in last one decade and second the Government of India is truly committed to ‘Make in India’ and attracting the investors and large businesses to set up their manufacturing bases in the country. Success of ‘Make in India’ will depend on how soon and how fast labour reforms are taken further.

Broadly speaking, labour reforms are linked to competitiveness by augmenting labour productivity. Unfortunately, attempts at reforming Indian labour market have been rather slow. Even the globalization and liberalization process that began in India in 1991 impacted labour market

in limited manner. No wonder, India missed the opportunity of being manufacturing hub of the world due to rigidities in labour market, archaic labour laws and glaring skill deficit. In last twenty-five years, the government of India has tried to bring in sporadic changes in labour laws aimed at labour flexibilization. Nevertheless, labour market in India remains poker faced when it comes to attracting foreign direct investments especially in labour-intensive sectors such as leather goods, textiles (apparel, accessories, etc.), gems and jewellery, sports goods, weapons and ammunitions, furniture, rubber products, fabricated metal products etc. It is imperative that labour reforms are viewed in a holistic manner so that India is able to gain demographic dividends by becoming manufacturing destination of the world rowing to higher labour productivity, flexible labour market practices and lower labour cost without compromising on labour standards.

Indian labour market is spoiled by over-arching complexities of archaic labour laws, unmindful bureaucratic control and corrupt inspectorate having unlimited abilities to exploit the susceptible factory owners at the cost of welfare of the workers. Hence, labour market liberalization is urgent need of

The author is Associate Professor and Convener of Centre for Public Policy and Governance, Apeejay School of Management, New Delhi. His areas of interest include labour reforms, social development, corporate social responsibility, development-induced displacement, microfinance and socio-economic issues.

the day. It is imperative that labour laws are progressive, bureaucratic control is substituted by transparent governance and self-reporting and disclosure as well as voluntary adoption of labour standards take over the flawed system of factory inspections and compliances. It goes without saying that labour market liberalization is likely to augment employment flexibility, skill development and job creation on a wider scale. However, free market evangelists put excessive emphasis on the amendments in labour laws enabling the employers to hire, fire and regulate the terms and conditions of employment of the working population according to exigencies of emerging market scenarios. Such extreme position is not only misplaced but also a major roadblock in converting labour reforms as foundation of competitiveness in manufacturing and service sectors.

Another school of thought advocates rationalization of archaic labour laws and flexibilization of labour market through empowerment of workers and rigorous skill development in as opposed to 'free labour market' of neoliberals who wish to uphold managerial prerogative at any cost and provide unrestrained powers in the hands of employers so far as hiring, compensating and firing workers are concerned. It is true that Indian labour market is highly regulated and characterized by compliance-oriented mind-set since independence, the government of India as well as provincial governments in the country appear to be in sync with emerging needs of labour reforms so as to keep pace with globalization and integration of labour market, capital market and commodity market. Hence, pressure of compliance and fear of inspectors have diminished during last 25 years. Interestingly, government itself has become one of the largest employers of contract labour disregarding the Contract Labour Act. No wonder, private companies are even more enthusiastic about employing contract labour for their core operations which otherwise would have been rather impossible had the government been

serious about compliance of labour laws. Even the courts have become rational in pronouncing judgments on industrial disputes – a stance different from one prior to 1991 when judges generally took pro-labour position while deciding cases of conflicts between workers and management.

While the government of India has softened its stance on labour laws, it is not ready as yet to completely hand over the control of terms and conditions of employment to the employers based on voluntary contract between the two parties sans any state regulations. There is clarity of thought on this matter as observed in the study of Planning Commission (2001): 'The reasons why labour markets need to be regulated by law to a much greater extent than goods markets are well known. Workers are not commodities; they are human

**Globalization and liberalization unleashed in 1991 allowed international players in Indian market thereby fundamentally changing the business and trade ecosystem. It is essential to have labour laws in sync with emerging trends such as casualization of labour, third-party employment, etc. At the same time, it is equally important to ensure that basic rights of the workers are protected and labour standards are implemented across industries and formal as well as informal sectors.**

beings and citizens, and individual workers are also the weaker party in any employer-employee relationship. These considerations justify legislation aimed at protecting the rights of labour in a number of areas e.g. to form unions for purposes of collective bargaining, laying down minimum obligations which employers must meet with regard to social benefits, health and safety of workers, provision of special facilities for women workers, establishing grievance redressal mechanisms,

etc. This is accepted practice in both developed and developing countries, though of course the nature of the law varies considerably across countries.'

The government of India is equally concerned with the issue of protecting the interest of workers and that of the management. This view is consolidated by the following observation quoted from the study of Planning Commission (2001): 'There is no doubt that we need labour legislation to protect legitimate labour interests, but the resulting legal framework must ensure a reasonable balance between the objective of protecting the legitimate rights of employees and the equally important objective of providing a framework which would encourage efficiency and create incentives to expand total employment. The laws, as well as the way they are implemented, must allow employers to create a structure of incentives which encourage labour productivity. This includes the flexibility to restructure and adjust the labour force to adapt to changing technology and changing market conditions. The need for such flexibility has increased because liberalisation and globalisation put a premium on flexibility.'

Roadblocks in Labour Market Reforms Archaic labour laws are the greatest roadblocks in realization of an industry-friendly labour market in India. Labour laws continue to keep the workers' entitlements intact whereas protective shield of the industry which guarded the domestic industry players from competition has disappeared after 1991. Globalization and liberalization unleashed in 1991 allowed international players in Indian market thereby fundamentally changing the business and trade ecosystem. It is essential to have labour laws in sync with emerging trends such as casualization of labour, third-party employment, etc. At the same time, it is equally important to ensure that basic rights of the workers are protected and labour standards are implemented across industries and formal as well as informal sectors.

Significant skill shortage across the country has almost a crippling impact

on Indian labour market. More than archaic labour laws, this factor makes the labour market quite unattractive especially for foreign direct investment. Even the large domestic players as well as entrepreneurs in micro-small and medium enterprises face the brunt of unavailability of skilled manpower. A study of Planning Commission (2001) indicated that only 10.1 per cent of the male workers and 6.3 per cent of female workers possessed specific marketable skills in the rural areas while only 19.6 per cent of male workers and 11.2 per cent of female workers had requisite skills in urban areas. Further, only 5 per cent of the Indian labour force in the age bracket 20-24 has vocational skills whereas the percentage in industrial countries is much higher, varying between 60 per cent and 80 per cent (Planning Commission, 2001).

In terms of vocational skills, India fares worse than some of the developing countries such as Mexico where the percentage of youth having vocational training is 28 per cent (Planning Commission, 2001). Lack of a holistic labour policy is a major obstacle in the way of developing a liberal labour market which can contribute towards making a competitive manufacturing and service industry eco-systems in the country. There has been a good number of study groups, reports, consultative meetings, etc. However, a holistic national labour policy is elusive. Instead, the government has been involved in piecemeal reforms in labour laws from time to time. In addition, there are references of labour issues in National Manufacturing Policy, National Policy on child Labour, National Policy on Skill Development, National Employment Policy, National Policy on HIV/AIDS and World of Work, National Policy on Safety, Health and Environment at Workplace, etc. Last traces of a 'labour policy' are found in the draft of 3rd Five Year Plan document which is quite dated. Such directionless and adhoc efforts have done no good to liberalize the labour market in line with global trends.

Imperatives for India Change in the archaic labour laws has been central



theme of labour reforms discourse in India. Planning Commission (2001) has captured the essence of this debate in the following words: 'A comprehensive review of all these laws is definitely needed. They need to be simplified and brought in line with contemporary economic realities, including especially current international practice. At times, the problem is not so much with the law itself as with the lengthy almost interminable nature of legal proceedings which contribute greatly to the cost of hiring labour and the associated "hassle factor". There are also problems with the enforcement machinery i.e. the various inspectors responsible for enforcing the law. Complaints are frequently voiced by industry that this machinery uses the extensive powers at its disposal to harass employers with a view to extract bribes, a process which imposes especially heavy costs on small entrepreneurs. Equally, an opposite view is expressed by trade unions that the labour enforcement machinery needs to be further strengthened in the interest of better enforcement of labour laws.'

It is important to eliminate absurdities, dualities and ambiguities from existing labour laws so that industry is in a better position to leverage full potential of labour market in the country without any fear of the law. Rather, labour laws should foster

an enabling environment so far as employment practices are concerned. Sooner we overcome 'compliance mind-set' (a consequence of labour law rigidities), better is our chances enhancing global competitiveness in manufacturing as well as service sector. It is high time that the government should focus on coalescing all the existing labour laws into one unified piece of legislation with specific sections covering labour-management relations, wages, social security, safety at workplace, welfare provisions, terms and condition of employment, recognition of trade unions, provisions regarding collective bargaining, and above all, enforcement of international labour standards. Such a legislative marvel will be a model for provincial governments. It is likely that the provincial governments may adopt the central legislation or come up with identical ones with little variation in order to accommodate regional specificities. Moreover, such legislation will be effective only if it is universally applicable –covering all the workers in formal as well as informal sectors.

A radical legislative intervention in labour market will be impossible without developing a broad-based and holistic national labour policy. Hence, the government of India should first focus on developing a consensus on

national policy framework on labour issues rather than continuing with an adhoc approach to amend a few provisions of labour laws to please the industry. Since a lot of studies, consultations, and reforms have been done during last twenty years, it will be easier to draft national labour policy accommodating concerns of all the stakeholders.

While jobless growth is glaring at the country in the wake of highly automated manufacturing ecosystem, it is also important for the government of India to create new opportunities. While 'Make in India' has already started

attracting investments, concomitant jobs in the manufacturing sector have not increased. Hence the government of India need to focus on creation of job opportunities for larger youth population by way of enabling them to enter the service sector with greater degree of competence. This can be accomplished by integrating vocational training with higher education. Labour reforms in true sense will take place when the labour market is full of highly skilled people ready to add to the value to manufacturing and service delivery without fear of being exploited at the hands of the employers. Hence, while recent initiatives of the Government of

India to make changes in labour laws are welcome, equal emphasis should be laid on empowering the labour forces by enhancing their competencies.

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## Informal Labour Market in India

A Srijja



*..while the legislative and schematic initiatives are bound to bring in more informal workers under the social security cover, efforts also need to be taken to ensure that the new jobs created are of decent nature*

**T**he Indian labour market is dichotomous in nature wherein 92 per cent of the workforce is in informal employment and less than 10 per cent is in formal employment. The reason for this large proportion of workforce being informal draws back to the socio-economic factors that existed since the colonial times. The pattern of industrialization followed during the colonial rule encouraged export of raw materials and import of finished products. The Industrial Revolution in Britain failed to create an impact on the Indian economy. It was only around the First World War that factory based manufacturing started and that to cater to the war needs. Hence at the time of Independence we were left with a largely peasant economy and the labour force was a minority and driven by inter-caste rivalry as non-farm occupations were mostly caste driven. Entrepreneurship was restricted to certain communities and the industries that did come up were iron, steel, mines, textiles, newsprint etc where the labour component was low.

After independence the Mahalanobis strategy of industrialisation focused on capital intensive industries and the policy focus on the labour-intensive

sector was through formation of rural cooperatives in the non-farm sector and by reservation of certain industries for the small and medium sector. As such the labour-intensive sectors like agriculture, handicrafts, handlooms, small and rural industries did not expand and remained small in size and the labour employed was informal in nature. The share of unorganized sector in total employment was 92.2 per cent in 1977-78 which increased to 92.7 per cent in 1993-94. Therefore historically India had a large informal workforce even before the onset of the liberalisation and globalization in the early nineties which only further accentuated it.

The National Commission for Enterprises in the Unorganised Sector (NCEUS) defined the informal/unorganised sector as all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than ten workers. With the informal/unorganised workers being spread both in the organised and unorganised sector NCEUS defined them as “Informal workers consist of those working in the informal sector or households, excluding regular workers with social security benefits

The author is Director in the Skill Development & Employment Unit of NITI Aayog. She has written a number of articles on the sector like *Make in India and the Potential for Job Creation*, *Youth Unemployment in India*, *Employment Trends among Religious Communities of India*, *An Analysis of the Informal Labour Market in India*, *Employment Potential of the Road Transport Sector*, *Implementation of the Minimum Wages Act, 1948-Case Study of India*.

provided by the employers and the workers in the formal sector without any employment and social security benefits provided by the employers.” Based on application of the NCEUS definition to the NSSO unit level data the trend of informal employment that emerged maybe seen in Table-1.

Informal employment irrespective of organized or unorganised sector increased from 91.2 per cent in 1999-2000 to 92.7 per cent in 2004-05, though it again marginally declined to 91.9 per cent in 2011-12 (Table-1). This high proportion of labour force in the informal sector is due to the fact that more than 50 per cent of the workforce is self-employed and engaged in the unorganised farm sector. In the manufacturing sector due to the emphasis on heavy industries and size restriction on the wage goods sector due to the SMEs reservation policy not much of quality employment was

created as the units remained small to avail of the subsidies and concessions. Post 1991 the policy of disinvestment in the public sector, increasing external competition only led to further informal employment creation especially within the organized sector. The share of informal employment in the organized sector increased from 37.9 per cent in 1999-2000 to 48 per cent in 2004-05 and 54.6 per cent in 2011-12.

In the past four decades when India crossed the Hindu rate of growth and became a rapidly growing economy, as part of the structural transformation in the labour market, jobs in the agriculture sector declined and shifted largely to the construction and low skilled service sector in the form of informal employment. Post-liberalization due to increasing global competition and withdrawal of the reservation and subsidies the risk

element increased and entrepreneurs continued to keep their firm size small to be exempt from complying with the regulations, tax structure, labour laws including social security for workers. This disinclination on the part of the entrepreneurs in increasing firm size led to the growth of casual and contract labour post-liberalisation. Further with the growth of MNCs offshore outsourcing and international sub-contracting has increased which has also led to the shift towards temporary employment vis-à-vis permanent employment. This was because by engaging contract labour the employers would be free of the hassles of hire and fire policy guided by the Industrial Disputes Act, 1947. Rapid technological innovations have reduced the life of manufactured products necessitating change for new improved products. Import of capital goods was made concessional or duty free. The small manufacturers countered these challenges of open market by cutting down on the employee pay roll strength and meeting production demand through contract labour. Increasing informalization within the public sector as a cost reducing measure is also another disturbing trend that is being observed.

According to the Economic Census, the number of units engaging less than 6 workers has increased from 93 per cent in 1990 to 95.5 per cent in 2013 whereas the percentage of units engaging less than 10 workers has marginally decreased from 3.5 per cent to 3.1 per cent during this period. And the size of units engaging more than 10 workers in percentage terms has decreased from 3.1 per cent in 1990 to 1.4 per cent in 2013 and their share in employment has decreased from 37.1 per cent to 21.2 per cent during this period.

