



Role of Labour in India's Development

(Publication to Commemorate
'Azadi Ka Amrit Mahotsav')

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PREFACE

Role of Labour in India's Development has been published as a part of 'Azadi Ka Amrit Mahotsav' – Celebrations to Commemorate 75th Year of India's Independence.

Labour has played a pivotal role in India's development journey. Its contribution is visible across all the three major sectors of the economy: primary, secondary and tertiary.

Although the percentage of employment in agriculture in India has declined considerably over the last seven decades, a significant share of labour (nearly 45 per cent in 2020) is still engaged in agriculture. The contribution of agricultural labour and small farmers in ensuring India's achievement of self-sufficiency in food grain production is incontestable. During the initial years of India's development process, labour was a key factor in contributing to building and enabling the growth of basic and heavy industries, which in turn was instrumental in strengthening India's infrastructure. In the last few decades, there has been a major spurt in the growth of India's services sector, which presently accounts for the largest share (nearly 55 per cent) of India's GDP. Here again, the contribution of labour has been particularly significant as some of the core services sector activities, such as education and health, are relatively employment intensive. The last two decades have witnessed rapid strides in technological advancements in India; what is remarkable how labour has responded to this transformation by equipping itself to reap the maximum advantage of new and emerging technologies and thus contributing to enhanced productivity and growth.

Promotion of remunerative jobs and provision of social protection to the workers have been accorded top priority in India's development policies. In fact, in recent years, a number of innovative and historic initiatives have been initiated with the objective of positioning labour at the centre of India's development strategies. These include the Enactment of Labour Codes; Universalisation of the Coverage of the Minimum Wages; Provision of Social Protection to Gig and Platform Workers; Significant Increase in Budget Allocation to Public Employment Programmes; Extension of Pensions to Unorganised Sector Workers; and Incentivisation of Quality Employment Generation.

India is currently passing through a historic demographic transition. The fact that more than two-thirds of the country's population will be in the working-age group (15-64 years) for the next three decades further signals the tremendous potential of labour to contribute to India's development.

This volume brings together short essays authored by some of India's renowned scholars and practitioners on labour and its intimate link to the country's development. The essays run the gamut from tracing the evolution of labour practices and experiences of workers in India to discussing aspects of labour migration – internal and international – and the links between migration for work and urbanisation. Glimpses of how labour and its concerns were incorporated into and are reflected in the country's Constitution, the various labour reform initiatives over the years, including the recently formulated Labour Codes, and labour cooperatives and their significance are highlighted in this volume. The articles also propose some of the key strategies which can further strengthen the role of labour in ensuring an inclusive and sustainable development process.

Labour: The Lever of Development

S.P. Mukherjee*

Labour: A Big Canvas

From the philosophical underpinning of ‘expenditure of physical and/or mental effort, especially when difficult or compulsory’ – ostensibly to achieve some goal(s) – to a ‘political group’ with its distinct governance principles, ‘labour’ presents a whole panorama of connotations, some generic, others context-specific. On the one hand, a person involved may be a big investor in some enterprise, or a low-paid marginal worker engaged in some establishment, on the other. Levels of education, intellect and skill do not matter; what differs is the goal to be achieved. In a somewhat concrete sense, ‘labour’ implies a human activity that provides necessary support to the production of goods and services in an economy and this activity involves those who provide the necessary capital as also those who are directly engaged in the production process, essentially through physical efforts. To bring in a more commonly understood connotation, ‘labour’ corresponds to services rendered by workers for wages (in a generic sense) as distinct from services rendered by entrepreneurs for profit.

Extending the ambit of ‘labour’ to embrace all those who are branded as employees irrespective of their inherent and acquired capabilities, terms and conditions of their current engagements, and their roles and responsibilities in relation to the organisations being served and the like, along with those who are self-employed as entrepreneurs (without being investors as such) is surely not an inane idea, at least in the context of a discussion on national development. However, it may not be proper to identify either the entire labour force or workforce with ‘labour’.

Productivity of Labour

Industry (in a broad sense) supports economy and society, and enhanced industrial productivity (as distinct from production and as directly linked to value addition) is a ‘just’ demand everywhere. An important constituent of industrial productivity is labour productivity. To enhance labour productivity, labour justly demands a fair deal—not in terms of bread alone, but more in terms of needs that are individualistic, cannot be always quantified, and can be hardly compensated by an excess of some benefit or the other. Even in the current context of industrialisation and mass production, instances are not uncommon where a little ‘personal’ link between labour and capital or management has provided the necessary fillip to production quality, quantity and the value of output, in sharp contrast to situations

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where an impersonal environment brings out only the basic minimum from the production workers.

When we claim 'people's participation is both an objective and an effective means in a development strategy', we refer to the role of 'labour'.

Right from the relatively old Ishikawa model for Quality of Working Life given in terms of a set of so-called equations connecting constructs like skill, attitude, environment, etc., to the more recent models and measures of Quality of Working Life, we find a set of elements to be taken care by the production system to get the best out of its workers. Ishikawa relates 'organisational performance' to Quality of Working Life and the model depicted below does apply to any organisation, including the entire industry.

Knowledge x Skill = Ability

Attitude x Environment = Motivation

Ability x Motivation = Individual performance

Individual Performance x Organisational resources = Organisational performance

Organisational Performance x Society = Quality of Working Life

The author has first-hand experiences of the fanfare with which some productivity-improving exercises involving people or labour in small-group activities like Quality Circles were introduced in many public and private enterprises. Unfortunately, with the dominance of the people-using approach rather than the people-building approach, such movements were not duly appreciated in most of these enterprises and hence could not be sustained.

Experiences of developed countries with better standards of living for 'labour' bear out the fact that 'labour' has played a significant role in improving the production process and augmenting the corresponding value addition in various establishments. Cases are not rare where 'labour' has turned around a sick industry to a profit-making one or industry has made a breakthrough in its products and services through innovations and even inventions wrought by its 'labour'. The understanding that a motivated and well-taken-care-of workforce directly engaged in production is the key to economic growth has definitely been around – if not in all countries.

Concern for safety, health and environment of 'labour' at workplaces and during work, even outside fixed workplaces, coupled with visible improvements in working conditions, has gone a long way in augmenting value addition, something not easily achieved through enhanced pay and allowances wrested from management by proponents of workers' interests. Investors and top executives should act from their own appreciation of the need to go the extra mile when the situation so demands and not react to certain blown-up demands of groups who do not necessarily represent genuine interests of workers.

When we talk about investment in people, the focus is on 'labour'. When we refer to human capital the focus does not shift away; it only gives due credit to inherent and acquired capabilities of management as well, without reducing the emphasis on developing labour not only in terms of competence development but also by way of enhanced commitment to the cause of production. In this context, we need to remember that recent research on incorporating emotional intelligence of 'labour' as a contributory factor by itself in modifying the classical production function does not constitute an outlandish academic exercise. Such attempts highlight the impact of enhancing emotional intelligence of workers on productivity and hence on value addition. This enhancement does not come from training per se or even exposure of 'labour' to suave presentations of how to become emotionally intelligent. Rather, emotionally intelligent behaviour of management displaying their ability to read thoughts and feelings in others and to influence those in the right direction can be of great help.

There have been proponents as also opponents of labour turnover as contributors to growth in value-oriented production. Bereft of any philosophical underpinnings, labour turnover, in general, affects human capital – at least for some time – and reflects some malaise in the organisation that should even otherwise be attended to.

National Development and Labour

Given the above context, it will not be an exaggeration to state that 'labour' represents the bedrock of economic development. Of course, economic development is to be rightfully appreciated as a process by which not only the per capita real income increases over a reasonable time period, but two more fundamental needs are fulfilled: inequality in income does not increase and the number (not just percentage) of people below an absolute poverty line does not increase. These two stipulations which together reflect distributive justice are what makes economic development different from economic growth. And to ensure distributive justice, a fair distribution of income from economic activities between the two factors – labour and capital – is a must.

