

### **1. Labour's Landscape in India:**

- Adequate employment opportunities as well as their qualities have been major challenges for India.
- The report of 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 global crisis'.
- As per the same ILO report, India is projected to account for 17.6 million or nearly 60% of all unemployed in South Asia by 2017.
- Clearly, generation of employment and policies to make work decent have been major challenges in India and there are many critical issues pertaining to the overall labour scenario.

#### **Workforce Participation and Employment Challenges:**

- 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.
- This is clearly evident from the proportion of women in labour force. As per a report, female work participation for the country is in the range of 25 to 30 per cent, with considerable variations across the socio- economic categories, different state and between urban and rural areas.
- According to ILO report, the gender wage gap in India is among the highest in the world, at 26%.
- Another important feature of India's labour domain is the overwhelming dependence on agriculture. 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.

#### **Employment Scenario:**

- Agriculture sector employs close to 50% of total workforce.
- Though the non-agricultural sector accounts for about half the work force, it contributes approximately 80% of the total GDP with a very small segment of less than 10% being in organized sector.
- Of the total employment in organized sector, almost 65 to 70% is in public sector including Public administration, defence and services.
- Approximately 29.2 million people work for the private sector, 16% of which is informal employment.

- The precarious and worrisome picture of labour domain is also connected with India's development trajectory since independence.
- As, during 1990s, 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 India.
- As a result, people started searching for jobs in non-agricultural sectors. But there too, landless and casual workers have found few opportunities for decent employment in both manufacturing and service sectors.
- Also share of manufacturing in overall GDP has remained stagnant leading to non-creation of employment opportunities.
- The core of the growth pattern is centered on the expansion of 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:

- In India, more than 90% of workers are in vulnerable informal employment relations. A major worrisome trend is the relentless informalisation of work in the formal sector. In 1999-2000, the share of informal workers in the organized sector was 37.8%, it has increased to 54.4% in 2011-12.
- As per the NSSO estimates of 2011-12, count of informal labour was whopping 447.2 million out of a total labour workforce of 484.7 million.
- The above marked trend of persistent informality has been accompanied by a tendency towards stagnation of regular employment since the early 1990s.
- E.g. – regular employment among males was 10% in 1987-88, which declined to 8.5% in 2009-10, though it rose to 10% in 2010-11. This was accompanied by the fact that over 80% of the new jobs created in recent years have been casual in nature, with large number of them in construction sector.
- 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 location which cannot be designated as conventional or designated places of work.
- Thus many of these workers are not given the status of workers and are outside the scope of any labour legislation.

- The presence vulnerable labour reserves is structured by the lack of employment opportunities. As per the official estimates, there is need to create 10-12 million jobs every year to absorb the potential entrants to the labour force.

Need For Social Protection Floor:

- Except for the Minimum Wages Act in some states and some sectors, informal sector activities remain unaffected by the existence of major labour laws which were enacted to address the relevant labour relations in organized sector..
- 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.
- Further, the discourses on social security need to be located in currently dominant trajectory of growth and accumulation.
- 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 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.

## **2. Labour Reforms in India**

- Labour reforms are linked to competitiveness by augmenting labour productivity and must not be viewed in a piecemeal manner such as: for the welfare of labour alone or for the ease of employers only.
- It is the most opportune time for labour reform in India for two reasons: first, China is fast losing its advantage as manufacturing hub as labour cost has trebled in last one decade and second the Gol is truly committed to 'Make In India' and attracting the investors in the country.
- 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 workers.
- 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.

- Supporter of free market put excessive emphasis on the amendments in labour laws enabling the employers to hire, fire and regulate the terms according to market scenarios. Such extreme position is totally misplaced, as it will create roadblocks for the labor welfare.
- Interestingly, GoI itself has become one of the largest employers of contract labour disregarding the Contract Labour Act. No wonder, the private companies are even more enthusiastic about employing contract labour for their core operations.
- 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 industry which guarded the domestic players from competition has disappeared after 1991. It is essential to have labour laws in sync with the 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 the industries.
- Significant skill shortage across the country has almost a crippling impact on Indian labour market. According to Planning Commission study in 2001, only 5% of Indian labour force in age bracket 20-24 has vocational skills whereas this percentage is higher in industrial countries.
- Lack of 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.

Conclusion:

- 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.
- Moreover, such a 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.

- GoI 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 the value to manufacturing and service delivery without fear of being exploited at the hands of the employers. Hence, while recent initiatives of the GoI to make changes in labour laws are welcome, equal emphasis should be laid on empowering the labour forces by enhancing their competencies.