This increasing contract actualisation/casualization of employment has led to a situation of the workforce losing out on job security, social security in terms of medical benefit for self and family;

**Table 1 Formal and Informal Employment across Organized and Unorganized Sectors (in millions, in parenthesis indicate percent share)**

1999-2000			
	Organized	Unorganized	Total
Formal	33.7 (62.3)	1.4 (0.41)	35 (8.8)
Informal	20.5 (37.9)	341.3 (99.6)	361.7 (91.2)
<b>Total</b>	<b>54.1</b> <b>(13.6)</b>	<b>342.6</b> <b>(86.3)</b>	<b>396.8</b> <b>100</b>
2004-05			
	Organized	Unorganized	Total
Formal	32.06 (52)	1.35 (0.3)	33.41 (7.30)
Informal	29.54 (48)	396.66 (99.7)	426.2 (92.7)
<b>Total</b>	<b>61.61</b> <b>(13)</b>	<b>398.01</b> <b>(87)</b>	<b>459.61</b> <b>100</b>
2011-12			
	Organized	Unorganized	Total
Formal	37.18 (45.4)	1.39 (0.4)	38.56 (8.1)
Informal	44.74 (54.6)	390.92 (99.6)	435.66 (91.9)
<b>Total</b>	<b>81.92</b> <b>(17.3)</b>	<b>392.31</b> <b>(82.7)</b>	<b>474.23</b> <b>100</b>

Source: Computed using unit level data of NSSO Employment -Unemployment Survey 1999-2000, 2004-05 & 2011-12.

pension, workmen compensation, minimum wages, overtime wages for extra hours, exposure to occupational hazards and so on.

To tackle growing informalization, various Committees and Commissions were constituted such as the Second National Commission on Labour (2002), SP Gupta Report on ‘Targeting 10 Million Employment Opportunities per year over the Tenth Plan Period’ (2002), Task force on Creating 10 million Job Opportunities (2002), National Commission for Enterprises in the Unorganized Sector (2004-2008). From these Reports it emerged that the labour force was largely illiterate with very low levels of vocational skills which hindered their transition from the agriculture to the manufacturing or service sector. The structural transformation in the labour market was from agriculture towards the low or unskilled construction sector, retail trade-own account enterprises, transport sector as drivers of private vehicles, domestic workers, home-based workers or as security guards. The recommendations of the Commissions/Committees’ centered on labour law reforms, skill development, strengthening vocational training etc

### Policy Measures

In one of the major low skilled employment sector viz; construction, the Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act,



*The Informal Labour force in India is largely illiterate with low vocational skills*

1996 and the Building and Other Construction Workers Cess Act, 1996 was enacted with a view to regulate the wages, working conditions, safety and health, welfare measures etc of these workers. The Unorganized Workers Social Security Act 2008 was enacted to provide social security and welfare of unorganized workers. Apart from this as part of the welfare measures the Rashtriya Swasthya Bima Yojana was launched in 2008 to meet the out-of-pocket health expenses of unorganised sector workers. The scheme covers different categories of unorganised sector workers such as building and construction workers, railway potters, street vendors, MNREGA workers, domestic workers, auto and taxi drivers, rickshaw pullers, rag pickers, beedi workers, mine workers and sanitation workers. There were

41.3 crore RSBY smart card holders as on 31<sup>st</sup> March 2016.

There is the Contract Labour (Regulation & Abolition) Act, 1970 to regulate the employment of contract labour. But the applicability of Act is restricted to establishments or contractors engaging more than 20 workers and so a large number of contract workers remain outside the purview of this Act. To regulate the employment of inter-State migrant workmen and to provide for their conditions of service the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 was enacted. This Act lists out the welfare measures available to migrant workers such as equal wages as that of local employees, right to return home periodically without losing wages, right to medical care and housing

**Table 2: Distribution of Establishments by Size-Class of Employment (in per cent)**

Sl. No.	Size by class of employment	Item	Economic Census Years			
			1990	1998	2005	2013
1	1-5	Establishments	93.4	94.0	95.4	95.5
		Employment	54.5	58.6	67.3	69.5
2	6-9	Establishments	3.5	3.3	3.4	3.1
		Employment	8.4	8.3	10.3	9.3
3	10 & above	Establishments	3.1	2.8	1.3	1.4
		Employment	37.1	33.1	22.4	21.2

Source: Fifth & Sixth Economic Census– All India Report

at the employment site etc. But in practice these provisions are being overlooked and migrant workers live and work in a deplorable state<sup>2</sup>. Besides there exists various welfare legislations catering to specified occupational categories such as cine workers, mine workers, beedi and cigar workers, manual scavengers etc. But the conditions of informal workers continue to be deplorable due to ignorance on the part of workers about the existence of these provisions and weak bargaining power due to excess supply of unskilled labour.

Various schemes have been introduced with the objective of universalisation of social security cover to the informal workers such as the Atal Pension Yojana that provides a guaranteed minimum pension beginning from Rs.1000 per month to the age group 18-40 on attaining the age of 60 based on their subscription, the Pradhan Mantri Suraksha Bima Yojana provides accident and disability cover upto Rs. 2 lakh at an annual premium of Rs.12 and the Pradhan Mantri Jeevan Jyoti Bima Yojana provides life insurance cover of Rs.2 lakh at an annual premium of Rs.330. Then there is the Pradhan Mantri Fasal Bima Yojana to provide financial support to farmers suffering crop loss/damage arising out of unforeseen

events for the entire crop cycle from pre-sowing to post-harvest losses.

Under the Pradhan Mantri Rozgar Protsahan Yojana, the Government provides the 8.33 per cent of employer contribution to the Employees' Provident Fund and in the case of textile sector the entire 12 per cent employer contribution of the employer would be paid by the government for all the new accounts opened after April, 2016. This is to encourage small firms to take in more workers and provide them social security benefits. To encourage employers to take in apprentices the National Apprenticeship Promotion Scheme was launched wherein the government provides reimbursement of 25 per cent of prescribed stipend subject to a maximum of Rs. 1500/- per month per apprentice to all apprentices to employers and also sharing of the cost of basic training in respect of fresher apprentices (who come directly for apprenticeship training without formal training) limited to Rs. 7500/- per apprentice for a maximum duration of 500 hours/3 months.

Under the Skill India Mission, through the Pradhan Mantri Kaushal Vikas Yojana and skill development programmes being implemented by the 20 plus Central Ministries the new entrants to the labour force are skilled so that they get better paying jobs.

Under the Ease of Doing Business initiative the process of registration, compliance to labour laws, inspection etc has been simplified to encourage more number of enterprises to be set up and provide quality jobs. The flagship schemes such as the 'Make in India', Digital India, Swachh Bharat Abhiyan are initiatives that should provide opportunities for employment generation. Besides efforts are being taken to promote entrepreneurship through initiatives such as Startup India, Standup India, MUDRA, ASPIRE, Atal Innovation Mission, Pradhan Mantri Yuva Yojana etc as an entrepreneur would in turn create more wage jobs.

To sum up, while the legislative and schematic initiatives are bound to bring in more informal workers under the social security cover efforts also need to be taken to ensure that the new jobs created are of decent nature.

#### Footnotes

1. Widening Exclusion: Informalization in the Indian Economy presentation made Prof. Ravi Srivastava
2. Internal Labour Migration in India Raises Integration Challenges for Migrants by Rameez Abbas and Divya Varma, Migration Policy Institute, March 2014. □

(E-mail: srija.a@nic.in)

### Social Security for Workers in Informal Sector

In order to provide social security benefits to the workers in the unorganised sector, the Government has enacted the Unorganised Workers' Social Security Act, 2008. The 2008 Act stipulates formulation of suitable welfare schemes for unorganised workers on matters relating to: (i) life and disability cover, (ii) health and maternity benefits, (iii) old age protection. The social security schemes being implemented by various ministries/departments for unorganised workers listed in Schedule I are mentioned below:

i. Indira Gandhi National Old Age Pension Scheme (Ministry of Rural Development); ii. National Family Benefit Scheme (Ministry of Rural Development); iii. Janani Suraksha Yojana (Ministry of Health and Family Welfare); iv. Handloom Weavers' Comprehensive Welfare Scheme (Ministry of Textiles); v. Handicraft Artisans' Comprehensive Welfare Scheme (Ministry of Textiles); vi. Pension to Master Craft Persons (Ministry of Textiles); vii. National Scheme for Welfare of Fishermen and Training and Extension (Department of Animal Husbandry, Dairying & Fisheries); viii. Aam Aadmi Bima Yojana (Department of Financial Services); and ix. Rashtriya Swasthya Bima Yojana (Ministry of Health and Family Welfare).

Further, Central Government has also launched the Atal Pension Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana and Pradhan Mantri Suraksha Bima Yojana for all citizens especially targeting unorganised workers to provide them comprehensive social security.

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# Ensuring Gender Justice in Labour

Neetha N



*...it is high time that the state and employers come together on a priority basis to find comprehensive solutions, rather than merely introducing patchy interventions which do not address the issues of women's employment*

India has one of the lowest work force participation rates (WPR) of women, which is even lower than many countries in Sub-Saharan Africa and the Middle East and is drastically lower than the participation rates for men (ILO, 2016). Only a very few countries – including Iran, Pakistan and Saudi Arabia – do worse than India when it comes to women's participation in the workforce. The participation rate in South Asia was just 30.5 per cent in 2013 and while the rates have shown increase in most regions and countries, it has fallen in South Asia, particularly on account of its sharp decline in India. Though female literacy rates and educational enrollment rates have been moving favorably during a period of higher economic growth, female employment remains a challenge. It is particularly puzzling during a period which saw the launching of a large scale rural employment programme, the Mahatama Gandhi National Rural Employment Scheme (MGNREGS). There has been a sharp decline in women's workforce participation rate from 28.2 per cent in 2004/05 to 21.7 per cent in 2011/12, which reflects an ongoing crisis. With this decline, India's ranking in terms of female participation rate declined from 68<sup>th</sup>

out of 83 countries in 2010 to 84<sup>th</sup> out of 87 countries in 2012.

## Trends and Patterns in Female employment

There are issues and difficulties inherent in the statistical system which means that the data on women's work is not the best. However, the extant sets do give an overall picture as regards broad trends and patterns. The period between 1999-2000 and 2004-05 show a small revival of female employment growth, where female participation rate increased by about 3 percentages, 2004-05 being the only outlier. The trend since then shows a further decline which contradicts any signs of feminisation. Not only is the WPR lower for women, for rural women there has been a dramatic fall, while for urban women it has stagnated.

In the literature, the positive income effect of higher real wages in the economy and positive outcomes of educational programmes are the main reasons attributed to the decline in women's employment. However, neither increasing participation of females in education nor the increase in real incomes of households can explain the massive decline (Kapsos, et. al, 2014). A larger proportion of females are opting out of labour

The author is Senior Fellow (Professor) at the Centre for Women's Development Studies (CWDS), New Delhi. Her current research work focuses on the changing profile and dimensions of women's employment in the context of globalisation; the social, political and economic dimensions of care work (paid as well as unpaid); and female migration. She is one of the Lead Authors of the forthcoming Report of the International Panel on Social Progress. She has published extensively in national and international books and journals.

force to attend to household chores, which inter alia means increasing care responsibilities on women. Many women who are counted as workers in calculating the above figures are not full-time workers. Apart from lack of employment opportunities, many women cannot participate in full-time employment, given the larger social expectation on women to undertake household domestic work. Such subsidiary workers accounts for about 22 per cent of total female workers, even in 2011-12. Though the decline marked both subsidiary and principal status workers, it has been largely in principal status employment. Analysis of social groups have shown that women of marginalised groups, where women's participation have been higher, are the hardest hit (Neetha, 2014).

Coming to the broad sectoral picture, in 2011-12, while 62.3 per cent of women were employed in the agriculture, only about 20 per cent were employed in the secondary sector and 18 per cent in the services. In the secondary sector, there has been an increase in the proportion of women in construction over the period, where the nature of employment is an issue. Many struck by the agrarian crisis have been flooding into construction and related activities, an area that has seen a boost with the real estate boom in the post-liberalisation era. Distress migration of households into other rural and urban areas has been marked and well documented. Some of this is regular work – such as in brick kilns –are extremely exploitative, with workers tied by credit and debt

bondage to layers of contractors who control their lives and work. A further feature in this sector is that rather than individual wages, work is obtained as a *jodi* (pair or couple).

### Nature and Quality of Women's Employment

What is the nature of employment that women are in? For rural women unpaid workers/helpers are the largest group (41 per cent) and then casual workers (35 per cent). Agriculture and artisanal work are in crisis and men are moving out to search for other paid work, leaving women to carry the burden and then be documented as paid self-employed or own account workers. The decline in casual workers is sharp over the period, about 4 percentage. Regular workers are a miniscule proportion (6 per cent), even if there has been an increase.

Turning to urban women workers, the situation at the overall level seems improving since we see a trend of increasing numbers of regular workers, by 10 percentage in 20 years. However, women's work participation rate is very low in urban areas- just 15 per cent in 2011-12. This, coupled with how regular work is defined makes the overall trend defeating. It is not formal, regulated work, with minimum wages and decent working conditions. It may be the worst forms of work, but provides employment of continuous nature - without its tenure being specified. This includes paid domestic work and other service sector jobs such as shop assistants, receptionists, etc., besides different forms of contract employment. Thus, a major chunk of regular workers also need to be seen as part of the growing informal sector. The other trend to note is about 1 percentage point increase in paid self-employment. What sort of work is this? On the one hand, women are receiving some income possibly independently of other family members, which they can use as they wish, mostly to meet regular consumption expenses. However, the bulk of these self-employed are not

**Table 1: Trends in Work Participation Rates – Male and Female- UPSS**

Rounds	Total		Rural		Urban	
	Male	Female	Male	Female	Male	Female
1993-94	54.4	28.3	55.3	32.8	52.1	15.5
1999-2000	52.7	25.4	53.1	29.9	51.8	13.9
2004-05	54.7	28.2	54.6	32.7	54.9	16.6
2007-08	55.0	24.6	54.8	28.9	55.4	13.8
2009-10	54.6	22.5	54.7	26.1	54.3	13.8
2011-12	54.4	21.7	54.3	24.8	54.6	14.7

Source: National Sample Survey Data, Different Rounds

**Table 2: Distribution of Workers across broad industrial divisions 1999-00 to 2011-12**

Industry	1999-00		2004-05		2011-12	
	Men	Wom-en	Men	Women	Men	Women
Agriculture	52.7	75.4	48.6	72.8	42.5	62.0
Mining & Quarrying	0.7	0.3	0.7	0.3	0.6	0.3
Manufacturing	11.5	9.5	12.4	11.3	12.6	13.4
Electricity, Gas & Water Supply	0.4	0.0	0.4	0.0	0.4	0.1
Construction	5.8	1.6	7.6	1.8	12.4	6.0
Services	28.8	13.2	30.2	13.7	31.5	18.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Employment and Unemployment Reports, various rounds, NSSO.

petty entrepreneurs but are working as part of the vast expanding base of home-based workers in manufacture – in beedi, textiles, bangle or bindi making, packaging, etc. Wage rates in home based work is very low, whether piece rate or hourly wages, requiring very long hours of work and onerous labour to make a livelihood, and where they may be dependent on the contractor. For some, the familial recognition as a worker may not be there, and with harsh conditions of work they are ready to give it up when they can afford to do so. A careful look at the distribution over different areas of work within services is required to get the employment aspects of this growth oriented sector. What is striking is that it is not in trade, hospitality or communication sectors that a large proportion of women are employed. The bulk of the growth has been in education sector and in domestic work (private households with employed persons). In domestic work wages and work conditions vary widely and work relations are marked by constant and individual control. Absence of state laws is an issue, with many states yet to extend

the coverage of Minimum Wages to these workers.