National development is both a process to be planned, implemented, monitored and evaluated and the outcome of such a process that is sometimes quantified in terms of certain indicators. The ultimate aim of development is to improve the quality of life of the people. In fact, with a humanitarian perspective on development, one can add that the immediate objective of the development process is to provide conditions to the poor majority to meet their basic needs. In the world of today, development in one country or region cannot be achieved or even planned in complete disregard to happenings in the economies and societies in other countries. Improving the quality of life of all the people on earth is the state-avowed dictum for development.

Economic development planning has mostly proceeded on development being taken simply as economic growth, without due concern for distributive justice. Thereafter, planning has assumed a given investment of resources to generate a certain capital-output ratio, a capital-labour ratio, a trickle-down effect of big infrastructure development projects, and some other coefficients and relationships. Unfortunately, this type of philosophy propelling the development process has had too long a lease of life in both official and academic circles. Development planning has to be much more evidence based and must make good use of learning from the past – changing things lock, stock and barrel may end up in little. At the same time, planning must take a hard look at what needs to be changed for what and how in a manner that can be managed well. Change is known to be the most difficult entity to manage.

Planning of the development process should begin from a sincere appreciation of the role of human capital in all organisations and, therefore, in the entire economy and the society, followed by effective policies and programmes to elevate the entire labour force to a stock of human capital. Going slightly beyond human capital, some economists and management philosophers have spoken of intellectual capital as the most important contributor to the success of an organisation. According to some, intellectual capital is the net effect of human capital and structural capital. Intellectual capital has often been taken simply as the total stock of all intangible assets and capabilities in an organisation that can create value. Human capital is embedded in knowledge, skills, wisdom, capabilities, commitment and other positive attributes of the workers in an organisation. Structural capital has been generally understood in terms of organisational capabilities, commitment, knowledge management system, managerial philosophy, databases, and intellectual property rights like trademarks, copyrights and patents, and similar other characteristics of the organisation as a whole. To this is sometimes added relational capital as the third component of intellectual capital defined in terms of relations, interactions and linkages between the organisation and its upstream partners like suppliers and its downstream partners like the customers. Structural capital that remains with the organisation in the face of any labour turnover is at least partly influenced by investors and quite sensibly by management in direct communication with investors. In a broad sense, all the three constituents of intellectual capital owe their origin and sustenance to 'labour' in its extended connotation.

With no claim of knowledge in managerial economics and industrial relations (theory and practice), the author can only voice his conviction that taking full advantage of human capital – not as hollow rhetoric, but as a reflection of advisories and actions – for the purpose of promoting national development must not be bogged down by convoluted procedures or undesired interferences by unscrupulous agents.

Going beyond the domain of economic growth, organised labour has played significant roles in the context of social and even political development processes. In fact, leaving aside the demand for a better deal for its constituents, labour organisations have raised voices – audible enough to initiate state actions – against inadequate budget provisions in major public services like education and healthcare, and also against political and administrative decisions, to tilt the economic structure in favour of some selected groups. It must be added here that institutions that have been created – under pressure or out of a planned volition – to primarily benefit labour do also serve the general people, at least in some situations.

Concluding Remarks

Keeping the goals of development in mind, the process of development has to involve labour as the prime mover of all changes that are to be introduced in the entire gamut of economic activities right from resource generation and deployment to the production of goods and services, providing access to such goods and services through an appropriate distribution system. When we claim, ‘people’s participation is both an objective and an effective means in a development strategy’, we definitely refer to the role of labour. And an effective, wholesome development strategy should be oriented to imbue labour with a vision for national development, to enable and empower labour through skill development and knowledge augmentation programmes, and to encourage labour to contribute – indirectly in terms of advocacy and directly in terms of actions – towards social and cultural development.

The Indian Constitution and Labour: The Road Ahead

Kamala Sankaran*

The Legacy of Colonial Labour Relations

Long before India became a member of the International Labour Organization (ILO) in 1919, the emerging trade union movement had placed the question of labour squarely on the political agenda of the country. The destruction of the older industries and the development of new industries required by colonial rule, the widespread impoverishment, and the emergence of the national movement were also key factors in the political mobilisation. Alongside these changes under colonialism, the reception of English law into India also took place and was acknowledged by the Privy Council. As a consequence, the master-servant law was imported into India and formed the basis for the development of labour relations in India.

Despite the idea of 'freedom', the free choice of persons, and the so-called equality of entering into contracts, a breach of contract was treated as a criminal rather than civil wrong. Commentators on the application of the Workmen's Breach of Contract Act, 1859, and the Employers' and Workmen's (Disputes) Act, 1860, noted: 'The application of the statute to the contractual relations of employment, the presence of criminal penalties against employees, but not employers, for breach of contract, and the summary administration of the law by local magistrates placed Act IX of 1860 squarely within the realm of the law of master and servant' (Kerr, 2004, p. 15).

Pre-colonial legal relations too changed. Commentators have noted that following the abolition of slavery, there was also the emergence of an indentured system of labour and labour engaged via *sirdars* and intermediaries that continued alongside debt bondage and servitude. Despite colonial talk of 'freedom' and personhood, colonial forms of labour control persisted (see generally, Robb, 1994; Ahuja, 1999; Hay and Craven, 2004). Thus, the colonial period had left a legacy of *multiple* forms of employment: formal waged employment, informal employment of various forms, temporary/badly/casually but directly employed workers, those engaged via intermediaries, bonded, compulsory and unpaid forms of labour, and of course precarious, self-employed workers. These forms of employment were the legacy that the Constitution of India had to address and grapple with, even as the workers in free India dreamt of a future of dignity, one that would be free from misery and privation, and ensure a decent life for them and their families.

Alongside the emergence of multiple forms of employment and work over the past couple of hundred years, there grew resistance to exploitation and demand for better working conditions. The colonial argument that such exploitation was

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the collateral damage necessary for progress was questioned. As Rabindranath Tagore remarked, 'We have for over a century been dragged by the prosperous West behind its chariot, choked by the dust, deafened by the noise, humbled by our own helplessness, and overwhelmed by the speed...If we ever ventured to ask, "Progress towards what, and progress for whom", it was considered to be peculiarly and ridiculously oriental to entertain such doubts about the absoluteness of progress.'

The Constitutional Journey

The political manifestation of the resistance by workers, and in several instances by industrialists, found reflection in the several attempts at drafting the Constitution for free India. One of the first draft constitutions written towards the end of the 19th century (the Constitution of India Bill, 1895) included various facets of individual freedoms such as the right to take part in the public affairs of the county, the right to be treated equally in the law, etc. and also provided for such positive rights as the right to free education by the state. The Commonwealth of India Bill, 1925 (associated with Annie Besant), took this forward, and in its chapter on Fundamental Rights dealt with not just the right to equality, civil and political rights but also the right to education and equal access to roads, courts and other public places. The political consensus developing in India was moving towards a set of social and economic rights that would find a place in the yet-to-be-drafted Constitution. The Resolution adopted at the Karachi Session of the Congress in 1931 demarcated categories of rights such as fundamental rights and labour rights and treated economic and social matters as policy questions.

During the drafting of our Constitution, the framers chose to differentiate between justiciable fundamental rights and non-justiciable directive principles. This had been first mooted in the Sapru Report of 1945 that drew on the example of the Irish Constitution. Many of the provisions of the Constitution that directly relate to labour and working conditions are to be found in Part IV of the Constitution, viz. the Directive Principles of State Policy (Rao et al., 1968). How these so-called non-justiciable provisions (i.e., non-enforceable in a court) were gradually transformed as rights, through the ongoing movement to get these rights realised, has been a central theme of the constitutional journey these past several decades. We can note some important aspects of this transformation below.