### **3. Informal Labour Market in India**

- In India, 92% of the workforce is in informal employment and less than 10% is in formal employment. Informal employment irrespective of organized or unorganized sector increased from 91.2% in 1999-2000 to 92.7% in 2004-05, though it again marginally declined to 91.9% in 2011-12.
- According to the Economic Census, the number of units engaging less than 6 workers has increased from 93% in 1990 to 95.5% in 2013 whereas the percentage of units engaging less than 10 workers has marginally decreased from 3.5% to 3.1% during this period.

#### **Informal/Unorganised Sector:**

- The National commission for Enterprises in the Unorganised Sector (NCEUS) defined the informal/unorganized 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 10 workers.

#### **Informal/unorganized workers:**

- Informal workers consist of those working in the informal sector or households, excluding regular workers with social security benefits provided by the employers and the workers in the formal sector without any employment and social security benefits provided by the employers.

#### **Reasons for increasing informalisation:**

- During colonial times, the policy largely discouraged industrialization. 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.
- After independence, the Mahalanobis strategy of industrialization 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 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.

- High proportion of labour force in the informal sector is due to the fact that more than 50% of the work-force is self employed and engaged in unorganized farm sector.
- Post 1991 the policy of disinvestment in the public sector, increasing competition only led to further informal employment creation especially within the organized sector.
- When India started growing rapidly, 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, entrepreneurs continued to keep their firm size small to be exempt from complying with the regulations, tax structure, labour laws including social securities for workers.
- With the growth of MNCs offshore outsourcing and international sub-contracting has increased which has also led to the shift towards temporary 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.
- Different committees formed to address the situation, mostly concluded that it was the low levels of vocational skills along with illiteracy that hindered their transition from the agriculture to manufacturing or service sectors.

Policy measures:

- 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 to unorganized workers.
- Rashtriya Swasthya Bima Yojana was launched in 2008 to meet out-of-pocket health expenses of unorganized workers.
- 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 contracts engaging more than 20 workers. Hence, a lot of workers have been kept out of the loop.
- 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.

- With an objective of universalization of social security cover to the informal workers various schemes have been launched:
  - Atal Pension Yojana – Provides a guaranteed minimum pension beginning from Rs. 1000 per month to the age group 18-40 on attaining the age group 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.
  - Pradhan Mantri Jeevan Jyoti Bima Yojana
  - Pradhan Mantri Fasal Bima Yojana
  - Pradhan Mantri Rozgar Protsahan Yojana – The Govt. provides the 8.33% of employer contribution to the Employees' provident fund.
  - To encourage employers to take in apprentices the National Apprenticeship Promotion Scheme was launched.
- Under Skill India Mission, through the Pradhan Mantri Kaushal Vikash Yojana and skill development programmes are being implemented.
- Under the Ease of Doing Business initiative the process of registration, compliance to labour laws, inspection etc. has been simplified.
- The flagship schemes such as the 'Make in India', 'Digital India', "Swachh Bharat Abhiyan" are initiatives that should provide opportunities for employment.
- Besides effort 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.

#### **4. Ensuring Gender Justice in Labour**

- India has one of the lowest work force participation rates (WPR) of women, which is even lower than many Sub-Saharan Africa and Middle East.
- There has been sharp decline in women's workforce participation rate from 28.2% in 2004-05 to 21.7% in 2011-12. 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:

- Not only is the WPR lower for women, for rural women there has been a dramatic fall, while for urban women it has stagnated.

- It is believed that the positive income effect of higher real wages in the economy and the 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.
- A larger proportion of females are opting out of labour force to attend the household chores. Many women who are counted as workers 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.
- 62.3% of women were employed in the agriculture, only about 20% were employed in secondary sector and 18% in the services.
- There has been an increase in the proportion of women in construction over the period, where the nature of employment is an issue.
- Employment 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:

- For rural women, unpaid workers/helpers are the largest group (41%) and then casual workers (35%). Due to migration, women carry the burden of work and then they get documented as paid self-employed or own account workers.
- For urban women, there is a trend of increasing numbers of regular workers, by 10% in 20 years. However, women's work participation rate is very low in urban areas – just 15% in 2011-12.
- More often these are not formal, regulated work with minimum wages and decent working conditions. Major chunk of regular workers also need to be seen as part of growing informal sector.
- The other trend to note is about 1% increase in paid self-employment. However, the bulk of these self-employed are not petty entrepreneurs but are working as part of home based workers in manufacturing – in beedi, textiles etc.
- 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 growth has been in education sector and in domestic work.
- Education is perhaps the most promising area in terms of providing women a status as independent workers. Unfortunately, due to increase in privatization, the women are uncertain of employment in this sector and they are being exploited.