Education is perhaps the most promising area in terms of providing women a status as independent workers. Unfortunately, with the increasing privatisation of education at all levels, often women who work in this sector are in uncertain employment, exploited in various ways, and not paid the wage due to them.

Another point to note is the increasing number of scheme workers who are central in the running of many state schemes/programmes such as anganwadi and ASHA workers. These workers, with multiple work responsibilities are not recognized as workers by the state, but ascribed as volunteers, who are eligible only for an honorarium. The data clearly shows that the growth areas for paid work by women are in areas akin to the care work that has long been seen as women's responsibility, where in the devaluation of care work continues as reflected in the wage/salary/honorarium levels these workers.

Unemployment data is not a good indicator of employment issues as poor cannot afford to remain unemployed though they are underemployed and underpaid. Apart from market oriented activities women are engaged in many economic activities such as collecting firewood and fodder, collecting water and forest produce, weaving and spinning for home use. Studies suggest that women's labour in these areas have increased with neo-liberal economic policies due to loss of paid work for them or other family members. The loss of paid work for women is linked to both the absence, even loss, of such work opportunities and to the pressure of women's care, childcare, and domestic responsibilities.

Even after many years of passing of Equal Remuneration Act, 1974 wage gap between women and men remains a reality affecting women of all ages, classes, communities and regions. The implementation of the Act is a serious matter of concern. A recent ILO study (ILO, 2017) shows that India has one of the worst levels of gender wage disparity, with men earning more than women in similar

**Table 3: Distribution of Workers across broad industrial divisions of the service sector- 1999-00 to 2011-12**

Service	1999-00		2004-05		2011-12	
	Men	Women	Men	Women	Men	Women
Trade	40.8	27.8 (12.0)	41.3	24.4 (11.2)	39.7	22.7 (11.0)
Hotels & Restaurants	4.8	5.1 (17.7)	5.2	5.8 ((19.5)	6.2	5.2 (15.4)
Transport, Storage & Communication	18.3	2.7 (2.9)	19.4	2.6 (2.8)	19.2	1.8 (2.0)
Public Administration & Defence	12.1	7.5 (11.0)	8.6	5.4 (11.8)	6.8	4.4 (12.2)
Education	6.8	21.1(38.4)	7.2	24.3 (41.9)	7.6	27.0 (43.5)
Other Community, Social & Personal Services	8.4	19.1 (31.2)	7.0	9.3 (22.3)	6.2	11.5 (28.6)
Private Households with Employed Persons	0.7	6.7 (64.0)	1.5	16.6 (70.9)	1.2	11.7 (67.2)
Other Services	8.0	10.1(20.1)	9.9	11.5 (19.9)	13.0	15.7 (20.7)
Total	100.0	100.0 (16.7)	100.0	100.0 (17.6)	100.0	100.0 (17.8)

Source: Unit-level data, various rounds, NSSO.

jobs, with the gap exceeding 30 per cent. Further, while women form 60 per cent of the lowest paid wage labour categories, there are only 15 per cent of highest wage-earners.

### State Interventions

Measures and policies to promote women's employment and conditions of work has a long history with many employment generation schemes taken up by various governments. . One of the most important initiative during the period has been of women as self-employed workers originating from the perception that beneficial effects of liberalisation lay in expanding the relationship between women 'entrepreneurs' in the informal sector and wider markets (Neetha, 2010). Organisation of micro-credit arrangements, formation of NGO-aided Self Help Groups and so on constituted the agenda of the 'catch all do all policy approach' for lifting women out of poverty and to strive for their economic 'empowerment'. Accordingly, the post-liberalisation period saw a boom in programmes initiated under various ministries towards promoting self-employment for women. However, this seems to have not contributed to match the decline in women's employment in agriculture.

Though MGNREGS did ease the initial crisis, in the long run the limited number of days of employment guaranteed and the focus on manual work has not been able to address women's employment puzzle. In wage employment, women's participation are constrained by their gender responsibilities and skill mismatch. There is enough evidence of young women being denied employment because of the possibility of them taking leaves to meet maternity and child care demands. Though there is an increase in the days of maternity leave with the Maternity Benefit Act (Amendment) of 2017, the coverage of it is limited to the organised sector. The amendment provides for paid maternity leave of 26 weeks as against 12 weeks. The Act also proposes provisions for crèches in an establishment with 50 or



more workers, leaving the provision of working from home to the discretion of employers. The amended Act, however, is not applicable to all enterprises, but only those employing at least 10 workers. Women from lower income brackets, who are mostly concentrated in the informal sector, are not to be eligible even for a single day of paid maternity leave. In urban informal employment, where education and income levels are higher, many married

**Accordingly, the post-liberalisation period saw a boom in programmes initiated under various ministries towards promoting self-employment for women. However, this seems to have not contributed to match the decline in women's employment in agriculture.**

women drop out of the workforce when they have children, as they have to shoulder the burden of childcare. What is required is an extension of maternity benefit to all women workers and a strict implementation of the Act. This alongside provision for crèches for all would help women in negotiating their life cycle challenges with employment.

One of the reasons for poor female labour force participation is the lack

of suitable jobs on offer, i.e. the disparity between what they can do and what is available to them. Given the 'U' shaped pattern as regards women's education and employment; with poor employment rates for middle level educated groups, there is a need to make greater investments in secondary and tertiary education, vocational and skills training of women. Simultaneously, employment should be generated to cater to different educational and skill cohorts of women. The discouraging impact of low wages and poor conditions of work is found to result in women withdrawing from employment if the households can afford. The new amendment to the Apprenticeship Act (The Apprentices (Amendment) Act, 2014) which allows employers to recruit a large number of apprentices for extended periods and to fix the hours of work and leave as per their discretion may add to this 'discouraged worker effect'.

Social and cultural constraints (though differ across regions and communities) are still issues that explains poor participation of women in employment. Households in both rural and urban though are increasingly willing to educate their girls, do not see this an investment for their employment. Women who negotiate and overcome those barriers are few unless they are forced to work because of household poverty. Thus, as clearly

shown by the data, women are employed in informal, semi-or unskilled jobs such as domestic work, where incomes are low and there are limited benefits or job security.

Growing concerns around the safety of women is also a clear deterrent to women's employment. The ban on night shift for women is under review by the central government as part of amendments in The Factories Act 1948. Nevertheless, many state governments have by now lifted the ban. Provision for safety at the workplace and safe transport of women though has been provided for in the revision, it is of least priority with no monitoring mechanism in place. The increasing incidences of sexual harassment at the workplace, during commuting and in public places are fuelling the perception that cities and towns are not safe, adversely affecting women's mobility for employment.

In the midst of uncertainties, there are signs of empowerment, with women workers taking up issues which marks many protests and resistances. The share of women among unionised workers is much higher than women's work participation rates. Two sectors where unionisation of workers is worth mentioning (largely women-only sectors) are scheme workers and domestic workers. While anganwadi workers have been organised for a long time since, domestic workers are unionising in new and extensive ways, questioning the undervaluation of their work.

### Conclusion

The foregoing discussion suggest that it is high time that the state and employers come together on a priority basis to find comprehensive solutions, rather than merely introducing patchy interventions which do not address the issues of women's employment. While considering major amendments to labour laws, which is in the pipeline, there is a need to reckon the larger gendered impacts of these amendments.

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# Towards a National Policy on Migration

*S Chandrasekhar*



*The recommendations of the Working Group considered together with the existing acts pertaining to interstate and construction workers provide a starting point for a national policy on internal migration in India and safe guarding the interests of migrant workers*

India does not have a national policy on internal migration. Such a policy would address among other issues domicile requirements, portability of benefits within and across states etc. If at all India has a policy, it pertains to migrant workers, dating back to 1979 and called Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act. Beyond this Act there is little by way of a coherent policy. Not surprisingly, at the moment, given the multifaceted nature of migration and the resultant complexities, it is a case of horses for courses strategy. This is evident from piecemeal measures taken by various state governments including the bilateral memorandum of understanding between unified Andhra Pradesh and Odisha protecting the rights of inter-state migrant workers, and in particular those working in the brick kiln sector.

Even in the absence of a coherent policy, millions of Indians are migrating from one destination to another either permanently or for short duration within a year. While a large proportion of individuals migrate within their state of residence, others move across state boundaries. There are large variations in inter and intra state migrants across the districts of

India. Their motives for migrating are varied: movement from place of birth, following marriage, in pursuit of education, seeking work opportunities etc. While women primarily move on account of marriage, men are more likely to report migrating for reasons related to work. In addition, from a policy perspective, a distinction needs to be made between those who move permanently versus those who stay away from home for short duration during the course of the year.

Ahead of the release of numbers from Census of India 2011, there was great interest in estimating the contribution of rural-urban migration in the increase in urban population. The expectations that an overwhelmingly large number of individuals would permanently migrate to urban India for work related reasons was belied. Kanhu Charan Pradhan, a researcher at Centre for Policy Research, estimated that the contribution of rural-urban migration to urban population growth remained relatively unchanged between 20 to 22 percent over the decades 1991-2001 and 2001-11. Irrespective of the reasons for migration, as per Census of India 2011, nearly 38 percent of Indians had permanently migrated at some point of time during the lives.

In the decade 2001-11, on an average 1.5 million men and 0.3

The author is Professor, IGIDR, Mumbai. He coordinates the research initiative "Strengthen and Harmonize Research and Action on Migration in the Indian Context" (SHRAMIC). As part of this initiative, an online knowledge community on migration in South Asia with a specific focus on India has been developed <[www.shram.org](http://www.shram.org)>.

million women moved every year, i.e. they permanently changed their usual place of residence. At the same time, there are many who migrate for short periods without changing their place of residence. They are overwhelmingly from rural India. They stay away from their homes on account of work for short periods of time during the course of the year. It is estimated that in 10 million rural households an individual stays away from home for more than 15 days but less than 6 months in a year. Assuming that at least one person stays away from each of these households, it means that there are 10 million workers who can be characterized as short term or seasonal migrant workers who reside in rural India.

As evident the number of short term migrant workers is over 5.5 times the number of people who move permanently on account of work in any given year. Once again, they are more likely to be men rather than women. They are likely to be the young rather than the aged. Being part of a migrant network helps them in job search. They migrate due to lack of opportunities where they live. They fill seasonal shortages in the destination labour markets. They do not stay on in the destination if they cannot find work. This explains why they stay away from home for short periods of time.

Many a seasonal migrant works in agriculture, mining and services sector. Given the nature of work in the construction industry, which varies from very large infrastructure or housing projects to small road works, it should not come as a surprise that there are large number of short term migrants among those who work in the construction sector. According to one estimate, among those who work in the primary sector and undertake seasonal migration, nearly 36 percent work in construction sector and 15 percent work in the secondary sector.

While the Inter-State Migrant Workers Act specifies the role and responsibilities of contractors,



employers and the state government, there are two other acts that pertain to workers in the construction sector, viz. Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act 1996 and Building and Other Construction Workers' Welfare Cess Act 1996. Valid concerns have been raised on whether the respective state governments have

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religiously implemented all aspects of this act. The High Courts and Supreme Court has heard many cases pertaining to the lackadaisical implementation of the provision of these two acts. These three acts address aspects related to work conditions of migrant workers and those working in the construction sector. However, there are many other

issues which are not addressed in the policy discourse.

Conversations on 'Make in India' often veers towards 'What to make in India' and 'Where to make in India' rather than the 'who' makes 'what' and 'where' in India. In reality, migrant workers are a sizable proportion of the 'who'. They are integral to 'Make in India' initiative and this point is glossed over in most discussions. In its report, the working group to study on the impact of migration on housing, infrastructure and livelihood, highlights that migrant workers make substantial contribution to the Indian economy. The working group which was constituted by the Ministry of Housing and Urban Poverty Alleviation, in 2015, was tasked with identifying and developing strategic interventions. The Working Group submitted its report to the ministry in March 2017. The Working Group noted the underutilization of Construction Workers Welfare Cess Fund. The recommendation is that the funds can be used to promote rental housing, hostels etc. It is important that migrants benefit from a decline in the cost of financial intermediation since they remit large sums of money, upwards of Rs 50,000 crores a year, to their families.

The Report also focuses on the need to ensure that benefits and

rights of migrants are protected. There are certain benefits that need to be made portable. Among this includes making access to the public distribution system portable. To start with it should be possible to make the access to the public distribution system within a state boundary portable. States like Chhattisgarh have demonstrated such a possibility. The state government linked the beneficiary to all the shops as part of public distribution system in Raipur. The beneficiary was given the option of purchasing the foods from any of the shops. This idea has been extended to other cities of the state. In a recent article in Economic and Political Weekly, A Joshi, D Sinha and B Patnaik, argue that there is still much that needs to be done to ensure that the system works. They argue that the “issues of power

imbalances between shop owners and cardholders which continue to shape interactions between them” need to be addressed.

Another area where the state governments need to be proactive is to ensure that children migrating with their parents are able to enroll in schools. Some children do not stay back when their parents migrate seasonally for work. For these children, Government of Odisha, is running seasons hostels for children of parents who migrate. The UNICEF, Maharashtra in partnership with Government of Maharashtra has designed interventions to ensure that safety of children of who migrate and the provision of safe and secure community based care options for children who decide to stay behind.

The working group recognized that the Indian Constitution provides the right of freedom of movement within the country. However, it is not uncommon to observe that in some states there is a domicile quota wherein residents of the state are preferred for admission to educational institutions or in government jobs. The working group has recommended that “states should be encouraged to proactively eliminate the requirement of domicile status to prevent any discrimination in work and employment”. The recommendations of the Working Group considered together with the existing acts pertaining to interstate and construction workers provide a starting point for a national policy on internal migration in India and safe guarding the interests of migrant workers. □

(E-mail:chandra@igidr.ac.in)

### Reforms in Labour Laws

Ministry of Labour & Employment have taken several reform initiatives, both legislative reforms as well as Governance reforms through use of technology, to reduce the complexity in compliance and bringing transparency and accountability leading to better enforcement of the Labour Laws. These initiatives, inter-alia, include:

- (i) Enhancing the ceiling of wage limit for the purpose of eligibility for Bonus and for the purpose of calculation of Bonus as Rs. 21,000/- per month and Rs. 7,000/- per month respectively by amending the Payment of Bonus Act 1965.
- (ii) Prohibition of employment of children below 14 years in all occupations and processes through amendment in the Child Labour (Prohibition & Regulation) Act, 1986.
- (iii) Extending the coverage of Employees State Insurance by increase in the wage ceiling from Rs. 15000/- per month to Rs. 21000/- per month.
- (iv) Enabling provision under the Payment of Wages Act 1936 for payment of wages through Bank accounts.
- (v) Launching of unified Shram Suvidha Portal for allotment of a Unique Labour Identification Number (LIN) for establishments, filing of self-certified and simplified Online Annual Return and a transparent Labour Inspection Scheme through computerized system
- (vi) Portability of Employees Provident Fund accounts through Universal Account Number (UAN)

The process of Legislative reforms includes consultations with stakeholders including Central Trade Unions, Employers’ Association and State Governments in the form of tripartite consultation. During recent months, several such tripartite meetings have been held for considering suggestions on various legislative reform proposals where the representatives of all stake holders/State Governments participated and gave their suggestions on the legislative proposals.