Justice: Social, Economic and Political

The Preamble prioritises justice as the foremost virtue in its enumeration. The expression 'social justice' indicates that there must be fairness in the way society and labour relations are arranged; while 'economic justice' covers aspects of fair distribution, and redistribution, of resources, 'political justice' provides equal voice and participation to every person in the political process and polity of the country.

Article 38 of the Constitution provides that 'The State shall strive to promote the welfare of the people by securing and protecting as effectively as it may a social order in which justice, social, economic, and political, shall inform all the institutions of the national life.' Yet, as some of the judges in the leading case of *Minerva Mills v. Union of India* noted, 'the other directive principles are not mere illustrations of the principle contained in Article 38'.¹ Let us consider the case of social relations within an employment relationship. There is an express or implied contract in every employer-employee relationship. Yet, the parties entering a contract may not be placed on an equal footing. The legal fiction of the meeting of minds (*consensus ad idem*) of the parties to a contract as to the terms of employment or conditions of work is often not present in a contract of employment. Social justice requires that this contract be re-envisioned in order to address any unequal terms in the contract.

This was highlighted by the courts right from 1949. Speaking for the Supreme Court, Justice Gajendragadkar, stated, 'There is no doubt that in appropriate cases industrial adjudication may impose new obligations on the employer in the interest of social justice and with the object of securing peace and harmony between the employer and his workmen and full co-operation between them.'² The latent power of adjudication to redress the power balance in social relations was sought to be reinforced through the route of compulsory adjudication introduced by the Industrial Disputes Act, 1947. While the courts emphasised the role of adjudication from the perspective of social justice, the position put forward by the government at the International Labour Conferences sought to justify compulsory adjudication from the point of view of the early and quick settlement of disputes. In the course of discussions prior to the adoption of Conventions Nos. 87 and 98 (1948, 1949) and later, during the adoption of Convention No. 154 dealing with collective bargaining (1981), the government defended the need for developing countries like India to retain compulsory adjudication and to not rely wholly on collective bargaining due to the imperative need for uninterrupted production, particularly in the essential services (Sankaran, 2011).

Yet, the extremely lengthy adjudication process in labour matters has emerged as one of the key concerns over time. For instance, according to the Annual Report of the Ministry of Labour and Employment for the year 2020-21, at the central level, the Central Industrial Relations Machinery handled 14,002 cases and was able to dispose of 9,016 (i.e., roughly 64 per cent of the cases handled) (GoI, 2021). This, of course, does not reflect the time/duration for which each case was pending. Various Commissions appointed by the government over the past several decades have made several recommendations for improving these aspects; creating alternate

¹ *Minerva Mills v. Union of India*, AIR 1980 SC 1789.

² *The Patna Electric Supply Co., Ltd., Patna v. The Patna Electric Supply Workers' Union*, AIR 1959 SC 1035, citing with approval the judgment of the Federal Court in *Western India Automobile Association v. Industrial Tribunal*, [1949] F.C.R. 321.

dispute redressal methods, introducing greater uniformity in labour adjudication, etc. are areas that require more attention in the coming period as the right to speedy justice is itself an important claim of those in employment.

Turning now to economic justice, we can note that the payment of minimum wages is an absolute lifeline for a decent life. It is also necessary for some semblance of freedom from exploitation, which is a fundamental right under Article 23 of the Constitution. In the celebrated *Asiad Workers'* case, dealing with the miserable conditions of work of migrant construction labourers, Justice P.N. Bhagwati speaking for the Supreme Court explained why the non-payment of minimum wages would amount to forced labour under Article 23 of the Constitution. 'It may, therefore, be legitimately presumed that when a person provides labour or service to another against receipt of remuneration which is less than minimum wage, he is acting under the force of some compulsion which drives him to work though he is paid less than what he is entitled under law to receive.' The Supreme Court observed that compulsion arising from hunger and poverty, which compels a worker to work for less than minimum wages, may properly be regarded as 'force' and if labour or service is compelled as a result of such 'force', it would be 'forced labour'.³

The Constitution refers to a living wage as a goal to be secured to all workers. The Minimum Wages Act, 1948, was enacted shortly after Independence to provide a minimum wage for those in scheduled employments. The new Code on Wages and its Draft Rules have incorporated the 'need-based minimum wage' norms proposed by the tripartite Indian Labour Conference in 1957, adding 25% towards education, medical expenditure, etc., as mandated by the Supreme Court in a judgment delivered in 1991.⁴ Such an important law needs to have widespread applicability. Yet, crucial exclusions remain. Domestic workers and workers engaged in the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), to mention a few, remain outside the purview of the law, quite apart from the many who may be covered *de jure* but are unable to realise and enjoy the right to a minimum wage and economic security.

Economic justice also pertains to the need to have decent conditions of work ensuring 'a decent standard of life and full enjoyment of leisure and social and cultural opportunities' as envisaged in Article 43. Achieving many of these milestones needed for a good and decent life also requires political justice to which the Preamble of the Constitution refers, and to which I now turn.

While political justice has many aspects, let me focus on one feature here. The right to form strong organisations and unions is identified under Article 19 of our Constitution as a fundamental freedom. Unity with other similarly placed workers gives strength, and therefore 'voice' to them. Trade union rights, as a facet of political

³ *People's Union for Democratic Rights v. Union of India* AIR 1982 SC 1473 (*Asiad Workers'* case).

⁴ *Workmen v. Management of Raptakos Brett & Co Ltd*, AIR 1992 SC 504.

rights, is essential for a democratic society. These rights allow workers to assert what is just and correct, and not depend only on occasional welfare or benefits which may come their way. The link between political justice and economic justice was brought out very powerfully by Dr. Ambedkar and it is worthwhile recalling here. Speaking at the First Session of the Plenary Labour Conference (that was the precursor to the tripartite Indian Labour Conferences) Dr. Ambedkar pointed out, 'In politics, equality; in economics, inequality. One man one vote, one vote one value is our political maxim. Our maxim in economics is a negation of our political maxim' (Government of Maharashtra, 1991, p. 140). Accordingly, trade unions and organisations have to be seen as a means for labour to realise other rights for decent working conditions contained in the Constitution.

Informality

Data reveals that the vast majority of workers in India are in informal employment. The share of formal workers is less than 10% of the labour force (47.5 million). According to the Periodic Labour Force Survey data, around three-quarters of workers are self-employed or are casual wage workers.⁵ There are also workers in the formal sector who are in informal employment often engaged via contractors or through outsourcing arrangements. All these categories of workers, who do not have access to social security, are treated as being in informal employment. They constitute the 'working poor' whose wage levels are low, who remain in poverty despite working gruelling hours in precarious conditions, and who often belong to the marginalised and vulnerable sections of society. Women predominantly obtain employment in the informal economy. Many women are also treated as 'family helpers', and despite playing a critical role in own-account enterprises are unpaid family workers. Agriculture, of course, contributes the lion's share of those in informal employment. Yet, there are vast numbers in informal employment in other sectors as well as in rural and urban areas. What is striking is that most of these millions are outside the scope of any statutory scheme for social security. Events such as the ongoing Covid pandemic have hit these vulnerable workers the hardest.

The ILO has recently adopted an instrument, the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204). Since the key to formalisation is social protection, it is important to highlight that the right to social security is not only an essential human right but also a key aspect of the fundamental right to life. Actualising this right is essential if we are not to see a repeat of the disaster that befell millions of our workers during the pandemic. Ensuring social protection to all apart from minimum healthcare has emerged as one of the basic rights in any humane society and needs to move centre stage in the coming years.