- There is increase in number of scheme workers who are central in running many state schemes/programmes such as anganwadi and ASHA workers. These workers, with multiple responsibilities are not recognized as workers by the state, but ascribed as volunteers, who are eligible only for an honorarium.
- 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 and regions. A recent ILO study shows that India has one of the worst levels of gender wage disparity.

State Intervention:

- Organisation of micro-credit arrangements, formation of NGO-aided Self Help Groups and so on with an agenda of the 'catch all do all policy approach' for lifting women out of poverty and strive for their empowerment.
- Though MGNREGS did ease the initial crisis, in the long run the limited number of days of employment and the focus on manual work has not been able to address the issue.
- In wage employment, women's participation are constrained by their gender responsibility and skill mismatch.
- Though there is an increase in the days of maternity leave with the Maternity Benefit Act (amendment) 2017, the coverage of it is limited to the organized sector.
- Given the 'U' shaped pattern as regards women's education and employment; with poor employment rates for middle level educated groups, there is need to make greater investments in secondary and tertiary education, vocational and skill training of women.
- Simultaneously, employment should be generated to cater to different educational and skill cohort of women. 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.
- Safety of women at workplace is a clear concern. The Factories act 1948 provides safeguards to promote safety of women at work place.

Conclusion:

- In the midst of uncertainties, there are signs of empowerment, with women workers taking up issues which marks many protests and resistances. Two sectors where unionization of workers is worth mentioning are scheme workers and domestic workers. While anganwadi workers have been organized for a long time since, domestic workers are unionizing in new and extensive ways.

- It is high time that the state and employers come together on a priority basis to find a comprehensive solution. Also, while changing labour laws, there is need to reckon the larger gendered impacts of these amendments.

### **5. Towards a National Policy on Migration**

- India does not have a national policy on internal migration. If it all India has a policy, it pertains to migrant workers, dating back to 1979 and called Inter-State Migrant Workmen (Regulation of Employment and Condition of Service) Act.
- Due to this, issue of migration has become complex and State govt. are forced to take piecemeal approach. E.g. – Bilateral MoU between unified Andhra Pradesh and Odisha protecting the rights of inter-state migrant workers, and in particular those working in the brick kiln sector.
- 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 move due to work related reasons. In addition, from policy perspective it is necessary to make distinction between those who move permanently versus those who stay away from home for short duration.

#### **Trends of Migration:**

- It was a popular perception that rural-urban migration was the greatest contributor in the increase in urban population. This was based on the expectation that an overwhelmingly large number of individual would permanently migrate to urban India. This was falsified by data released from Census 2011.
- Contribution of rural-urban migration to urban population growth remained relatively unchanged between 20-22% over the decades 1991-2001 and 2001-11.
- According to Census of India 2011, nearly 38% of Indians had permanently migrated at some point of time during the lives.
- At the same time there are many who migrate for short periods without changing their place of residence. 10 million workers can be characterized as short term or seasonal migrant workers who reside in rural India.
- Number of short term migrant workers is over 5.5 times the number of people who move permanently in any given year. Once again they are more likely to be men rather than women. They are likely to be young rather than the aged.
- Many seasonal migrant works in agriculture, mining and services sector. Large number of short term migrants work in construction sector.

Issues and way forward:

- While the Inter-State Migrant Workers Act specifies the role and responsibilities of contractors, employers and state govt., there are two 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.
- Concerns have been raised on whether the state govt. religiously implement all aspects of these laws.
- Conversations on 'Make in India' often veers towards 'What to make' and 'Where to make' ignoring 'who' makes 'what' and 'where' in India. As a result, a large number of migrant workers who are integral to 'Make in India' are ignored.
- Different reports have pointed towards 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 sum 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 PDS within state boundary portable. States like Chhattisgarh have demonstrated the possibility by linking beneficiaries to all shops as part of PDS in Raipur.
- Another need is to ensure that children migrating with their parents are able to enroll in schools. E.g. – Odisha Govt. is running seasons hostel for children of parents who migrate.
- The UNICEF with Govt. of Maharashtra has designed interventions to ensure that safety of children who migrate and the provision of safe and secure community based care options for children who decide to stay behind.
- 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 govt. jobs.
- State should be encouraged to eliminate the requirement of domicile status to prevent any discrimination in work and employment.