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## Reforms in Child Labour Law

*Helen R Sekar*



*...child labour should be identified, rescued and released for their educational rehabilitation and economic rehabilitation of their families by way of imparting employable skills and providing income generation avenues with special focus on migrants and vulnerable communities*

**C**hild labour Law is the pivot around which the strategies for addressing hard labour at tender age cluster. Law has always been viewed as an instrument not only to review societal norms, attitude and behavior of people and their manifestations but also to mitigate social evils which emerge from the mindsets, actions, customs and traditions. Intervention of law is therefore imperative in dealing with the extremely complex issue of child labour which is deeply interwoven in the socio-economic fabric. The National Child Labour Policy in India has Legislative Action Plan as one of its three ingredients which aims at progressive elimination of child labour in general and specifically in hazardous occupations. Law to emerge as an effective weapon needs to be free from loopholes and provisions which come in the way of its effective enforcement. The Child Labour (Prohibition and Regulation) Act 1986 was amended in the year 2016 primarily to prohibit employment of children in all occupations and processes to facilitate their enrolment in schools in view of the Right of Children to Free and Compulsory Education Act,

2009; and to prohibit employment of adolescents in hazardous occupations and processes and to regulate the conditions of service of adolescents in line with the ILO Convention 138 and Convention 182. According to the ILO Convention No. 138, the Minimum Age Convention, a minimum age of entry into work shall not be less than the age of completion of compulsory schooling and, in any case, shall not be less than 15 years. ILO Convention No. 182: “Worst Forms of Child Labour” in Article 1 spells out to take immediate and effective measures to prohibit and eliminate the worst forms of child labour as a matter of urgency. This article discusses the recent reforms in child labour law in the context of the situation of working children in India.

Child labour is a twin term antithetical to each other. The term ‘child’ signifies innocence and tenderness and the term ‘labour’ implies toil and hard work. Children have been working all along the known history. It is believed that work inculcates confidence in children and enables them to gain self-esteem and also helps in the process of socialization. It is also deemed that by learning skills from

The author is Senior Fellow, V. V. Giri National Labour Institute) and has been involved in Research, Training, Curriculum Development and Consultancy for the past 30 years. Her work focused on Child Labour Elimination, Human Resource Development, Adult Learning Processes, Poverty Alleviation, Institutional and Organizational Development. She has worked largely on short and long term research and training interventions focusing on Labour and issues of Child Labour.

an early age, the traditional skills are preserved and are passed on from one generation to the other. These positive aspects of work dramatically change when children are forced to work for long hours in situations damaging to their mental and physical health and when they are deprived of childhood and denied of educational and other rights and opportunities. Children in workforce are paid very low wages and at times work unpaid in lieu of the debt taken by their parents or their family members. There are different types and forms of child labour such as paid/unpaid child workers; bonded child labour, children working as a part of family; self-employed children; children in domestic works/industrial works; migrant/non-migrant child workers, etc.

Different data sources at various point of time indicate employment of children in different sectors of informal economy including agriculture, animal husbandry, forestry, manufacturing, food processing and other service sectors. In some occupations child labour is involved in all stages of production, from gathering the raw materials to assembling the finished product. Irrespective of the economic sectors, children work in unhygienic conditions and are exposed to toxic chemicals, insect bite, fall etc. Children working in various manufacturing units are exposed to metal and other dusts and become victims of diseases like silicosis (glass manufacturing), asbestosis (cement and slate), bronchial asthma (silk, garment, textile, carpet), tuberculosis (*beedi* making), tetanus (rag picking), eye diseases (embroidery work- *zardosi*, *hathari*, *zari*, *karchob*). Some of these diseases are incurable. To give an example of child labour in one of the processes brass-manufacturing the work in the box mould furnace, the child rotates the hand wheel to keep the furnace fire burning and checks the molten metal by opening the top of the underground furnace



and throwing a little chemical powder into it. If the molten brass is ready for casting, there would be blue and green flames shooting up from the mouth of the furnace. The child would then take a large pair of tongs and lift the crucible of molten brass from the furnace for pouring into the moulds and also help the adult to open the hot moulds and remove the pieces. Children stand barefoot around the furnace either to put the crucible in or to remove it. While carrying out these processes the workers also inhale the fumes and gases which are let off from the furnace and when the molten brass is poured into the moulds. The temperature in the furnace is about 1100°C. Children at work here inhale the fumes and gases which are let off from the furnace and when the molten brass is poured into the moulds they are not only exposed to the danger of getting badly burnt but there is a possibility of eye injuries, injury due to slipping of work piece being polished, pain in fingers from continuous holding the work piece against rotating bob, respiratory infection from inhalation of dust generated during polishing and the resultant diseases like ankylosis, spondilitis, and permanent spinal deformities. Child labour in processes such as polishing, electroplating and spray painting in Lock –manufacturing are also

exposed to such occupational hazards. Prevalence of Child labour is one of the areas of concern in global supply chains and child labour adversely affects the children and impedes their overall development. A clear national policy and governmental action focusing on the range of interrelated factors like poverty, unemployment, illiteracy is required to end such labour exploitation of children.

Government of India has been pro-active in addressing the issue of child labour which is evident from the provisions in the articles of the Constitution of India, provisions in various labour laws and other laws relating to children and their amendments from time to time. Government of India has made resource provision to ensure implementation of child labour legislation besides setting out objectives and priorities in the National Child Labour Policy. The Policy seeks to adopt a gradual and sequential approach with a focus on rehabilitation of children working in hazardous occupations and processes. The Government has introduced various schemes for rehabilitation of children withdrawn and rescued from work and has constituted Task Force to conceptualize the rehabilitation projects and to contribute to their planning, implementation and monitoring.

By the enactment of the Right of Children to Free and Compulsory Act 2009 (RTE Act), the Government of India has made the right to education, a fundamental right for children. Every child in the age group of 6-14 years is to be provided free and compulsory education. Realization of the objectives of child labour policy is reflected not only in the progressive increase in enrollment and school attendance of children but also in the reduction in the magnitude of child labour from 12.7 million in 2001 to 10.1 million in 2011. Around the same period the NSSO Survey report showed a decline of working children from 9.07 million in 2004-05 to 4.98 million in 2009-10.

The Child Labour (Prohibition and Regulation) Act 1986 prohibited employment of children below 14 years in 18 occupations and 65 processes. After the amendment in 2016, the Child and Adolescent Labour (Prohibition and Regulation) Act 1986 provides for complete ban on employment or work of children below 14 years in any occupation. The Act defines adolescents as persons who have completed fourteenth year of age but have not completed eighteenth year. All children below 18 years are totally prohibited from working in any of hazardous occupations or processes in mines, explosives, hazardous occupations set forth in the Factories Act, 1948. Immediately after the enactment of the Amendment Act, the Technical Advisory Committee (TAC) was constituted to review the existing schedule on hazardous occupations and processes of the Act and the TAC has already submitted its report recommending the schedule in two parts with part A covering hazardous occupations and processes in which adolescents are prohibited to work and part B covering hazardous occupations and processes in which children are prohibited to help. Part A nine categories of Occupations and Processes are given with specific mention of the underground and



under water related work, and a list of industries involving hazardous processes. To name a few from the recommended list - Ferrous and Non-ferrous metallurgical, a range of chemical industries, foundries, power generating industries, cement, rubber, petroleum, three fertilizer industries, drug and pharmaceutical industries,

**The Child Labour (Prohibition and Regulation) Act 1986 prohibited employment of children below 14 years in 18 occupations and 65 processes. After the amendment in 2016, the Child and Adolescent Labour (Prohibition and Regulation) Act 1986 provides for complete ban on employment or work of children below 14 years in any occupation.**

paper pulp, petro-chemical, paints and pigments, electroplating, leather tanning, fermentation, glass and ceramics, slaughter houses, construction, etc.

Exemptions are given to children helping their families or family enterprises after school hours and during vacations. Family means only child's mother, father, brother, sister and father's sister and brother,

and mother's sister and brother. It is important that the definition of school should be that of the RTE Act wherein "School" means a school that complies with 'the Schedule (Section 19 and 25), Norms and Standards 'of the "Right of Children for Free and Compulsory education Act 2009" and 'help' which is purely voluntary and not 'employment' and not in hazardous occupations or processes. In any case the education of the child should not be affected. Children working as an artist in an audio-visual entertainment industry, including advertisement, films, television serials or any such other entertainment or sports activities except the circus, are exempted subject to such conditions and safety measures. Artist means child who performs or practices as an actor, singer and sportsperson.

The Child and Adolescent Labour (Prohibition and Regulation) Act 1986 provides stricter punishment. Offences under the section 3 or 3A committed by an employer shall be cognizable and the punishment is by way of imprisonment for a term which shall not be less than six months but which may extend to two years, or with Fine which shall not be less than Twenty Thousand Rupees but which may extend to Fifty Thousand Rupees, or with both and for repeat offence the violator of law is punishable with only imprisonment

for not less than one year but may extend to three years. The CALPR Act provides for punishment to parents and guardians if they permit child for commercial purposes in contravention of section 3 or 3A of the Act. There is no punishment for first offence. However, for repeat offence the parents and guardians are punishable with a fine which may extend to 10 thousand rupees.

Child and Adolescent rescued from workplace shall be rehabilitated in accordance with the law as the CALPR Act provides for constitution of Child and Adolescent Labour Rehabilitation Fund and details the procedure thereof. The Act directs the Appropriate Government to confer such powers or impose such duties on District Magistrate for effective enforcement of the Act and specifies ensuring of periodic inspections and monitoring by the Appropriate Government.

The objective of the amended child labour Act could be realized by carrying out preventive intervention by way of enrolling and retaining all children below the age of fourteen years in school. Simultaneously child labour should be identified, rescued and released for their educational rehabilitation and economic rehabilitation of their families by way of imparting employable skills and providing income generation avenues with special focus on migrants and vulnerable communities. Awareness Generation, Training, Capacity- building, Sensitization and Social Mobilization of State and non-State stakeholders will pave way of effective enforcement of child labour law thereby ending child labour in India. □

(E-mail: helensekar@gmail.com)

### More than 12 Lakh Children Rehabilitated under National Child Labour Project Scheme since 1988

As per the information received from District Project Societies 12 Lakh 15 Thousand 755 Children have been rescued/withdrawn from work and rehabilitated and mainstreamed under the National Child Labour Project (NCLP) Scheme from its inception in 1988 to December 2016. The Scheme is sanctioned in 270 Districts of 21 States, out of which Special Training Centres (STCs) are, at present, operational in 104 Districts.

Under NCLP Scheme, funds are released to the District Project Societies headed by District Magistrates/ Collectors who in turn allocate the funds for the Special Training Centres run by NGOs/ Government agencies/ local bodies etc. The volunteers for the special schools are engaged by the NGOs etc., for which they are paid a consolidated amount of honorarium.

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## DO YOU KNOW?

### LABOUR IDENTIFICATION NUMBER OR LIN

In a view to create one-stop-shop for labour law compliance and to make a platform which can be shared by all the labour enforcement agencies under the control of Central and State governments, Shram Suvidha Portal has been created. It was launched by Honourable Prime Minister, Mr. Narendra Modi on October 16, 2014. The aim to start this portal was to do away with all employer codes being issued by separate labour enforcement agencies such as ESIC, EPFO, CLC(C) and DGMS etc and by replacing them with new LIN (**Labour Identification Number**). As a single point of contact between employer, employee and enforcement agencies, it is also bringing in transparency in their day-to-day interactions. For integration of data among various enforcement



agencies, each inspectable unit under any Labour Law has been assigned one Labour Identification Number (LIN). The portal also facilitates reporting of Inspections, and submission of Returns. To be able to provide all of the above unified services Shram Suvidha Portal can be accessed at the URL <https://ShramSuvidha.Gov.in>. A unit registered with different labour enforcement agencies is identified uniquely and allotted a single unique LIN. LIN is the pivot around which all other services work. The LIN would gradually subsume the multiple registration numbers presently being issued separately by Labour Enforcement Agencies i.e. ESIC registration Number, EPFO number, Registration or license number issued under Contract Labour (Regulation and Abolition) Act, 1970, etc. This indeed would meet an objective of ease of business itself as maintenance of multiple registration numbers by businessmen itself is a cumbersome task.

The LIN number so allotted was communicated by using the email addresses and mobile numbers of the unit representatives available in database.

Shram Suvidha Portal also facilitates businessmen to get all kinds of registrations and submit returns that are required under labour laws at a single online window. It also makes available to them the inspection reports prepared by the enforcement agency inspectors online. The procedures have been simplified; returns and registration forms have been unified to provide a business environment that encourages compliance by reducing transaction costs and promoting ease of business. Any employer which is oblivious of the LIN allotted can know the LIN using the facility available on “Know Your LIN” tab on the home page of the ShramSuvidha Portal. Search for LIN can be done either using any of the identifiers such as EPFO code/ESIC Code/ PAN or a part of the name of the establishment too.

The Portal provides the facility for filing returns under the following labour laws.

1. Payment of Wages Act, 1936
  - (i) Payment of Wages (Mines) Rules, 1956 (Form-V - [See Rule 18])
  - (ii) Payment of Wages (Railways) Rules, 1938 (Form-III - [See Rule 17])
  - (iii) Payment of Wages (Air Transport Services) Rules, 1968 (Form-VIII - [See Rule 16])
2. Minimum Wages Act, 1948
  - (i) Minimum Wages (Central) Rules, 1950 (Form-III - [See Rule 21 (4A)])
3. Contract Labour (Regulation and Abolition) Act, 1970
  - (i) Contract Labour (Regulation and Abolition) (Central) Rules, 1971 (Form- XXIV [See rule 82(1) and (2)])

4. Maternity Benefit Act, 1961
  - (i) Maternity Benefit (Mines and Circus) Rules 1963 (Rule 16 (1))
5. Building and Other Construction Workers (Regulation of Employment and Condition of Service) Act, 1996
  - (i) Building and Other Construction Workers (Regulation of Employment and Condition of Service) Central Rules, 1998
6. Payment of Bonus Act, 1965
  - (i) Payment of Bonus Rules, 1975 (Form-D [See rule 5])
7. Inter-State Migrant Workmen (Regulation of Employment and conditions of Service) Act, 1979
  - (i) Inter-State Migrant Workmen (Regulation of Employment and conditions of Service) Central Rules, 1980 (Form – XXIII [See rule 56(1) and (2)])
8. Industrial Disputes Act, 1947
  - (i) Industrial Dispute (Central) Rules, 1957 (Form-G1 [See Rule 56A])

Earlier, separate monthly returns were required to be filed by employers to ESIC and EPFO. The monthly Electronic Challan–cum-Return (ECR) for Employees’ Provident Fund Organization (EPFO) and Employees’ State Insurance Corporation (ESIC) has now been unified and can be filed at a single place on Shram Suvidha Portal. □

### **India Innovation Index Launched**

A mega initiative “India Innovation Index” that will rank states on Innovations through country’s first online innovation index portal that will capture data on innovation from all Indian states on innovation and regularly update it in real time was launched recently. The Index, a joint project of the Niti Aayog, Department of Industrial Policy & promotion(DIPP) and Confederation of India Industry(CII) is expected to help make India an innovation driven economy.