⁵ R. Nagaraj and Radhicka Kapoor, India's economy and the challenge of informality, *The Hindu*, 28 January 2002, available at <https://www.thehindu.com/opinion/op-ed/indias-economy-and-the-challenge-of-informality/article38335803.ece>

Universalisation and Dignity for All

The important goals for justice, rights, duties and freedoms indicated in the Constitution have led to several laws being passed at the central and state levels for different sections of workers and sectors of the economy. The fresh codification exercise is yet another step in this exercise. The goal of universalisation of protective coverage requires that every worker be covered by the law, be she in waged work or self-employed. The goal of dignity for each worker requires that fair wages be paid to an individual worker, and where the worker is self-employed (such as in the case of farmers, vendors, artisans, etc.), their land, livelihood, access to resources be protected and nurtured so that their earning are at least compatible with a life of dignity. At the macro level, it would need the share of wages in the economy to be maintained and to grow.

The 75th year of Independence affords us an occasion to reflect on what has unfolded and to resolve how we may go forward to ensure that the words of the Preamble are transformed into reality for those who labour in our country.

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From Conflict to Confluence: The Saga of Post-Independence Labour

Saji Narayanan*

The leaders of the freedom struggle nurtured beautiful dreams about the future of an independent India. They envisaged changes in various sectors of national life that had been suppressed during foreign rule. Dr. Babasaheb Ambedkar was foremost among those who had big dreams about India's future. He was not only the architect of India's Constitution as the Chairman of the Drafting Committee of the Constituent Assembly, but was also the architect of India's labour laws as the first Labour Minister of India in the Viceroy's Executive Council.

Dr. Ambedkar, the Architect of India's Labour Reforms

In 1942, as a member of the Viceroy's Executive Council, Dr. Ambedkar shaped the labour laws of independent India. He set up the Tripartite Labour Council and convened the first Tripartite National Labour Conference (NLC) on 27 November 1942 in New Delhi, which was later continued in independent India, renamed as the Indian Labour Conference (ILC). In the conference, Dr. Ambedkar replaced the 14-hour workday with the 8-hour workday.

Dr. Ambedkar contributed to the making of four of the most important labour laws of independent India: the Industrial Disputes Act, Employees' State Insurance Act, Employees Provident Fund Act, and Minimum Wages Act. India was the first among the South East Asian countries to bring in insurance for the well-being of workers through the Employees' State Insurance (ESI) Act. Even though the law was eventually enacted in 1948, it was initiated by Dr. Ambedkar with the submission of the first document on social insurance, 'Report on Health Insurance', to the NLC of 1942. Dr. Ambedkar contributed to the setting up of the 'Coal and Mica Mines Provident Fund' and 'Mica Mines Labour Welfare Fund'. Apart from the Minimum Wages Act, other wage provisions such as Dearness Allowance (DA), leave benefit, revision of scale of pay, etc. are due to the efforts of Dr. Ambedkar. He initiated programmes to increase workers' productivity by providing them with education and important skills required for improving performing at jobs. Employment Exchanges were also created by Dr. Ambedkar, then called the 'National Employment Agency'.

Dr. Ambedkar framed many laws for India's women workers. These include the Mines Maternity Benefit Act, Women Labour Welfare Fund, Women and Child Labour Protection Act, Maternity Leave Benefit for Women Labour, and Restoration of Ban on Employment of Women on Underground Work in Coal Mines.

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It was because of Dr. Ambedkar that workers could go on strikes for their rights. He introduced the Indian Trade Unions' (Amendment) Bill to give recognition to trade unions. While drafting India's Constitution, labour was placed in the Concurrent List so that both the Centre and States could legislate on labour. The Chief Labour Commissioner and Labour Commissioners were first appointed during Dr. Ambedkar's tenure. The Industrial Statistical Act formulated by him was enacted for assessing labour statistics in matters of labour disputes, wage rates, income, inflation, debt, housing, employment, deposits and other funds. Thus, Dr. Ambedkar was a visionary who laid the foundation for a strong labour law system by initiating most of independent India's basic labour laws.

Minimum Wages to All

Immediately after Independence, the Government of India constituted the Committee on Fair Wages to formulate the future wage structure. The report was submitted in 1948, and the recommendations formed the basis of our laws relating to wages. The Committee on Fair Wages recommended a threefold classification of wages: (1) minimum wages; (2) fair wages; and (3) living wages. Fair wages would be determined by comparing wages in similar industries in a region based on the industry cum region formula. According to the committee, living wages represented a higher level of fair wages. Living wages have been treated as an ideal to be achieved; the concept was incorporated into the Indian Constitution as a Directive Principle under Article 43. Unfortunately, even after 73 years of Independence, minimum wages are a distant dream for the majority of Indian workers. The concepts of fair wages and living wages do not occur in general discussions about wages and are mentioned only in Pay Commission reports for government employees.

The implementation of minimum wages under the new Code on Wages, 2019, can be termed historic and revolutionary as it is a bold legal step towards universal minimum wages: every worker in the country is being given the legal right to claim minimum wages for the first time. It is important to note that any step towards revolutionising the minimum wages will raise the standard of living of the total population.

Other Initiatives on Labour Reforms

The 15th Indian Labour Conference of 1957 is epoch-making for its contribution towards the scientific calculation of minimum wages. The First National Commission on Labour (1969), headed by Justice P. B. Gajendragadkar, and the Second National Commission on Labour (2002), headed by Shri Ravindra Varma, reviewed the labour laws and made valuable recommendations according to the changing times. Some of the landmark judgments of the Supreme Court also added to reshaping the interpretation of labour laws. It includes a long list of cases, such as the Raptakos Brett case on the criteria of minimum wages, Justice V.R. Krishna

Iyer's decision in the Bangalore Water Supply case encompassing the entire world of work within the definition of 'industry', etc.

India's tripartite constituents, which include trade unions, employers' organisations and government representatives, have always been a part of the international labour movement under the inspiration and training of ILO. ILO has been instrumental in carrying updates in the labour sector to and sharing the experiences of other countries with India. ILO, on its part, is striving hard to implement the Decent Work Country Programmes. ILO has also formulated the second phase of activities in India to achieve the Sustainable Development Goals, 2030, which also addresses labour concerns.

Mechanisation, automation, etc., have affected labour and employment not only in a labour-intensive country like India but also throughout the world. Today these factors pose significant challenges as a part of 'Industry 4.0'. Instead of assisting, they are displacing labour and capturing its place. India requires labour-intensive technology to accommodate the ever-growing army of unemployed youths waiting for jobs.

Second National Commission on Labour

After Independence, there have been several initiatives to reform labour laws that emphasised the simplification and codification of the plethora of labour laws. At the beginning of the 1990s, employers, trade unions and other stakeholders made a concerted effort to simplify and codify all the labour laws. A Draft Labour Code was prepared by some of the stalwarts from the tripartite constituents.

The Second National Commission on Labour attempted to codify and simplify most of the essential labour laws and proposed draft laws. The Commission proposed to codify hundreds of labour laws of the country into seven draft laws:

1. Law on labour management relations
2. Law on wages
3. The Hours of Work, Leave and Other Working Conditions at the Workplace Act, 2002
4. The Occupation, Health and Safety Bill, 2002
5. Child Labour (Prohibition and Rehabilitation) Bill, 2002
6. Model Standing orders
7. Small Enterprises (Employment Relations) Act, 2002

Changes in the Trade Union Movement

The Indian trade union movement under the leadership of the Bhartiya Mazdoor Sangh (BMS) is making an indelible imprint on world trade union history through its relentless fight to safeguard the interests of the workers even in the most difficult

of times. On many occasions, the fight has been to gain new workers' rights. BMS, along with other trade unions, for the first time started an agitation for removing the anomalies in fixing the consumer price index and demanded bonus be seen as 'deferred wage'. The legal world and others later accepted this view.