## **6. Reform in Child Labour Law**

- Issue of child labour is extremely complex and is deeply interwoven in the socio-economic fabric. Intervention of law is, therefore, imperative.
- 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.
- 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 parents at early age, the traditional skills are revived and are passed on from one generation to the other.

Note:

- According to International Labor Organization Convention, 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.

- These positive effects of work dramatically change when children are forced to work for hours in situations damaging their mental and physical health, when they are denied of their educational and other rights.
- Children in workforce are paid very less wages and at times work unpaid in lieu of the debt taken by their parents/family.
- There are different types and forms of child labour such as paid/unpaid child labour; bonded child labour; children working as part of their family; self-employed children; children in domestic works/industrial works; migrant/non-migrant child workers, etc.
- Prevalence of Child Labour is one of the areas of concern in global supply chains and child labour adversely affects the children and impede their growth and 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.

Steps taken by Gol:

- Different articles of Constitution of India and various laws related to children indicated towards the commitment of govt. to address the issue.
- Gol has made resource provision to ensure the 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.
- The govt. has introduced various schemes for rehabilitation of children withdrawn and rescued from work.
- By enacting Right To Education Act, the govt. has made the right to education a fundamental right for children. Realization of the objectives of child labour policy is reflected not only 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.
- The Child Labour (Prohibition and Regulation) Act 1986 prohibited employment of children below 14 years in many occupations. After 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. Some important provisions are:
  - All children below 18 years are totally prohibited from working in any of hazardous occupations or processes.
  - Exemption are given to children helping their families or family enterprises after school hours and during vacations.
  - It provides for stricter punishments for the violation of the act.
  - Child and Adolescent rescued from workplace shall be rehabilitated in accordance with the law as the CALPR act vides for constitution of Child and adolescent Labour Rehabilitation Fund.

**Conclusion:**

- 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 14 years in schools.
- Simultaneously child labour should be identified, rescued and released for their educational rehabilitation.
- A special focus on migrant and vulnerable communities is needed.
- 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.



### **7. Labour Policies and Labour Welfare: An International Comparison**

- Labour is a unique factor of production as workers are human beings, not commodities. Therefore labour policies need to have a significant social or welfare dimension to them.
- Due to this, opinions remain sharply divided on labour market policies. There are those who have emphasized the welfare or social aspect such as freedom to form unions, minimum wage laws etc.
- On the other hand there are people who give greater importance to the efficiency aspect of labour markets.
- In reality, the choice lies in striking a proper balance between the two. 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 workers who might remain unemployed.

After analyzing labour policies of different countries such as China, East and South East Asia, European Countries as well as of USA, it can be concluded that a proper balance between efficiency and welfare aspect has not been maintained in India and the scales have dangerously tipped away from considerations of efficiency. Following efficiency enhancement provisions can be incorporated in India policies:

- 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.
  - Retrenching with humane face has to be allowed for firms which must reduce or cease production or which need to re-organize technologically to meet competition.
  - Employers have to be given some way out from employees who misbehave or do not work properly. But to prevent its misuse, employers must be required to prove an employee's misconduct in court of law.
- 2) Raising the length of service after which an employee cannot be easily dismissed from 240 days to three years and adopting Japanese style flexible wage system, which give employees a stake in the company's profitability and where promotions are significantly dependent on good performance.
- 3) We should allow flexibility in labour laws across states. E.g. – In export processing zones because of the greater variability in export volumes and greater need for a efficient and competitive force.
- 4) Greater effort needs 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.

- 5) 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.

Conclusion:

These feature, 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.

### **8. Automation: Challenge to Workforce?**

*[For detailed analysis, refer cover story of March 2017 edition of Current Affairs magazine]*

- Automation is going to change the fundamental way of agriculture, manufacturing, and supply chain management system works. To increase productivity, repeated labour intensive jobs are going to be replaced by robots.
- Labour and machine need not be considered as two opposite sides competing each other as automation will bring innovation and efficiency which in turn will create more productive jobs.

Technology trends:

- IT has been the frontrunner in providing solution to the problems thereby promoting automation. Big data analysts are able to analyze 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, where each device from a washing machine to car or jet engines
- It is estimated that by 2020, over 26 billion devices will be connected to the giant network of connected things, including people. The relationship is going to be between machine-people, machine-machine, and people-people.
- Technology driven manufacturing units can be powerful drivers of economic opportunity and improved well-being. Machines can reduce risk in hazardous workplace and improve effectiveness.
- However, they also carry a host risks for people and business, especially in the form of elimination of vast number of jobs. Maximum impact is generally on semi and unskilled labours, who make up a substantial portion of the workforce in manufacturing and agriculture.