The India Innovation Index Framework will be structured based on the best practices followed in Global Innovation Index (GII) indicators and additionally by adding India-centric parameters those truly reflect the Indian innovation ecosystem. This initiative will be the point of reference for all international agencies to collect India’s up to date data points for global indices and analytic.

This portal will be a first-of-its-kind online platform where Global Innovation Index indicators and India–centric data from various states will be coalesced and disseminated and updated periodically. This will be a one-stop data warehouse and will track progress on each indicator at the National level and the State level on real-time basis. The access to this portal will be hosted on the NITI Aayog website, and NITI Aayog will update this data periodically.

Data collated on this portal will not only be used to ameliorate current data gaps w.r.t the GII, but be the prime source for the India Innovation Index, which will be jointly developed by NITI Aayog, DIPP and CII, in consultation with World Economic Forum, the World Intellectual Property Organization, Cornell University, OECD, UNIDO, ILO, UNESCO, ITU and others with the objective to rank Indian states as per their innovation prowess and provide impetus to them to build their respective innovation ecosystems and spur the innovation spirit among institutions and people.

The Global Innovation Index (GII), co-published by World-Intellectual Property Organization (WIPO), Cornell University and INSEAD with CII as a Knowledge Partner since inception, has been ranking world economies including India since 2007 according to their innovation capabilities and outcomes using 82 indicators among a host of other important parameters. It has established itself as both a leading reference on innovation and a ‘tool for action’ for policy makers.

India currently ranks 66th out of 128 countries on the Global innovation Index (GII) 2016.



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# A New Mechanism to Finance Skill Development

*Santosh Mehrotra*



*The exact allocation share of the organized and unorganized segments will need to be worked out through a process of consultation of stake-holders, so that organized sector enterprises have a stake in the system, while equity considerations also determine disbursement. This will also release general tax revenues for SD for unorganized enterprises*

**I**ndia's requirements for skilled workers are huge, and the current capacity to train has grown very slowly. On requirements, whether one believes the National Skills Policy

2015 number (400mn), or the more realistic number of 200 mn (Mehrotra et al, 2013) by 2022, the fact remains that the country is still only training 5 mn per annum in total. There is need to upscale efforts. Yet funding for skill development (SD) remains limited in India mainly to general tax revenue. There is very little by way of SD from corporate social responsibility. Also, enterprise-based training, confined to 39 per cent of all firms, is conducted by mainly large firms.

The Ministry of Skill Development is new, and although it has received a World Bank loan for skill development, given the Union government's ambition for Skill India, much larger funding has to be found. Financing for SD in countries where it has been successful is mostly private sector driven; that ensures industry ownership of the system. If not, SD tends to remain supply-driven, as opposed to industry-led and demand-driven, which is a recipe for failure. Even the NSDC funded private vocational training providers

remain supply-driven. The result is poor quality training, as industry involvement, despite the Sector Skills Councils, remains limited. The Union government needs to think of a new model of financing SD, which should take the following form.

A tax could be levied on companies, that goes into an ear-marked fund, meant exclusively for SD purposes. Firms can be reimbursed the costs of training from such a fund. As many as 63 countries of the world have adopted such an option. There are 17 countries in Latin America (including Brazil), 17 countries in Sub-Saharan Africa (including South Africa), 14 in Europe, 7 in Middle east and North Africa, and 7 in Asia that have such funds.

## Why create a National Training Fund

First, as we noted, current capacity for SD is limited. Second, although SD became a priority in the middle of the last decade, the expansion of capacity to provide TVET has grown very slowly. The growth in number of private ITIs and the NSDC-financed vocational training providers (VTPs), has brought the numbers being trained to 5 mn per annum. However, at this rate, our goal of 'Make in India' will not be realized, youth power will remain

The author is Professor of Economics and Chairperson, Centre for Informal Sector and Labour Studies, School of Social Sciences, Jawaharlal Nehru University, New Delhi. He has authored a number of books like *Policies to Achieve Inclusive Growth in India*, *India's Skills Challenge*, *Countering Naxalism with Development* and *Asian Informal Workers. Global Risks, Local Protection*.

underutilized, and the country may miss the demographic dividend.

Third, there is a limit to general tax revenues that can be mobilised for SD, since the fiscal deficit should remain controlled on the one hand, and the multiple other important drafts on resources from health, education and infrastructure investments, that must remain the predominant responsibility of the state.

Fourth, globally, the source of financing for SD has been the private sector, since they are the direct beneficiaries, even though the state may play a facilitating role. The private sector needs to step up to the task.

Hence, a National Training Fund is needed soon. A possible design for the Fund is discussed below.

A. Collect levies from organized sector and medium + large enterprises.

The unorganized sector share in manufacturing output is 22 per cent, but share in employment is 85 per cent. The levy in India should be, to start with, only on organized sector enterprises, and only on medium and large ones. It may be difficult to collect taxes from the smallest enterprises and may elicit much resistance from them.

B. Beneficiaries should include both organized and unorganized enterprises

Most employees in the unorganized sector acquired their skills informally (on the job), hence at least some proportion of funds must be reserved to train them. However, since large and medium organized enterprises will be the dominant contributors to the training fund, they should benefit significantly. The current Apprenticeship programme (Act of 1961) could be incorporated into this mechanism. The exact allocation share of the organized and unorganized segments will need to be worked out through a process

of consultation of stake-holders, so that organized sector enterprises have a stake in the system, while equity considerations also determine disbursement. This will also release general tax revenues for SD for unorganized enterprises.

C. Demand side financing of training through payment of stipend

Training provision in India has been historically supply-driven, while the demand for skills has been neglected. There is a very strong case for using training levy funds for financing poor students who are unable to bear the opportunity cost of first undertaking training before entering the labour market. Poor students must earn in order to survive, and cannot 'afford' to be trained. If trainees are provided a

**Training provision in India has been historically supply-driven, while the demand for skills has been neglected. There is a very strong case for using training levy funds for financing poor students who are unable to bear the opportunity cost of first undertaking training before entering the labour market.**

stipend, it would partially offset the opportunity cost of not working, and the financial cost of training itself. The current scale of PM's Kaushal Vikas Yojana one time grant is on too small a scale to be seen as effective.

China has incentivized vocational education financially for students very effectively. Half of all children graduating from nine years of compulsory academic schooling enter the senior secondary schools that offer vocational education. An important reason is that since 2005 vocational education at that level has become free, and covers the entire country and all students, rural and urban. In addition, all poor rural children coming to urban senior

secondary vocational schools receive an additional financial help to meet accommodation costs in urban areas of nearly Yuan 500.

*Counter arguments against a new tax to finance the National Training Fund*

1. *The economy has slowed down, and investment has declined in the last few years. Adding another tax would reduce the investible surplus with firms, and thus would be opposed by firms. There is already a cess for elementary education, and now a cess for higher education. Yet another cess would be opposed by industry.*

However, these arguments ignore some realities. Companies have already been paying for shortage of skilled persons as salary rises for skilled persons have been much larger than justified by productivity increase, putting an upward pressure on prices of goods and services, thus contributing to inflation. However, there is now a case, after 12 years, of a cess for elementary education to be removed altogether. Elementary education must be funded from general tax revenues in any case, rather than specialized earmarked funding.

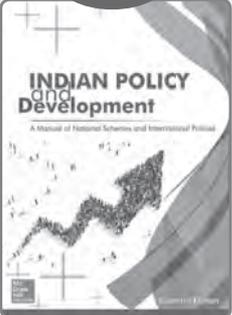
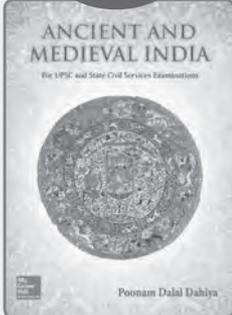
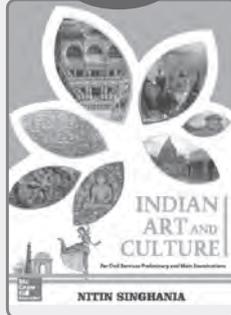
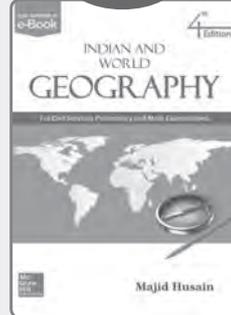
2. *Govt-controlled funds are very poorly managed, and the private sector does not find worthwhile the time and effort to access such funds for SD.*

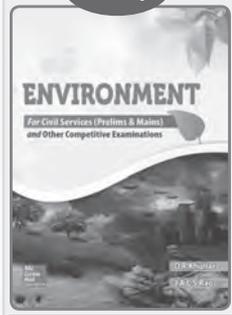
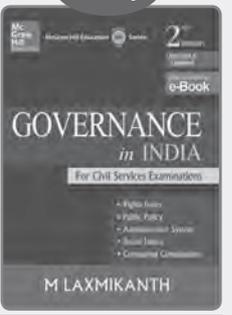
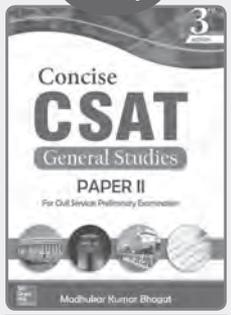
This is a very important concern. However, it can be addressed by the private sector being in complete control of the allocation of funds from NTF. Sectoral NTFs (as in Brazil) would enable industry to completely manage the funding. Some government control can be maintained by having government specialists on the boards of such funds. □

*(E-mail:santoshmeh@gmail.com)*

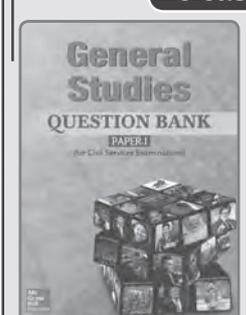
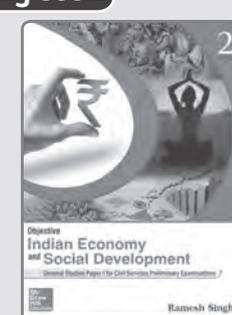
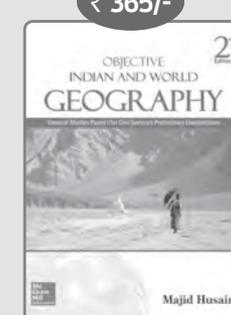
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# Labour Policies and Labour Welfare: An International Comparison

*Pradeep Agrawal*



*Since India has already undertaken most other reforms towards export oriented industrialization, it is now well poised to benefit substantially from labour policy reforms in the form of higher growth of employment and real earnings per employee*

**E**fficient use of a country's labour endowment is crucial to its rapid economic growth. At the same time, labour is a unique factor of production because workers are human beings, not commodities. Therefore labour policies need to have a significant social or welfare dimension to them. This is why opinions remain sharply divided on labour market policies. Those who have emphasized the welfare or social aspect have often advocated freedom to form unions, minimum wage laws, the provision of some job security, unemployment insurance, subsidized facilities for retraining in case of retrenchment, etc. (see for example, Standing and Tokman, 1991; ILO, 1990, Bhaduri, 1996). While those who give greater importance to the efficiency aspect of labour markets, have argued that state interventions such as the job security provisions may reduce employment, productivity and growth and thus hurt the workers in the long run (see e.g., Krueger, 1974; Olson, 1982; Lazear, 1990; Fallon and Lucas, 1991 and 1993; Mehta, 1995). They have often advocated policies to: (i) make labour as productive as possible by providing suitable work incentives for working well through

wage, bonus and promotion policies and through appropriate education and training, (ii) ensure smooth industrial relations by creating proper mechanisms for resolution of conflict between labour and management so that loss of working days due to strikes etc. can be minimized, (iii) keep labour use flexible to deal more effectively with various shocks to the economy and with shifts in its sectoral comparative advantage etc, by allowing easy retrenchment and retraining of workers, and (iv) minimize distortions and interventions in the labour market.

In reality, both these seemingly contradictory aspects are important and the choice lies not between one or the other, but in striking a proper balance between the two. Thus most countries have followed labour policies that probably fall somewhere in between these extreme positions. To some extent, the choice also depends on the level of development and extent of unemployment in a country. When a country is developed and close to full employment, it can afford to be more welfare oriented, for it only needs to support a small fraction of the workers who might be unemployed. However in early stages of industrialization, especially

The author is the Reserve Bank of India (RBI) Chair Professor of Economics and Head of the RBI Endowment Unit at the Institute of Economic Growth, New Delhi, where he has been the Officiating Director. Prof. Agrawal's interests span economic growth and development; macroeconomics; international economics and applied econometrics. He has published extensively in international and national journals. Besides being an expert on the Indian economy, Prof Agrawal has expertise on most other Asian economies, having visited most of them for research. He has published books and numerous research articles on economies of East Asia, South Asia and Central Asia.



if there are a large number of people not fully or gainfully employed, one needs to focus more on efficiency aspects. Similarly, countries that have more open economies, with emphasis on exports and on attracting foreign direct investment, have to make their labour efficient to compete in exports markets and in attracting FDI. Thus, they are more likely to emphasize the efficiency aspect.

Thus we see that China, world's largest exporter of manufactured goods, despite being run by the communist party that was founded to further the interests of the workers has adopted labour laws that are quite pragmatic in terms of ensuring efficient and productive use of labour. China's labour laws allow that even employees with indefinite period (or "permanent") employment can be terminated for serious violation of labour discipline or employees rules and regulations, for serious dereliction of duty, or for graft. Further, contracts with a fixed expiry date are also permitted and employees who are not continued at expiry of such contracts do not have to be paid any severance pay etc. Layoff of substantial number of employees is also allowed when an employer firm is suffering from major difficulties in terms of production or operation (such as a major restructuring, large reduction in production due to business or export

market setback, etc). However any such layoff requires a notice period of at least 1 month and severance pay of 1 month's wages for each year of service. Similar severance pay also need to be paid to individual employees who are terminated except where employee is dismissed for indiscipline or other

**Somewhat surprisingly for a developing country, with a huge army of unemployed and underemployed, India has chosen to emphasize the welfare aspect and provided one of the most protective labour laws in the world for its organized sector workers, which is not seen even in developed countries with practically no unemployment.**

major fault on his part. The labour laws are much more flexible in export processing zones where employers have almost unlimited right to hire and fire. This is done to attract foreign direct investment and in view of much higher need for production flexibility due to higher uncertainty and variability in exports. These laws have helped ensure a disciplined and efficient work force and China has become world's largest ever exporter with exports of about \$23000 billion in 2016. Both employment and wages of

workers have risen dramatically during the 35 year period when these policies have been followed with poverty falling from 40 percent to about 10 percent and per capita income rising from \$400 to \$8000.