Apart from this, it has also stood with the nation in times of crisis. During the Chinese attack of 1962 and the Pakistani attack of 1965, BMS and other nationalist trade unions served the country in its defence activities by forming the Rashtriya Mazdoor Morcha. Through this forum, BMS gave all possible help to the government and the fighting jawans. At the time of the Bangladesh liberation war, the Rashtriya Mazdoor Morcha was again formed to assist India's war efforts. During the Emergency period, when people's fundamental rights, including the right to speech, right to organise and labour rights, were taken away, there was continuous agitation by nationalist forces in which BMS and other trade unions were at the forefront. Thousands of BMS workers were jailed, many were brutally tortured, and some others had to work underground. Before the Emergency ended in March 1977, more than 70,000 BMS workers had participated in countrywide satyagraha. The nation had a first-hand experience of trade union activists' efficiency, sacrifice and patriotism.

The great visionary, Mahatma Gandhi, wanted the trade union movement to stay away from politics. When leaders of Congress were planning to form a trade union at the national level before the 1920s, Gandhiji opposed the idea. The global history of the trade union movement shows that politics has divided and weakened various trade unions. Thus, India's trade union history indicates that all major trade unions were formed by different unions splitting or merging at different points in time due to political reasons. The only exception was the formation of BMS with its strict non-political style of functioning.

Three Periods of Independent India's Economic and Labour History

The architects of independent India had tried and experimented with two paradigms in reshaping our nation's destiny. The first was the Russian model of socialism. During this period, the thrust was on the public sector, centralised planning, etc. India saw a turbulent period in the labour sector with many strikes and lockouts; this continued till the late 1980s.

At the beginning of the 1990s, India suddenly turned to experiment with the LPG (Liberalisation, Privatisation and Globalisation) model of reforms.. Consequently, many controversial labour law reforms were undertaken. Indian academics and social organisations, including trade unions, were confused about how to approach the reforms of the globalised era. A sharp decline was seen in the number of strikes and lockouts during this period. The impact of globalisation was mixed, and after two decades, the beginning of 2010s saw national level strikes returning with a new silver lining of trade union unity.

The course of history saw a desired turn when on 12 May 2020, Hon'ble Prime Minister Shri Narendra Modi made a declaration of *Atmanirbhar Bharat* as the third stage in the economic history of independent India, based on a swadeshi paradigm. It can be called 'India 3.0'. The PM has indicated that the real wealth creators are labour, MSMEs and farmers as part of *Atmanirbhar Bharat*. Workers need to be recognised as the real builders of the nation. Thus, an appropriate time has arrived to deliberate on changes required in various facets of national life based on the Indian ethos, including labour, and not just an economic remodelling of the country. At the same time, we have to be cautious: *Atmanirbhar Bharat* is in danger of losing its flavour and flair if it again gets trapped in the cobweb of the capitalist paradigm.

The Unprecedented Covid Crisis

India's labour sector faced an unprecedented crisis during the onslaught of the COVID-19 pandemic. India saw one of the largest exoduses of migrant labour at the interstate level as well as cross-border level. The Indian government did a major interstate transfer of about one crore migrant workers through Shramik Trains – the largest repatriation of population since the Partition days. It also carried out the largest airlifting of NRI returnees since World War II under the Vande Bharat Mission. The Labour Ministry opened control rooms and helplines everywhere, started a portal to register the stranded workers, and prepared a national register of migrant workers to identify them.

As the largest trade union, BMS also undertook one of the largest service activities in the history of the trade union movement by starting help desks and helplines at the district and local levels. Many other trade unions also played their part in the effort. Due to this, BMS sacrificed hundreds of its committed activists to the deadly disease. Many employers throughout the country stood up as shining examples by supporting their workers with wages and other requirements in the spirit of an extended family.

The villages of India took back the returning migrant workers and protected all of them, and there were few deaths due to poverty or starvation, even in remote villages. The migrant workers who lost their jobs in urban areas were absorbed by increased agricultural and rural activity. Independent India is still alive because of the rural economy and the poor villagers, whom our 'experts' call cheap labour. India lives in villages even today. Unfortunately, they comprise the world's largest number of working poor.

For the first time, industry realised the importance of interstate migrant workers. Employers accepted that without workers, industry could not survive. Migrant workers got new respect when they were called 'guest workers'. Thus, once again, it was proved that the idea of 'industry versus labour' of the socialist era or 'industry

minus labour' of the capitalist era could not succeed; 'industry AND labour' is the basis on which a nation can excel, especially in the new era of *Atmanirbhar Bharat*.

The Challenges Ahead

The two big challenges that the labour will be facing in the future are (1) increasing contractualisation in the organised sector, and (2) the issues of a vast unorganised sector. Hence, an integrated approach is called for. Total transformation and universalisation of labour welfare should form the core of this. This is important since labour constitutes majority of our population. So, social progression has to be revolutionised.

Till the 19th century, the employer-employee relations in the West were dominated by the master-servant concept, which was developed from slavery and feudal ideas prevalent there. The British government brought it to India and made the master-servant relationship the basis of our Industrial Disputes Act. A dispute was the characteristic of the relationship between employer and worker, and the purpose of the law was to resolve it. Both the First and Second National Commissions of Labour proposed changing the law's name to 'Industrial Relations Law' to cast out the notion of master-servant relations. After several decades at least the name of the basic law has now changed to Industrial Relations Code. Many more things need to be done to strengthen industrial relations in the country.

From Conflict to Confluence

During the last two decades, CTUs like BMS have already pushed the idea of expansion in the vast area of the unorganised sector. The beginning of the 1990s witnessed the rise of BMS as the largest trade union in the country. Trade unions need to realise that the old conventional trade union methodology will not suit the emerging challenges in the world of work. The trade union field has experienced the rise of a new culture of harmonious relations between employer and labour, replacing the age-old adversarial outlook of seeing employer and labour as class enemies with conflict as the only means of dispute resolution. The employer organisations have also started recognising the cherished idea of an extended 'industrial family'. The adversarial ideology of the West has to be deconstructed. It is high time that all the tripartite constituents in the labour sector move from conflict to confluence and unitedly shape the destiny of this great nation.

Role of Labour in India's Development Labour Codes and Their Implementation for National Development: An Employers' Perspective

Michael Dias*

Context

During the last 30 years, I have had the privilege of working on the amendments in labour laws on behalf of the All India Organisation of Employers (AIOE), a constituent of the Federation of Indian Chambers of Commerce and Industry (FICCI), New Delhi, of which I am a Committee Member. Earlier, I was a member of the Second National Commission on Labour (NCL), chaired by Shri Ravindra Verma, and was on the sub-committee appointed to examine labour laws applicable to the organised sector. Hence, I have had the opportunity to be associated with this process of change and amendment in labour laws for a long time.

We need to understand and appreciate that the Labour Codes have been enacted to reform our laws, which regulate employer-employee relations. Their objective is to bring flexibility to the labour market, growth in the economy, and efficiency in the scale of production. The existing laws were remnants of an archaic past – ineffective for workers and unnecessarily burdensome on employers, and therefore, needed to be dismantled. Thus, the four Labour Codes enacted subsume 29 existing central labour enactments. However, for us to meaningfully engage with the debate on labour reforms, we ought to first ask: what do labour laws do, or what are they meant to do? What role do they play in an economy?

The first function of labour laws is to protect the workers from wage fluctuations, sub-standard or dangerous working conditions, and precarious and insecure employment. Why is this protection needed? Because without them workers and employers would enjoy unbridled 'freedom of contract' – as simply buyers and sellers of labour. This by itself is not undesirable, provided that the parties are equally placed. But freedom of contract between two greatly unequal parties would mean that the stronger party could indiscriminately impose their will on the weaker ones. In any event, and under no circumstances, can we have a regime of naked hire and fire: since the Constitution of India guarantees all citizens the rule of law, this presupposes that principles of natural justice shall always be adhered to.