- As per the ILO report for the G20 Employment Working Group in 2015, there has been a downward trend in the labour share in many 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.

#### Paradigm Shift:

- Technological advancement and pace of change will significantly affect the availability of jobs, type and location. Machine will replace some jobs and new jobs will be created while existing jobs may take on a new set of tasks.
- However, access to these jobs may be difficult without acquiring adequate skills. As location and type of jobs will change, there will be large-scale displacement of workforce, which contributes a sizable part of agriculture value chain and light manufacturing process may be vulnerable to these changes.

#### Social Equality:

- Technology will create new high-skilled jobs as well as improve the quality of existing jobs. 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.
- Technology driven new jobs are also expected to remove some social barriers to entry and promote gender equality. E.g. – some jobs are considered to be labour intensive and male dominated. With paradigm shift no such barriers will exist.

#### Challenges:

- Enabling more people to harness the benefits from technological innovations rather than merely improving efficiency by cost cutting techniques and replacing human by machines is a big challenge.
- Along with automation, manufacturing units need to plan on upgrading skills of an existing workforce who will be able to handle the change in environment.
- One of the challenges is how automation will help employees having different skill sets. The introduction of advanced machine tool may worsen the work environment if investment in training workforce has not done in advance.
- If automation is brought only to improve efficiency, it may lead to rise in unemployment which will, in turn, damage social cohesion and reduce consumer demand, creating a vicious cycle of economy.

Way Forward:

- Long term preparedness is the key to success. Hence, Govt. funded institutions need to investigate how technological changes are going to affect employment, what are the opportunities for consumers, manufacturers and other stakeholders.
- Special emphasis be given to semi-skilled and unskilled workforces and labour intensive manufacturing units.

Conclusion:

Technological intervention is inevitable- harnessing the potential of technology for overall economic growth and well-beings of people is way forward. Upskilling, reskilling and collaboration will be the enablers in sustaining business models. A new curriculum and pedagogy for our schools, colleges, universities and setting up more vocational training centers is the need of the hour.

### **9. Impact of MGNREGS on Labour Market**

- To strengthen the focus on inclusive growth Mahatma Gandhi National Rural Employment Guarantee Scheme was enacted. MGNREGA was enacted 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.
- It has an integrated natural resource management and livelihoods generation perspective.

Impact on Labour Market:

- Rural labour markets are skewed in favour of socially and economically powerful and so the poor and landless labour is unable to negotiate in an equitable manner.
- Migration is the coping mechanism of individuals and households largely as a response to the crisis in rural labour market.
- In this manner, wages, rural labour markets and migration are intrinsically linked to not only MGNREGA interventions but also other programmes like Mahila Kisan Sashaktikaran Pariyojana (MKSP) under NRLM.
- 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 MGNREGA and MKSP. The employment generation has increased tremendously.
- Another point is that strengthening of community based organisations and role of civil societies helped the rural market and also helped wage labour and distress migration.

- 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:

- 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.
- MGNREGS works during off season mostly have helped to some extent reduction in all time migration.

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. Delay in payments is turning people away from this programme.
- Many states have implemented Aadhar Based Payment and many people are denied work opportunity in absence of aadhar card.
- The other observed problems are, shortage of technical assistants, non-formulation of IEC plans, expenditure on inadmissible items and diversion of funds, non-conduct of door to door survey for job cards, poor maintenance of records etc.

Minimum wages not being paid in time due to:

- Working without one's name on muster roll
- Error in recording the number of days worked
- Lost muster rolls
- Wage-lists/FTOs not being generated
- /authorized
- Working without a bank or post office account
- Wrong account number in the MIS
- Wrong Aadhar number in the MIS
- Deletion of a worker's name from his/her job card

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 etc. have made positive changes on labour market 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.
- This has made larger positive impact on overall labour market in the sample

villages. Conclusion:

- A nominal impact of MGNREGS on labour market, reduction in migration and improvement and bargaining power of wages at higher ends was observed.
- 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.

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.
- Its aim is to do away with all employer codes being issued by separate labour agencies such as ESIC, EPFO etc. and replacing them with a new LIN.
- It is bringing in transparency in their day-to-day interactions. Each inspectable unit under any Labour Law has been assigned one LIN.
- The portal also facilitates reporting of Inspections and submission of Returns.