Most other countries of East and Southeast Asia such as Indonesia, Thailand, Malaysia, Taiwan and South Korea have somewhat similar policies although the finer details of the law may vary somewhat from country to country. Most of these countries had very flexible labour laws in the 1970s to 1990s and experienced rapid growth of employment and wages. Most of these countries have strengthened labour laws as their economies have strengthened. Their labour laws are similar to China's and require severance pay of 1 month's wages for each year (or part thereof) that an employee has worked payable on the last working day. This is however subject to a maximum of 8 to 12 months wages irrespective of the length of the service (even if, say 20 years). In Singapore, severance pay is not required for employees who have been employed with a firm for less than 3 years or who are in managerial positions. Most East Asian countries also have the tradition of giving large bonuses often equal to several months wages. However the bonus is not fixed and is linked to firms profitability and often related to individual workers performance evaluation. This helps ensure cooperative behaviour by employees and helps in the efficient and smooth functioning of the company.

Most European countries have similar laws (the East Asian countries have over time gradually adapted from the labour protection framework originally developed in Europe). However, given that European countries are more developed and have much lesser issues with unemployment, the labour laws are somewhat more favourable to employees, although most of them also allow termination of workers for indiscipline or incompetence and permit layoffs when

a firm is facing serious operational difficulties and must reduce output. Thus in UK, the country from where India's labour laws originated in the nineteenth century, has in fact made its labour laws much more flexible and efficiency oriented. Its unfair dismissal legislation provides that an employer can only lawfully dismiss an employee if: (i) it has a "fair" reason to dismiss; and (ii) it follows a fair and reasonable procedure. There are five (5) reasons which are treated as "fair" reasons under the legislation: (i) redundancy (where an employer reduces the number of employees in a particular role and/or at a particular site); (ii) misconduct; (iii) capability (i.e., performance issues or inability to do a job); (iv) where continued employment would breach a legal duty (such as allowing a disqualified driver to continue to drive); and (v) some other substantial reason, which acts as a catch-all category. In UK and some of the other European countries, even the expiry of a fixed-term contract is treated as a dismissal. However, UK only requires a severance pay of about 1 week of wages for each year worked subject to a maximum of three months of wages. However, it should be noted that the western European countries are developed and high income economies that also have a well developed social security system which provides for reasonable benefits for the unemployed. Finally, note that all labour protective rules are in the form of laws which can be enforced through labour tribunals or courts. Thus, unlike in India where a firm with over 100 employees needs to get approvals for terminating a worker from the government (which no right thinking politician can ever give for fear of adverse fallout from trade unions ) firms need to convince a court that the dismissals are as per the laws of the country.

In the United States labour laws allow employers to dismiss workers at will (without any severance pay etc) unless specific labour union contracts exist in which case the conditions of the contract have to



be respected. However, it should be noted that the US has a well functioning social security system that pays unemployment benefits to unemployed workers for upto one year and also provides additional worker training if needed.

**We should experiment with more flexible labour laws, by allowing flexibility in labour laws across states (some of which might want to experiment with more flexible laws) and for example, in export processing zones because of the greater variability in export volumes and the greater need for a efficient and competitive labour force. This will also allow us to attract more foreign direct investment.**

On the other extreme, Japan has very restrictive labour laws. Partly because of the pressure put on the companies by the Japanese government in the formative years after world war 2, Japanese have a tradition of lifelong employment with the given company and termination is extremely rare, partly because of restrictive laws and partly due to tradition. However the Japanese

have found a way of maintaining labour efficiency and productivity despite permanent employment. This is attained by giving large bonuses which can often be as much as 3-4 months of wages which depend upon the firm's profitability and can also be linked to the individual employee's performance on job. This again ensures that the workers have a stake in the firm's profitability and helps in ensuring efficient functioning of the workers and the firm.

Somewhat surprisingly for a developing country, with a huge army of unemployed and underemployed, India has chosen to emphasize the welfare aspect and provided one of the most protective labour laws in the world for its organized sector workers, which is not seen even in developed countries with practically no unemployment. Thus in the organized sector in India, permanent employment after a brief (typically one year or less) probation period. Employees (in a firms with over 100 employees) cannot be fired without government permission, which is rarely given even when the firm becomes non-viable (for no politician would like to invite the ire of India's well organized trade unions). Public sector employees typically receive fixed annual wage increments

unrelated to work performance. There is muted incentive to work hard or to strive to improve one's performance. The result is poor productivity, high prices of products, poor exports and eventually low wages, fewer jobs, and higher unemployment.

We need to ponder whether such high level of protection at the cost of productivity and efficiency is appropriate, especially at our level of development and when we have millions of youths looking for jobs. The experience of China, East Asia and India demonstrates that excessively protective labour policies are not in the long-term interest of the workers and might do them more harm than good by reducing worker productivity, raising the price of goods that make our goods less competitive in export markets which keeps the growth of output and exports lower than it can be and hurts the growth of output and employment.

In the East Asian countries, labour laws are generally supportive of efficient and flexible use of labour. A peaceful industrial relations climate has been maintained in most countries with the help of laws requiring a cooling off period (about one month) before a strike can be called and through the use of voluntary and compulsory arbitration. As a result, strikes and work stoppages are uncommon. Further, firms can retrench workers, although they must pay a retrenchment compensation (about one month's wages for each year of employment with the firm). This provides flexibility in the use of labour and also forces a certain discipline on workers. Industrialists therefore want to hire them, leading to a faster growth of employment and wages.

The Japanese style flexible wage system has also been adopted by Korea, Taiwan, Malaysia and Singapore. Giving the employees a bonus which depends, at least to some extent, on their company's profitability, can make employees more co-operative and responsible.

By linking the amount of bonus (and promotions) each individual employee receives to his work performance, incentives can be created for good performance even in the presence of considerable job security, as is the case in Japan. Finally, East Asian countries have rapidly improved the general education and training of their workers which has helped make them more productive.

Thus the East Asian countries, including China and Japan, have generally succeeded in creating a highly disciplined, motivated, flexible and well trained labour force.

Thus a proper balance between efficiency and welfare (or protection) aspects has not been maintained in India and the scales have tipped dangerously away from considerations of efficiency. Even if India's different historic and social context may not allow it to go as far as the East Asian countries have gone in the quest for efficiency, it needs to make a reasonable effort to improve the efficiency of labour. For this purpose

**Greater effort needs to be made towards improving the education and training of the workers to make them more productive. This should include compulsory basic education to class 10 for all children and greater emphasis on vocational training.**

the following efficiency enhancing labour policies of East Asia can be adopted in India and should help improve the long term welfare of Indian workers by improving growth of employment and real earnings of workers:

(1) Some flexibility in the use of labour has to be allowed while recognizing that a reasonable degree of job security is a genuine worker need. It is clear that allowing non-viable firms to exist

on the basis of public subsidies is not sustainable in the long run. Retrenching with a humane face has to be allowed for firms which must reduce or cease production or which need to re-organize technologically to meet competition. Concurrently, employers have to be given some way out from employees who misbehave or do not work properly at the job. As a counterbalance to prevent misuse of dismissal procedures, employers must be required to prove an employee's misconduct in a court of law and required to pay additional compensation and /or re-instate the worker in case of unjustified dismissals (as in Malaysia). To give blanket job security under all circumstance makes it very difficult to maintain worker discipline and reduces worker motivation and productivity.

(2) Raising the length of service after which an employee can not be easily dismissed from 240 days to about three years and adopting the Japanese style flexible wage system which give employees (both workers and managers) a stake in the company's profitability and where promotions are significantly dependent on good job performance, creates incentives for employees to try to improve their skills and co-operate in improving productivity. This might be a good and politically acceptable way to improve productivity in countries like India with a strong tradition of job security.

(3) We should experiment with more flexible labour laws, by allowing flexibility in labour laws across states (some of which might want to experiment with more flexible laws) and for example, in export processing zones because of the greater variability in export volumes and the greater need for a efficient and competitive labour force. This will also

allow us to attract more foreign direct investment. The much more rapid employment creation in these zones might allay fears of workers and trade unions regarding more efficiency oriented labour laws.

- (4) Greater effort needs to be made towards improving the education and training of the workers to make them more productive. This should include compulsory basic education to class 10 for all children and greater emphasis on vocational training. The former is essential for sustained economic growth over a long period. Similarly, greater effort also needs to be made to increase the availability of physical capital per worker. This includes policies to encourage savings as well as investment, both domestic and foreign.

These features, if incorporated in the labour policy, can considerably enhance India's labour potential. At the same time, it should be noted that the rapid growth of employment and real earnings per employee is the combined result of a whole range of labour intensive and export oriented

industrialization policies along with the labour policies. Since India has already undertaken most other reforms towards export oriented industrialization, it is now well poised to benefit substantially from labour policy reforms in the form of higher growth of employment and real earnings per employee.

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(E-mail: [pradeep@iegindia.org](mailto:pradeep@iegindia.org))



Thank you so much for enriching civil services aspirants with such brilliant issues. Each and every article is well designed and covers every possible aspects. It not only deals with contemporary issues but kneads our requirements according to the syllabus very well. I would like to my whole hearted thankfulness and gratitude for such well knitted and wide coverage articles.

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Yojana's January issue on Disaster Management is very informative. I appreciate yojana team for their commendable efforts. I would request to publish some issues on Jammu and kashmir, problems which our army is facing, common people of J&k and solution to J&k's problems etc.

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# Automation: Challenge to Workforce?

*Rintu Nath*



*Technology intervention is inevitable – harnessing the potential of technology for overall economic growth and well beings of people is the way forward. Upskilling, reskilling and collaboration will be the key enablers in sustaining business models*

**T**here has been unprecedented growth in the manufacturing sector during last two decades. Adoption of technology, global reach, and faster communication is changing the way goods are manufactured, serviced and delivered. In many areas, a machine is not only replacing human labor, but it is also taking on cognitive skills. Automation has long term implications and apparently threatening joblessness of semi and unskilled workforces. It is, therefore, essential that automations are sustainable and able to create benefits for people.

Automation is going to change the fundamental way of agriculture, manufacturing, and supply chain management system works. To increase productivity, repeated, labor intensive jobs are going to be replaced by robots. In fact, automation will provide an opportunity to create innovative and more productive jobs for human resources. Adaptability and acquaintance with technology is the key. Labor and machines need not be considered as two opposite sides competing for each other. Coordinated and supportive frameworks to be worked out aiming at ceaseless integration of automation, productivity, and the creation of more jobs.

## Technology Trends

Information and communication technology has been the forerunner during the last decade in providing a technology solution in a most cost effective manner. Availability of data through high-speed communication link provided opportunity to analyze production, requirement and supply pattern, gap areas assessment. Big Data analyst is able to analyze a large volume of data and draw inferences.

High-speed internet makes it possible to connect devices that can be controlled remotely. We have ushered-in to the era of Internet of Things (IoT), where each device, from a washing machine, coffee machine, lamp to car and jet engines is possible to be controlled over IoT. It is estimated that by 2020, over 26 billion devices will be connected to a giant network of connected things, including people. The relationship is going to be between machine-people, machine-machine, and people-people. In fact, IoT is going to be an integral part in designing smart cities shortly.

Industrial and automation robots are nowadays popular in many manufacturing assembly lines. These robots are reshaping the industry. Robots are, in general, employed in duties that are dangerous and

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The author is working as Scientist - F in Vigyan Prasara, Department of Science and Technology, Government of India. He is an expert in Data Acquisition Systems and developed several feedback controllers for process monitoring. His current research interest is in the field of distributed scheduling for high-performance computing. He is a popular science writer and written three books and over 60 papers and articles in national and international journals and magazines. He is associate editor of a monthly science magazine Dream 2047.

unsuitable for human beings. Robots are also increasingly used in places that demand high output and zero error.

Technology driven manufacturing units can be powerful drivers of economic opportunity and improved well-being. Various industries across the globe are adopting the new technologies for higher efficiency and performance, lower manufacturing cost. Machines can reduce risk in a hazardous workplace and improve the effectiveness. However, they also carry a host risks for people and business, especially in the form of elimination of a vast number of jobs. Structural job reduction is noticed in many industries across the globe. Maximum impact is generally on semi and unskilled labours, who make up a substantial portion of the workforce in manufacturing and agricultural sector.

As per International Labour Organization (ILO) report for the G20 Employment Working Group in 2015, there has been a downward trend in the labour share in many of the countries. It was observed that over the period from 1990 to 2009 the share of labour compensation in national income declined in 26 out of 30 advanced countries. In the case of emerging and developing economies, the evidence appears to be more mixed and somewhat ambiguous. Nonetheless, the ILO finds that in many emerging and developing countries the decline in the labour income share is even more pronounced than in advanced economies, with considerable declines in Asia and North Africa. Labor's declining share in GDP is a cause of concern in many advanced economies as well as developing countries.

### Paradigm Shift

Technological advancement and pace of change will significantly affect the availability of jobs, type, and location. Machines will replace some jobs, and new jobs will be created while existing jobs may take on a new set of tasks. It is anticipated that millions of new jobs will be



created by technology, including those responsible for designing, manufacturing and maintaining robots. New business models will create other jobs.

**Technology will create new high-skilled jobs as well as improve the quality of existing jobs. This will lead people to be more productive and eligible for higher remuneration. The present workforce will be skilled to enable them fitting in a new technology driven environment.**

However, access to these jobs may be difficult without acquiring adequate skills. New jobs will not be a one-to-one substitute of the existing jobs. As location and type of jobs will change, there will be large-scale displacement of the workforce. Women workforce, which contributes a sizable part of agriculture value chain and light manufacturing processes may become vulnerable to these changes. It is expected that technology should customise job requirements and make it accessible to the vulnerable group.

### Social Equality

Technology will create new high-skilled jobs as well as improve the

quality of existing jobs. This will lead people to be more productive and eligible for higher remuneration. The present workforce will be skilled to enable them fitting in a new technology driven environment. If workers have the right skills to fill these higher-paying manufacturing jobs and the benefits of improved efficiency are returned to workers, these could offer significant hopes for improving incomes and overall well-being. As a whole, there will be an advancement in the quality of life. Technology driven new jobs are also expected to remove some social barriers to entry and promote gender equality. For example, some jobs are considered to be labour intensive and male dominated. With a paradigm shift, no such barriers will ever exist.