Labour Codes: The Game Changer

Frequently, one is asked whether the Labour Codes as now enacted by the Parliament are fundamentally and intrinsically different from the past. Alternatively, are the

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new Labour Codes better than the earlier existing and prevailing labour laws? To answer this knotty question, one needs to understand that labour laws in India were framed and enacted even before our country obtained its independence from Great Britain. Thus, existing labour laws in India have an inherent bias, of pre-colonial days, when the focus of the British was to perpetuate our economic dependence on them. Therefore, it was necessary to have a paradigm shift both in thought and in the enactment of applicable labour laws. There is no doubt that India in the 21st century is emerging as a major economic centre, where all stakeholders – workers, trade unions, employers and the government – need a fair and level playing field. Thus, it is necessary to appreciate that the Labour Codes passed by the Parliament maintain a certain continuity and are a work in progress. This implies that these Labour Codes as they exist are not the be-all and end-all in labour management relations in our country, but set a fresh perspective on the subject, keeping in view new workplace scenarios and dynamics.

However, a drawback is that the Codes do not have adequate mechanisms for effectively capturing the economic and other indicators at the workplace. To illustrate, 80 per cent of our labour force is engaged in the informal sector and contributes about 50 per cent of Gross Domestic Product (GDP), but there are no frequent and updated economic indicators available with the government. The only way forward for all stakeholders of the Labour Codes is to ensure that credible economic indicators are readily available and are of the current vintage. The role of labour economics in the application and development of the Labour Codes is vital to ensure that the Codes are both relevant and robust; as in my view, as noted above, the Codes are a work in progress and will need necessary tweaking from time to time.

One serious objection to the framing of the Labour Codes is that they were never placed for consideration before the Parliament in India. In India, we follow the International Labour Organization's (ILO) practice of discussing and debating all labour laws before the Indian Labour Conference where the government, workers, trade unions and employer organisations participate. They articulate and debate all issues impacting the stakeholders in respect to labour laws. The last Indian Labour Conference was held in 2015, and I have had the privilege of attending this committee for the last 30 years on behalf of the AIOE. The objection of the trade unions that there has not been adequate discussion on the Labour Codes has merit especially as these Codes were not presented for discussion and consideration before the Indian Labour Conference.

I will now dwell briefly on all four Codes in turn.

Industrial Relations Code

This aims at promoting better employee-employer relations by making it mandatory for employers to publish and display the statutory employment conditions, also

known as 'standing orders'. Thus, details regarding working hours, leaves, holidays, misconduct and disciplinary procedure to be followed are set out appropriately. The provisions of the standing orders applying to an industrial establishment employing 300 and more workers are welcome; also, the model standing orders have been drafted with respect to mines, factories, and the service sector (which did not exist hitherto). They also provide for work from home, lending greater flexibility in employment to both employees and employers. In fact, gig work, platform work, home-based work and contract work are all avenues now available for the generation of employment.

I wish to focus on the Grievance Redressal Committee as set out in Chapter 2 (Section 4). To my mind, if implemented with sincerity by employers, it will substantially reduce workplace disputes – particularly, when read in conjunction with Chapter 3 (Section 14) of the Industrial Relations Code that provides for the recognition of a negotiating union or negotiating council. Thus, the Industrial Relations Code is beneficial to all trade unions across the country, as it provides for a uniform law for both registration and recognition of a trade union; this was not the legal position earlier. The 1926 Trade Union Act only provides for registration of a trade union – not for the recognition of a trade union by the employer.

The provision of 'Fixed-term' employment with all statutory benefits like social security, wages, pro-rata gratuity and the like, on par with regular employees, and 'Reskilling Fund' for training the retrenched workers is likely to help both employers and employees. The Worker Reskilling Fund provided in Chapter 11 (Section 83), too, should go a long way in promoting employment of workers.

Code on Wages

This Code intends to universalise the applicability of payment of wages to all employees. For instance, the minimum wage which was previously confined to workers engaged in notified scheduled employments now becomes the right of every worker in the country. Thus, it is a historic step towards bringing equity in the society. Addressing gender-based discrimination in the payment of wages would be a huge relief to the women workforce in the country. Further, the onus of paying minimum wages now falls squarely on the employers. The Code also prescribes a premium on the skills, thus linking with the 'Skill India Programme' of the country. The Code amalgamates the existing four Labour Acts related to wages, viz. the Payment of Wages Act, Minimum Wages Act, Payment of Bonus Act, and Equal Remuneration Act.

Further, the term 'Wages' in the Code means basic pay, dearness allowance and retaining allowance. It does not include bonus, the value of house accommodation, contributions to provident fund/pension, conveyance allowance, sums paid to defray special expenses, house rent allowance, remuneration payable under any award/settlement, overtime payments, commission, gratuity, retrenchment

compensation, ex gratia payments. Thus, simply put, 50 per cent of all monthly wage components are deemed to be waged. This will impact computing payments towards gratuity, maternity benefits, overtime payments, compensation under the Industrial Relations Code, and the like.

There is a peculiar provision in the Code of Wages. I am referring to Section 29 which provides for an employee's disqualification for receiving a bonus in case the employee is convicted for sexual harassment. However, this provision cannot be implemented since a conviction can only be ordered by a criminal court, whereas the determination of sexual harassment is done by the Internal Complaints Committee. Thus, the bonus of such an employee will not get forfeited.

Code on Occupational Safety, Health and Working Conditions

Provision of a safe and healthy workplace for workers, including migrant workers is the primary objective of this Code. The Code subsumes the existing 13 related labour Acts and brings in parity between working men and women by allowing women workers to work in the night shift. It empowers the workers in seeking appointment letters with specified conditions, including the likely tenure/contract period. Along with the Wage Code, this Code redefines the role of labour enforcement officials by renaming 'Inspector' as 'Inspector-cum-Facilitator', which means that the inspecting official would now also guide the employers and the employees of the inspecting establishment on matters of concern. Provisions like mandatory annual health check-ups for the employees at the cost of the employer would help in the early detection and treatment of occupational diseases. Separate washrooms, locker facilities, and the like for transgender is another hallmark of this Code.

Code on Social Security

This Code amalgamates the existing nine pieces of labour legislations relating to the social security of workers. The Code for the first time universalises the coverage of social security to even include the unorganised sector viz. home-based workers, domestic workers, etc. While various countries, including the developed ones, have been pondering how to cover the gig and platform workers with social security benefits, we in India have already taken the lead by bringing them within the ambit of social security including exploring the ways and means to finance the intended benefits. Chapter 13 (Sections 139 and 140) provides information on employment and monitoring career centre; this will entail responsibilities of compliance on the establishments. The details in this regard will be available in the Rules.

The Social Security Code provides for a prior opportunity before prosecution. Section 137 states that before the initiation of prosecution proceedings against an employer for any offence, the Inspector-cum-Facilitator will allow the employer to comply with the relevant provisions by way of a written direction, which shall

lay down a period for such compliance. In case the employee complies with the direction within the said period, then no prosecution proceedings shall be initiated against the employer. However, no such opportunity shall be provided to the employer if the violation of the same nature is repeated within a period of three years.

Compounding of offenses (Section 138 of Social Security Code) in case the offence is punishable with a fine, has been committed for the first time, the official appointed for the purpose may, on an application made, compound the offence by claiming 50 per cent of the maximum fine provided for that offence and in case of an offence punishable with imprisonment for a term which is not more than one year and also with fine; then 75% of the maximum fine provided for that offence may be imposed. Thus, the role of labour administration will undergo a major transformation, from inspector to facilitator, i.e., friend, philosopher, and guide. To assist such officials, Information Technology will play an immense role, as all registers, records and returns are to be maintained in the electronic and digital medium. Indeed, this would be a game changer in labour administration as transparency and diligent compliance will be the order of the day.

Conclusion

Thus, on a perusal of the four Labour Codes recently enacted and implemented by Parliament, it is clear that the dynamic relationship between employers, trade unions, workers and the government – who hold the responsibility of ensuring a harmonious working environment – will undergo substantial changes. This would be possible if all stakeholders are committed to national economic development and growth.