### Challenges

Enabling more people to harness the benefits from technological innovations is in the best interest of any business. Merely improving efficiency by cost cutting techniques and replacing human by machines without a holistic framework for sustainability will have an adverse effect on business on a long run. Continuous investment in technology without considering the impact on existing workforce could lead to a host of operational risks. Already

there are growing trends of non-availability of skilled manpower. Along with automation, manufacturing units need to plan on upgrading skills of an existing workforce who will be able to handle change in working environment. Otherwise, business growth and productivity will decrease on a long run. One of the challenges is how automation will help employees having different skill sets. The introduction of the advanced machine tool may worsen the work environment if investment in training workforce has not done in advance.

If technology is used only in making high-speed, cost-effective machines that replace labours, there will be a long-term problem in the macro economy. Surging unemployment will damage social cohesion and reduce consumer demand, creating a vicious cycle of a weak economy. Trends show that there is a growing belief among manufacturer that technology and labour are two opposite sides. However,

adopting a mutually reinforcing relationship where automation extends the capability of workers should be a long term solution.

### Way ahead

Long-term preparedness is the key to success in any business. Only trying to mitigate the adverse effects of technology change and not harnessing the real potential is far from desirable. Government funded institutions need to investigate how technological changes are going to affect employment, what are the opportunities for consumers, manufacturers and other stakeholders involved in the entire supply chain management. Special emphasis to be given to semi-skilled and unskilled workforces and labour intensive manufacturing units like construction, agricultural products. Data analysis and research to investigate how automation is changing production, creating jobs and well-beings of workers and how industries can

harness the potential of automation on a sustainable basis.

### Conclusion

Repetitive manual jobs and hazardous jobs are required to be automated – if not done yet. In developed countries, labour intensive jobs were taken over by machines about two decades back. Once 41 per cent of the workforce engaged in agriculture in the USA are now handled by less than 2 per cent workforce. Remaining people shifted to other jobs. Technology intervention is inevitable – harnessing the potential of technology for overall economic growth and well beings of people is the way forward. Upskilling, reskilling and collaboration will be the key enablers in sustaining business models. A new curriculum and pedagogy for our schools, colleges, universities and setting up of more vocational training centers is the need of the hour. □

(E-mail: [Rnath@vignyanprasar.gov.in](mailto:Rnath@vignyanprasar.gov.in))

## New Book Gallery Becomes Operational at Soochna Bhawan

Shri M. Venkaiah Naidu, Minister for Information & Broadcasting visited the some of Media Units and their facilities at Soochna Bhawan to get a first-hand experience of their functioning. Complimenting the Publications Division on the recently opened New Book Gallery, Shri Naidu urged the people to visit the gallery and make use of the rich collection of books brought out by Publications Division. He added that youngsters should make use of the Digital Online Library which contains selected archival books that can be accessed in the Book Gallery free of cost. In the age of instant communication, it is important to nurture the habit of reading amongst all age groups. This initiative by the Publications Division was an important step in this direction. The Minister was accompanied by Minister of State for I&B, Col. Rajyavardhan Rathore, Secretary I&B, Shri Ajay Mittal and senior officers of Ministry of I & B.



A modern and attractive Book Gallery has been set up in Soochna Bhawan which has become operational since February, 2017. A separate section has also been created for children books to encourage children to read the interesting titles. There is a reading room in the Gallery where the visitors can sit and go through the books displayed in a relaxed environment before purchasing the book.

Shri Naidu also visited the DAVP Studio, Electronics Media Monitoring Centre and Social Media Cell of the Ministry of I&B.

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## Impact of MGNREGS on Labour Markets

*U Hemantha Kumar  
B Sujatha*



*Economic empowerment and financial inclusion were crucial for gender empowerment and equality. Self help groups have taken leadership positions, starting from economic empowerment to leadership in larger social and political domains in sample villages of both the states*

**E**xtensive exploitation of the natural resource base over a period has resulted in the depletion of natural resources such as land, water and vegetation and thereby adversely impacted agricultural productivity and employment opportunities. On the similar line growing poverty and unemployment have led to the fragmentation of land and an increase in the number of agricultural labourers. Agricultural labour increased significantly from 7.08 million in 1981 to 121 million in 2008. At the same, the percentage of operational land holdings under small and marginal farmers has gone up from 70 percent in 1971 to 82 percent in 2001. To address the problem there is a need to have stringent efforts and focus on inclusive growth. The inclusive growth is defined by prioritising key result areas through major programmes aiming at time-bound delivery of outcomes. Mahatma Gandhi National Rural Employment Guarantee Scheme is one among them. Mahatma Gandhi NREGA was enacted on 7 September 2005 as an Act to provide for the enhancement of livelihood security of the households

in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household. The Act was notified in 200 rural districts in its first phase of implementation (with effect from 2 February 2006). In the FY 2007 – 08, it was extended to an additional 130 rural districts. The remaining districts were notified under MGNREGA with effect from 1 April 2008. Since 2008, MGNREGA has covered the entire country with the exception of districts that have 100 per cent urban population. It is also marked by its scale and with an approximate annual expenditure of Rs. 40,000 crore (\$6.7 billion), as the biggest public works programme in the world.

It has an integrated natural resource management and livelihoods generation perspective. Conceptually, at the centre of the discourse is the household and the structures of consciousness of work, the lived experience of vulnerability, the right to dignity, work and livelihood and a good quality of life. These are the areas of concern for further research. The connection between micro (individual / HHs) and macro systems (Government / institutions)

Dr. U. Hemantha Kumar is Associate Professor in the Centre for Livelihoods, School of Rural Livelihoods at NIRD & PR, Hyderabad. He has authored a number of research articles in sustainable livelihoods, natural resources management and labour relations in national and international journals.

Dr. B. Sujatha is Research Assistant in Centre for Livelihoods, School of Rural Livelihoods at NIRD & PR, Hyderabad. She specialises in Management, Development Economics and Rural Livelihoods and has authored a number of research articles in HRD, Rural Livelihoods and published in both at national and international levels.

is the key in analysing change', particularly as it gets transferred and translated between systems. For example, broad macro level changes affect households while micro level actions of the households or individuals; For example, exogenous or endogenous effects such as delay in wage payments may be context specific affect broad structures or / drought/market fluctuates. Giddens' Structuration theory offers an insight into the linkages between micro systems, say individuals or households and macro systems, say large structures of governance, law and the political

economy. According to Giddens (1979), agents (where agents are understood as purposeful actors / persons) by repeating acts / behaviours create structures (structuration) as much as structures determine and (constrain) agentic acts. This insight is essential for understanding the relationship between the agent (which is an individual / household) and the larger whole. At this juncture, there is a need to know how these agents influence the objectives of the scheme and how programme is strengthening the livelihood resource base of the poor. The enactment of the legal

guarantee to a minimum 100 days 'work reflects the will of the citizens of India and recognition of the right to work as a justifiable right, where the poor and vulnerable are proactively engaged with. Entitlements under MGNREGA therefore indicate the distributive justice envisioned in the design of this landmark act. Hither to the research findings have not established the exact impact of the programme on labour markets, migration and wages. The following research gaps are being identified

- Does MGNREGA target the exact labour communities or not? '---policy and implementation
- Has MGNREGA adversely affected the agriculture sector by raising agriculture wages and made the labour unavailable during the agriculture season?
- Does MGNREGA have an impact on risk and distress migration?

#### Objectives

- To assess the impact on labour markets especially in agriculture, risk and distress migration
- To know the participatory process through which the livelihood of a household is secured and enhanced.

**Table 1: Sample Design**

State	District	Block	Name of the Gram Panchayat and village	Sample size
Karnataka	Tumkur	Gubbi	Chelure	50
			Hosakere	50
	Gulbarga	Sedam	Mudhole	50
	Belgaum	Raibagh	Savasuddi	50
Jharkhand	Ramgarh	Mandu	Bongabar	50
			Gargali (Mandu Chatti)	50
	East Singhumburi	Ghatsila	Dainmari (Kalchiti)	50
		Patamda	Geruwala (Ouriya)	50

**Table 2: Employment Generation (No of days) and Wages (Rs.)**

Employment Generation and Wages	Karnataka				Jharkhand			
	Pre NRLM	Post NRLM			Pre NRLM		Post NRLM	
	Men	Women	Men	Women	Men	Women	Men	Women
Increase in labour days *	155	180	245	340	130	160	210	340
Agriculture	68	110	140	285	74	125	160	298
Nonfarm activities	87	70	83	25	56	35	10	9
MGNREGS#	-	-	22	30	-	-	40	33
<b>Wages (Rs./day)</b>								
For farm Activities	100	80	250	200	80	60	150	120
For non-form activities	150	120	350	250	100	80	200	175
MGNREGS	204/-				167/-			

\* Include labour from agriculture, MGNREGS, livestock and small ruminants rearing

# Employment in MGNREGs –data elicited during previous year of both men and women participated.

## Methodology

The study was covered in two states i.e., Karnataka and Jharkhand. Since agriculture is the prime security of the poor in these two selected states, the other reasons such as availability of resources, conditions for sustenance and adoptability are varied in nature in these two regions. Four villages (Gram Panchayats) were selected in each state. In each village 50 samples those who have engaged were selected for the study (50 sample in each village x 4 Villages in each State = 200 sample x 2 states= 400 sample (see Table -1). Stratified random sampling method was applied for the study. The selection of the sample in each village of two states was confined to labour participation under MGNREGS.

### Impact on Labour Markets

Rural labour markets are constrained by several mechanisms that are skewed in favour of the socially and economically powerful and so the poor and landless labour is unable to negotiate in an equitable manner. Migration, especially of vulnerable groups such as landless and small farmers, is necessarily seen as a coping mechanism of individuals and households largely as a response to the crisis in rural labour markets. In this manner, wages, rural labour markets and migration are intrinsically linked to not only MGNREGA interventions but also other programmes such as Mahila Kisan Sashaktikaran Pariyojana (MKSP) under NRLM are being implemented simultaneously. The labour markets in two sample states are sensitive to the forces that shape the primary sector as such like



soil, water and irrigation, land usage as well as events like droughts etc. Increase in non-farm wages causes a diversion of agricultural labour into non-farm work was observed in initial stage and it has receding stage in later stage due to implementation of MGNREGS and MKSP programmes in two sample states.

The employment generation (number of days) has increased tremendously. Interestingly, increase of labour days was observed in case of both marginal, small and landless in sample villages of two states (see Table 2).

- Another point is that strengthening of community based organisations and role of civil societies helped the rural labour market, where due to several initiatives through administration and governance and a history of proactive administrative commitment, also helped wage labour and distress migration.

- A positive focus was on strengthening agriculture and improving governance.
- MGNREGA along with MKSP schemes and agricultural operations with a view to raise agricultural productivity and growth during post MKSP-NRLM were increased.

### Migration and MGNREGA

Economic distress in a household is due to multiple reasons. MGNREGS does not approach migration directly through its design and implementation. However, strengthening of SHG interventions through civil societies and intensification as well as diversification of agriculture under MKSP have made difference in reduction of migration especially during seasonal migration (see Table 3). MGNREGS works during off season mostly have helped to some extent reduction in all time migration.

**Table 3: Migration Status in Sample Villages**

Migration	Karnataka				Jharkhand			
	Pre NRLM		Post NRLM		Pre NRLM		Post NRLM	
	Men	Women	Men	Women	Men	Women	Men	Women
Seasonal reduction (%)	25 (120 HHs)	40 (120 HHs)	80 (10-15 HHs)	90 (10-15 HHs)	10 (175 hhs)	15 (175 HHs)	100 -	100 -
All time reduction (%)	-	-	70 (10 HHs)	100 -	-	-	80 (25 HHs)	90 (25 HHs)

## Uncertainty of getting work

One of the lacunas in the implementation of MGNREGS is that reduction in work allocation and delay in payment of wages promptly. This was observed in both the sample states. The field data indicate that it is the delay in payments that is turning people away from this programme. MGNREGA is a demand-driven scheme. A widespread denial of work under MGNREGA and endless delays in wage payment would end up killing the demand for work. Another uncertainty of getting work was Aadhar based payments. Jharkhand was the first state to experiment with linking payments for NREGA with Aadhaar, and the workers in the state say it has helped them greatly as they don't have to walk to the bank anymore and also receive the correct amount owed to them., a 2015 Supreme Court ruling says that Aadhaar based payments would be voluntary, but activists have pointed out that it's being imposed on the poor by the government in the state. "When we did not have an Aadhaar card, we never got work. When we used to go ask for work, we were never given any". Whereas in Karnataka, it was observed that lack of coordination among the functionaries in the field, delay in preparation of Annual Plan/Development Plan at G.P level, Block level, District level and delay in preparation of Labour Budget, shortfall in execution of works in annual plans.

The other problems observed in both the states were, shortage of technical assistants, non-formulation of Information, education and communication plans, expenditure on inadmissible items and diversion of funds, non-conduct of door to door survey for job cards, non-maintenance or poor maintenance of records, undue delay in completion of works rendered the expenditure unfruitful, use of machinery in execution of works, absence of convergence activities and lack of monitoring of the implementation of the scheme.

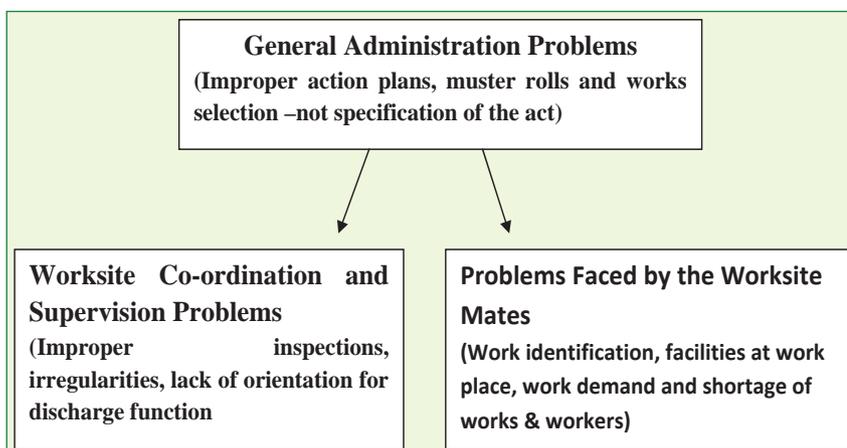
## Minimum wages not being paid in time

The question raised here is why MGNREGA workers sometimes fail to receive payment for their hard labour. Based on observations in Jharkhand and Karnataka, the following were some of the reasons for wages not being paid in time.

- **Working without one's name on the muster roll:** In Jharkhand, workers are usually told to start work on a scheme before the printed e-MR reaches the worksite. But often, due to one of the following reasons, the e-MR fails to include the names of all the concerned workers: (i) the worker's Job Card number mentioned on the work application is different from the Job Card number entered in the MIS against that worker's name;

(ii) the worker's name has been deleted from her/his electronic Job Card without her/his knowledge  
 (iii) the worker's name has been entered in some other e-MR without her/his knowledge, to siphon off.

- **Error in recording the number of days worked:** As mentioned above, the printed e-MR seldom reaches the worksite on time. Meanwhile, the worksite supervisor maintains kaccha records of workers' attendance, to be copied later on to the printed e-MR. If a mistake is made in copying the attendance details from kaccha records to the printed e-MR, or in entering them from there into the MIS, the workers risk missing their wages again.
- **Lost muster rolls:** In case a printed e-MR, after being filled, gets lost or does not find its way back to the computer operator for some reason, it is entered as a "zero attendance" e-MR in the MIS and the workers on that e-MR will not get their wages.
- **Wage-lists/FTOs not being generated/authorised:** In case a wage-list or an FTO is not generated for an e-MR, or the FTO is not signed either by the first or the second signatory, workers on that e-MR will remain unpaid. This happens either due to lapses by the concerned functionaries or because they refuse to sign without a commission.
- **Scheme closure in MIS without completing wage payments:** Sometimes, due to the repeated instructions from the ministry to increase the rate of work completion, local functionaries close schemes in the MIS without ensuring that all the wages have been paid. Once the scheme is closed, it is no longer possible to enter attendance details from



e-MRs in the MIS or to regenerate a rejected FTO transaction. Schemes can only be reopened from the state-level MIS login. Further, complaints about non-payment of wages due to closure of schemes seldom reach the rural development department.

- **Working without a bank or post office account:** In 2008, there was a shift from cash payment of wages to bank or post office payments. Since then, workers who work without a bank or post office account cannot be paid. This problem, however, has greatly reduced over the years as most MGNREGA functionaries have stopped accepting work applications from workers without a bank or post office account.
- **Wrong account number in the MIS:** Possession of a bank or post office account is not enough: the account details also have to be correctly entered in the MIS. In case an invalid account number is entered, the payment is rejected.

Although there is an option of correcting the account details and regenerating the wage-list for payment, it is a tedious process and few MGNREGA functionaries consider this exercise worth their while. Further, if the recorded account number happens to be someone else's, wages get credited to that person's account. Recovering the payment from the wrong account (or from the functionary responsible for the error) is also a long-drawn out procedure which is seldom followed.

- **Wrong Aadhaar number in the MIS:** States are under much pressure from the central government to disburse MGNREGA wages through the new "Aadhaar Payment Bridge." While the advantages of this mode of payment are not clear, Aadhaar-based payments have their own set of complications. In case a worker's Aadhaar number that is entered in the MIS is wrong, and the payment is made

through the Aadhaar Payment Bridge, she/he will not get her his wages.

- **Aadhaar number linked to a wrong account:** Entry of a worker's correct Aadhaar number in the MIS is not the only requirement for a wage payment to succeed through the Aadhaar Payment Bridge. If the Aadhaar number is linked to a wrong bank account number in the MIS, the worker will not receive her/his wages. Also, Aadhaar-based payments pose a peculiar problem for workers with multiple accounts.
- **Deletion of a worker's name from her/his Job Card:** In case a worker, whose name is deleted from her/his electronic Job Card without her/his knowledge, demands work, the e-MR will not include her/his name. The deletion can happen for various reasons. For example, it could be happen when workers are removed from the MIS when their

**Table 4: Empowered Community Based Organisations at Village level**

Karnataka					
Sample Villages	No. of SHGs	Financial Inclusion (number of Bank Linkages and amount Rs. Loan disbursed to groups)			Impact on MGNREGA Implementation
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	
Chelure	03	1, 10,000	2, 75, 000	-	Nominal
Hosakere	04	1, 10,000	2, 75, 000	-	Nominal
Mudhole	05	1, 00, 000	2, 00, 000	4, 00, 000	Significant
Savasuddi	06	1, 00, 000	2, 00, 000	-	Nominal
Jharkhand					
Sample Villages	No. of SHGs	Financial Inclusion (number of Bank Linkages and amount Rs. Loan disbursed to groups)			Impact on MGNREGA Implementation
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	
Bongabar	56	10, 000	50, 000	1, 50, 000	Partial
Gargali	12	25,000	100, 000	2, 00, 000	Partial
Dainmari	06	1, 00, 000	-	-	Partial
Geruwala	09	25, 000	50, 000	-	Partial

Aadhaar number or photograph has not been uploaded, or could be done to simply reduce the number of workers eligible for demanding work.

### Role of SHGs and impact on labour markets, migration and wages

It is also observed that demand generation and work implementation, identifying works and sites for MGNREGS, preparing rough cost estimates by the mates— sizing up projects, gauging the number of person days required and preparing estimates for the work., participating in labour budgeting, participating in project meetings and taking up work as per the muster roll and providing facilities at the site by SHGs have made positive changes on labour markets especially reduction in drudgery, reduction in distress migration and influential wages both in agriculture and non-agriculture.

### Women and financial inclusion

Having accounts in their individual as well as group capacity lead to changes in women's access to finance and change their decision making under MKSP (see Table 4). This has made larger positive impact on overall labour market in the sample villages. It is evident that nominal impact of MGNREGS on labour market, reduction in migration and improvement and bargaining power of wages at higher ends.

### Conclusions

The foregoing analytical review revealed that nominal impact of MGNREGS on labour market, reduction in migration and improvement and bargaining power of wages at higher ends was observed. From the preceding sections, it has been observed that the performance under MGNREGA in both the sample states is not in consonance with the rate of poverty and unemployment. The low performance has been attributed to various programmatic and implementation issues.

- As per the Act and operational guidelines of Government of India, IEC activities have to be undertaken to popularize the scheme and to bring awareness among the rural households and general public to know about the objectives of the scheme and their basic entitlements wherever the low ground awareness is noticed. The poor and the potential beneficiaries in the State do not have adequate knowledge about the MGNREGS. This is largely because of the poor dissemination of the scheme.
- Social audits are not held regularly, further, but their very purpose is defeated by the extremely low levels of popular interest. Further, the social audit is not conducted as per norms which resulted in shortfall. Lack of adequate publicity at the people's level-ward and panchayat level-is the prime reason for this.
- The wide gap between the projections and achievement results in sub-optimal deployment of funds, as on the one hand, funds lie un-utilised at several places and on the other hand, State and implementing agencies find it difficult to meet their fund requirements.
- Grievance Redress Mechanism is neither strong nor made available to perform: Lack of adequate publicity, particularly among the wage-seekers and the poor, these mechanisms are not accessed. To make the scheme more transparent, effective use of these mechanisms is required.
- A major reason cited for the delay in payments is the measurement of work done. Among others, one of the main reasons for this has been paucity of technical hands; therefore, the measurements and billing was practically getting

lumped. Further, there is no proper measurement of quantum of works undertaken by the Technical Assistants and Junior Engineers regularly. Irrespective of the quantum of work, all the workers get full wage rate. It is also recommended that an easily accessible mechanism should be set up to provide compensation for delays in payment.

Interestingly, wherever the programme was dovetailed with MKSP and MGNREGS, positive impact was observed and the women SHGs helped the labour to come out from drudgery especially breakthrough the grip of contractors, where the socially powerful, the middlemen and others actively resist the rigorous implementation of MGNREGA. Economic empowerment and financial inclusion were crucial for gender empowerment and equality. Self help groups have taken leadership positions, starting from economic empowerment to leadership in larger social and political domains in sample villages of both the states.

*(The paper is prepared based on ongoing Research Study on "Farm based Sustainable Livelihoods Practices in Two Selected States of Karnataka and Jharkhand".)*

### References:

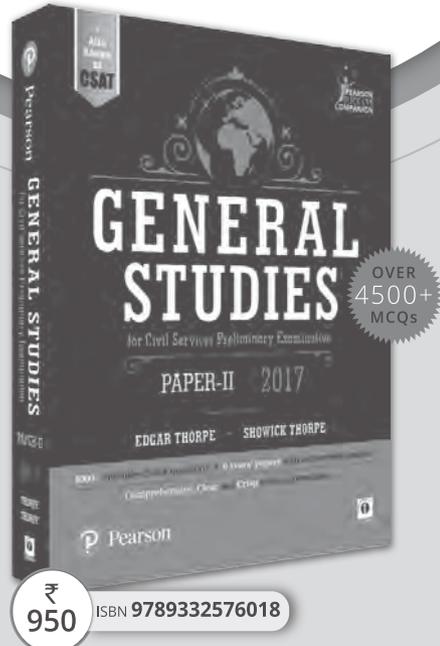
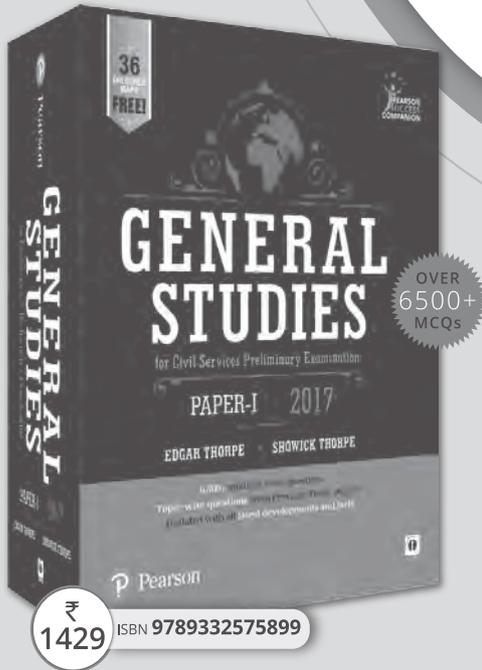
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*(E-mail:hemanthakumar2010@gmail.com  
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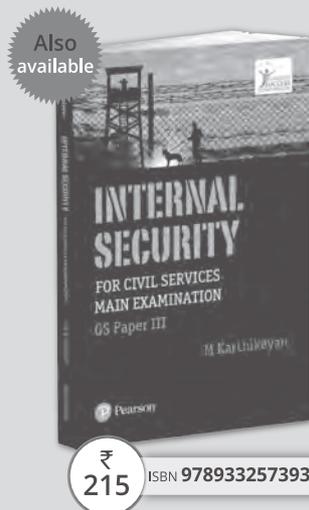
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## Maintenance of Registers under Various Labour Laws Simplified

The Government has simplified the maintenance of Labour registers of about 5.85 crore establishments in agriculture and non- agriculture sectors. These registers are related to details of employees, their salaries, loans/recoveries, attendance etc. This exercise will drastically reduce the number of registers being maintained by these establishments from 56 to only 5 by doing away with overlapping/redundant fields. This will help these establishments to save cost and efforts and ensure better compliance of Labour Laws.



Under various Central Labour Acts, there is a requirement of maintenance of registers depending upon the threshold of the number of employees by the establishments in agriculture and non-agriculture sectors. As per the Sixth Economic Census of Central Statistical Office conducted during 2013-2014, India has about 5.85 Crore establishments in agricultural and non-agricultural sectors combined. Out of this, 4.54 Crore establishments are in non-agricultural sector. While reviewing the requirement of filing various returns / registers/forms provided under 9 Central Acts, there were several overlapping/ redundant fields that could be rationalized.

Ministry of Labour & Employment has also simultaneously undertaken to develop a software for these 5 common Registers. After development of the software, the same will be put on the Shram Suvidha Portal of the Ministry of Labour and Employment for free download with an aim to facilitate maintenance of those registers in a digitized form.

The Labour Laws under which these registers are maintained include:

- The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996
- The Contract Labour (Regulation and Abolition) Act, 1970
- The Equal Remuneration Act, 1976
- The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
- The Mines Act, 1952
- The Minimum Wages Act, 1948
- The Payment of Wages Act, 1936
- The Sales Promotion Employees (Conditions of Service) Act, 1976
- The Working Journalists and Other Newspaper Employees (Conditions of Service) Act, 1955

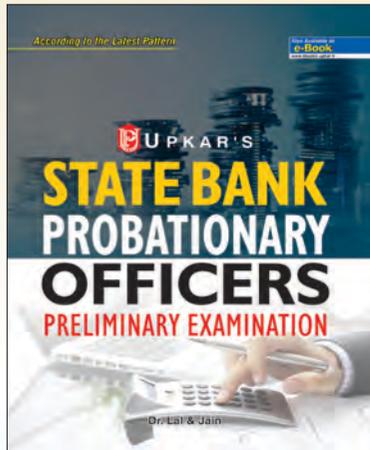
## Digital Literacy for 6 crore Rural Households

The 'Pradhan Mantri Gramin Digital Saksharta Abhiyan' (PMGDISHA) to make 6 crore rural households digitally literate has been approved by the Union Cabinet. The outlay for this project is Rs.2,351.38 crore to usher in digital literacy in rural India by March, 2019. This is in line with the announcement made by Finance Minister in the Union Budget 2016-17.

PMGDISHA is expected to be one of the largest digital literacy programmes in the world. Under the scheme, 25 lakh candidates will be trained in the FY 2016-17; 275 lakh in the FY 2017-18; and 300 lakh in the FY 2018-19. To ensure equitable geographical reach, each of the 250,000 Gram Panchayats would be expected to register an average of 200-300 candidates.

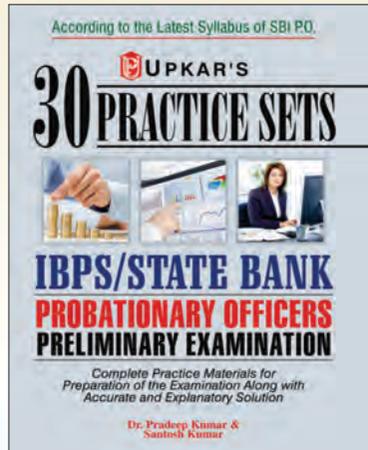
Digitally literate persons would be able to operate computers/digital access devices (like tablets, smart phones, etc.), send and receive emails, browse internet, access Government Services, search for information, undertaking cashless transactions, etc. and hence use IT to actively participate in the process of nation building.

The implementation of the Scheme would be carried out under the overall supervision of Ministry of Electronics and IT in active collaboration with States/UTs through their designated State Implementing Agencies, District e-Governance Society (DeGS), etc.

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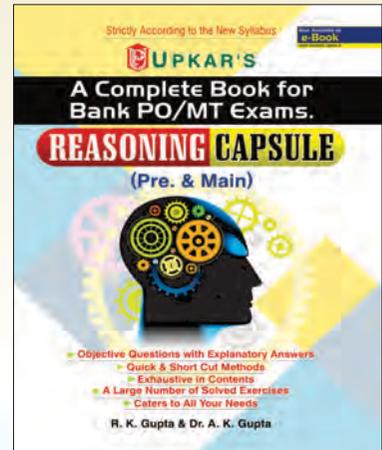
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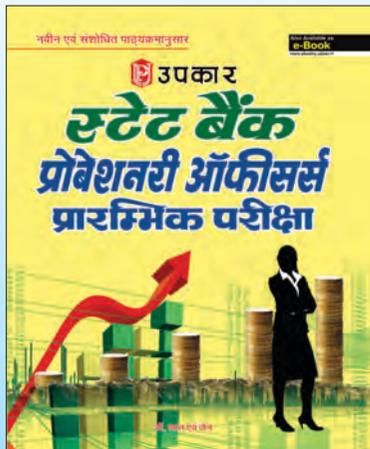
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