Labouring to Build India: Labour Cooperatives

K. Ravi Raman*

Introduction

The setting up of the new Ministry of Cooperation by the Indian Government in July 2021 has opened up spaces of hope within the cooperative domain in the country. Although the political leadership is confident that a renewed cooperative movement will play an important role in making India a US\$ 5 trillion economy and help achieve the goal of an Atmanirbhar economy, how far this would succeed is too early to predict. Yet, one thing is true: as an idea and an ideal, cooperative societies have survived the test of time, particularly in a country like India with its close to 8,33,560 cooperative enterprises, of which 46,692 are labour cooperatives.

Brief History

In India, as early as the mid-19th century, there were several indigenous forms of mutual loan associations such as *nidhis* and *kuries*. These indigenous cooperatives emerged in response to the distress and turmoil of that period. As per one estimate, there were about 200 *nidhis* with 36,000 members and over two crores of rupees in subscribed capital in 1901 (cited in Hough, 1932). By this time, the idea of cooperation in India and worldwide gained a critical source of inspiration with the formation of the International Co-operative Alliance in 1895 in London. The idea was to **unite, represent and serve** the cooperatives worldwide. It was based on egalitarian values of peace such as democracy, equality, solidarity and political neutrality. This must have been influenced by the philosophy of Robert Owen (1771-1858) and the highly successful Rochdale Society of Equitable Pioneers, a consumer cooperative founded in 1844 in Great Britain.

In India, cooperative institutions began to be shaped by rules and regulations after the Cooperatives Act of 1904 was passed by the colonial government. This was based on the Classical British Indian Pattern of Cooperation (CBIPC) which was replicated in most British colonies, including Burma, Ceylon and so on. It was primarily rural indebtedness that triggered the initiation of this Act, thereby making credit available to farmers. This initiative gradually spread across sectors including production and processing, consumers, banking, labour, etc. Following the passage of the first Act, several modifications have been made, enriched by subsequent committees and commissions, including the Cooperative Societies Act of 1912, the Maclagan Committee (1915), and the Montague-Chelmsford Reforms of 1919, which together promoted the formation of various cooperatives. An example worth citing is Uralungal Coolie Velakakarude Paraspara Sahaya Sangham, later

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becoming Uralungal Labour Contract Cooperative Society (ULCCS). It was founded by Guru Vagbhadananda and his followers in 1925 in Uralaungal, a north Kerala village. Founded with only 14 members, most of whom were from oppressed castes, the society now handles projects worth crores, including roads, bridges, flyover projects and IT parks. However, the Great Depression of 1929-1933 and the consequent economic distress – the fall in agricultural prices, high unemployment and default in payments – led the workers and other social sections to think more in terms of self-defence on an equitable basis. Independent India took a particular interest in making significant strides in the cooperative sector.

Post-Independent Cooperatives: Growth, Performance and Challenges

India's first prime minister, Jawaharlal Nehru, who himself was influenced by Fabian socialism, took a special interest in promoting cooperatives since Independence. After mentioning that he was intellectually attracted to cooperative movement and in relation to the problems of India, Nehru stated in his speech at the third India Cooperative Congress in 1958, 'My outlook is to convulse India with the Cooperative Movement or rather with cooperation to make it, broadly speaking, the basic activity of India, in every village as well as elsewhere; and finally, indeed, to make the cooperative approach the common thinking of India' (Congress Forum, 1962). He asserted that 'the whole future of India really depends on the success of this approach of ours to these vast numbers, hundreds of millions of people.' While Nehru envisaged at least one cooperative for every village, the actual growth of cooperatives exceeded all expectations: in 2016 there were 8,33,560 cooperative enterprises in India across the states and sectors with Maharashtra occupying the highest share of cooperative enterprises (29.5%). This was followed by Uttar Pradesh, Andhra Pradesh, Telangana, Gujarat with around 7-8% (Raghavan, 2019). In terms of categories, they spread across agricultural cooperatives, consumer cooperatives, marketing, fisheries, labour and so on. While the biggest segments of the cooperative sector in India are the fish, poultry, dairy, and livestock segments (22.3%), followed by housing and primary agriculture credit cooperatives, labour societies also figure significantly in certain states such as Maharashtra, Andhra Pradesh (AP), Gujarat, Bihar and Rajasthan. In 2016, there were 46,692 labour cooperative enterprises in the country employing a large workforce. In Maharashtra alone, there were 11,665 labour cooperative enterprises. The other states with more labour cooperatives were Bihar (4577), AP (4520) and Gujarat (3544). Kerala and Karnataka had around 645 and 212 labour cooperatives, respectively. In Tamil Nadu, cooperatives were more prevalent in fish, poultry, and dairy and livestock segments. Data constraints prevented us from calculating the cooperatives' contribution to GDP, but it is evident that this sector is neither a small or insignificant economy but rather a critical one on both the employment and GDP fronts.

The cooperative landscape in India showcases both wonders and disappointments. Worker takeover of those industrial units either abandoned or closed or sick were

of the order of the day in the 1970s and 1980s. Some examples are cited below (Mayya, 2002). Kamani Tubes in Maharashtra closed down in 1985 leaving hundreds of workers in the lurch; it was taken over by the workers with the intervention of the Supreme Court, which through its classic judgment in 1988 approved the cooperative takeover of the plants. This was also based on the feasibility study done by the Board for Industrial and Financial Reconstruction (BIFR). Indeed, following the takeover, the performance was impressive both in terms of production and sale of rods and tubes; the profit figures were impressive. However, the momentum could not be sustained, and the enterprise was declared sick and finally went into the hands of a private business group in 2006. The Navsari Cotton and Silk Mills in Gujarat, which fell sick in 1986, revived in 1991 but closed in 1994 and was handed over to the Workers' Industrial Cooperative in January 1997; the revival plan with the support of the Industrial Development Bank of India and the Gujarat government helped the recovery of this venture. There were several workers' and small holders' takeovers of abandoned and sick estates, particularly of tea plantations in West Bengal, Assam, and Tripura.

In the case of Mysore Kirloskar, it was taken over by the workers in 2002 by the coming together of all the major trade unions, including All India Trade Union Congress, Central Industrial Trade Union and Bharathiya Mazdoor Sangh. The workers were able to infuse fresh working capital, supported by the Industrial Cooperative Bank; yet, the situation failed to improve. Kerala Dinesh Beedi in north Kerala was born out of the government's Beedi and Cigar Workers Act, 1966, which forced the government of Kerala and the trade union movement to take a decision to rehabilitate the workers within the cooperative fold (Thomas Isaac et al., 1988). With the formation of the Kerala Dinesh Beedi Workers' Central Cooperative Society on 15 February 1969, it was able to rehabilitate 3000 workers first, adding around 2000 workers every year, finally reaching as high as 42,000 workers, including women, by the mid-1980s, mostly from the backward castes. With the collapse of the beedi industry sector, the cooperative began to shrink in terms of employment; but it diversified and currently engages in a variety of activities including software, apparels, and food chains, offering employment to around 6000 workers, mostly women.

The cooperative landscape of India made a paradigm shift with the formation of the Self-Employed Women's Association (SEWA) as a trade union of informal women workers in 1972 in Ahmedabad (Blaxall, 2004). It grew to such an extent that its current membership is over 1.5 million (2018) poor, self-employed women workers from the informal economy across 16 states in India. It is the largest informal workers' union in the entire world. It has opened up two possibilities: first, the trade union model of cooperative, and second, composed exclusively of women, it upholds the inclusive gender power in the otherwise patriarchal domain of male-led cooperatives. SEWA has a reputation for combining union-type strategies with cooperative strategies to build a thriving economy. The

international alliances that SEWA has cultivated are reflective of its commitment to a larger worldwide solidarity and egalitarian values with gender power as the core of nation-building. It has its outreach in various sectors and segments while also maintaining international alliances with organisations that protect the interests of home-based workers such as street vendors, recyclers, waste-pickers, and domestic workers.

While the self-representation of women as embodied in SEWA has inspired women in many sectors to organise themselves with the support of the International Domestic Workers Federation (IDWF) and the ILO (International Labour Organization (ILO)), it has also given them the confidence to raise their concerns within male-led unions and cooperatives. Certain bold experiments such as the state-supported Kudumbashree in Kerala – a poverty eradication and women empowerment programme started in 1997 as part of people's planning – might well have been inspired by the women solidarities of SEWA; it is worth noting that SEWA itself makes a significant contribution to protecting the domestic workers in Kerala (Nayak, 2012). Further, while SEWA provided relief camps for riot victims in Gujarat in 2002, the Kudumbashree-run community kitchens in Kerala have catered to interstate guest (or migrant) workers during the Covid-19 pandemic.

As noted earlier, the cooperatives in India display both wonders and disappointments. The Indian Farmers Fertiliser Cooperative Limited (IFFCO), for instance, ranks first among the top 300 cooperatives of the world; Amul is another example: it was started in 1946 with the collection of 200 litres of milk; today, it collects 3 crore litres of milk daily with the help of 18,000 cooperative societies across Gujarat, and the turnover would be 53,000 crores by 2020-21. The ULCCS, which is an exclusive labour contract cooperative, now runs a business worth thousands of crores of rupees. While such huge cooperative successes abound globally as in the case of worker cooperative experiments – such as Mondragon Corporation (Spain), Gedex (France), SACMI (Italy) and so on – there have been a few disasters as well. Several cooperatives have failed to survive due to the competition from corporate capital as effects of neoliberal market conditions. Multinational companies like Cadburys put the squeeze on CAMPCO, while Coca-Cola and Pepsi put lakhs of local soda manufacturing units at risk; in some instances, they have even been fully wiped out from the local economies (Raman, 1991).

Apart from the National Cooperative Union of India (1961), the All India Cooperative Institutes Association was formed early in 1929. The National Labour Cooperatives Federation of India Ltd. (NLCF) has been established in India since 1981. It acts as the apex organisation for labour cooperatives and operates under the provisions of the Multi-State Cooperative Societies Act. As the name suggests, the NLCF's primary objective is to protect the economic and social interests of Indian labourers, work for their advancement, and organise, promote, coordinate, help and develop unorganised labour cooperatives including societies run by marginalised communities. But many challenges remain to be addressed.

Challenges, Potentialities and the State

Scholarships on various cooperatives across the West reveal that wherever they failed, it was due to their reluctance to engage with the competitive market environments. Such failure has also been attributed to technological lag and a lack of fresh financial infusion. This is true whether it is with respect to credit societies in Japan or consumer societies in Europe. It implies that the success of a workers' cooperative depends on many factors including the quality of leadership, member participation and commitment, share of the market, adaptability to innovation, governance and so on. While countries in the West continue to adapt organisational innovations and revive cooperatives (Roelants and Salvatori, 2020), India has been rather slow to adapt to the organisational and cultural changes in the larger integrated world economy. The first major challenge is how to balance the core values of cooperatives within the later capitalist world system and how best to situate them within the market economy and introduce new forms of cooperatives. In the neoliberal context in general and post COVID-19 conditions in particular, the traditionally formed cooperatives with workers, peasants, farmers, and consumers as members should be ready to scale up in new forms with business models and innovations as the core structural shift. As long as it does not compromise democracy, participation, or egalitarian values, small business cooperatives can adopt new ways of advancing further.

First of all, we need to recognise that the worker cooperatives function within the larger capitalist system. The larger system puts pressures on cooperatives in terms of access to finance, market share and competitiveness, making capitalism work as the dominant system. It becomes the responsibility of the state to provide adequate financial support for the cooperatives; it should also provide assured markets for their products. Given the fact that there is an increasing body of informal labour in neoliberal India, the potential for self-employed worker cooperatives or cooperatives of any model is quite substantial. Apart from providing employment with social security and safety, the emerging cooperatives could also expand their activities by taking up contracts with the governments and the private sector. Evidence suggests that online platforms serving primary cooperatives through horizontal integration are taking off in the country. New platform economies such as Uber and Swiggy employ large numbers of flexible workers, often called gig workers, without much social security and the potential for such workers to join cooperative forces is immense. Even as migrant workers continue to move from villages to cities and from rural to urban areas, there is increasing scope for bringing them under the umbrella of various cooperative forms depending on the nature of their employment. When more women and workers from weaker social groups are brought onto cooperative platforms, not only will their livelihoods improve, but this would also have a profound effect on the larger economy as a whole.

Post COVID- 19 Cooperative Humanity?

Why should we attempt to ideologically and philosophically situate the many labour cooperatives across the country? First, they stand for enlightening and secular values in the larger context of secular nation-building. Second, they provide the best and most sustainable models of economic and social democracy and inclusive growth within the larger corporate world. Third, they showcase gender representation of labour in social production seeking more and equal rights and dignity for work. Governments should make cooperative development a conscious policy choice as they have proven to be invaluable in enhancing egalitarian progress for the workforce within the country.

As noted earlier, the political leaders are confident that cooperatives will play an important role in making India a US \$ 5 trillion economy. However, it is important to note that these prospects are unlikely unless a paradigm shift occurs. As there are many dysfunctional cooperatives in India, it would require new technology, finance, and skilled and imaginative innovation in order to reorganise the cooperatives in contemporary times. As the government in power is also envisaging a new Cooperatives Act, it is important to note that it should protect federal values and the states' interests as cooperatives are deeply rooted within local cultures. **With the 97th Constitution Amendment Act, 2011, India has committed to promoting voluntary formation, autonomous functioning, democratic control and professional management of the cooperative societies, yet no significant improvement has taken place. With the opening of the new Ministry of Cooperation to streamline processes for 'ease of doing business' for cooperatives and to enable the development of Multi-State Co-operatives (MSCS), the situation may change.** How far the Indian cooperatives take up this challenge depends not only on worker unions, irrespective of ideological divisions but also on the government's active support. While the reduction in Alternate Minimum Tax in the Union Budget 2022-23 for cooperatives from the current 18.5% to 15% is greatly appreciated, it is insufficient to make a significant impact. Equally important is whether the workers' cooperatives are able to adjust themselves to the changing labour market situation either through their own remuneration or through institutional innovations, diversification and so on.

Like every other country in the world, India has been suffering during the COVID-19 crisis. The pandemic is becoming endemic in nature. In view of the fact that the COVID pandemic was not just a public health or epidemiological crisis, but one involving the moral economy as well, it is imperative that the country create and preserve morally adequate organisations such as cooperatives, whether they be worker cooperatives, peasant cooperatives or farmer's cooperatives. With its diversity and inclusiveness, a country can make an enormous contribution to the notion of post-COVID-19 cooperative humanity. India should not fail in this regard: cooperatives should continue to be the heartbeat of the country.

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Workers Play the Decisive Role in Building a New India

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In his famous 'Tryst with Destiny' speech, Jawaharlal Nehru defined the newly independent nation's goal as removing 'poverty and ignorance and disease and inequality of opportunity'. Seven decades and more later, achieving that remains very much a work in progress. In building a nation so envisaged, labour has to serve not just as a key instrument but also as an agent, a driving force.

Whether you subscribe to the labour theory of value or follow conventional economics, which holds labour to be a factor of production, labour is intrinsic to the process of transforming inputs into a more valuable output. So, all value creation calls for labour to play a role. As those familiar with national income accounting know, Gross Value Added (GVA) is the sum of gross profits and wages and salaries. In other words, national income comprises the return to capital and the return to labour.

Labour in this context is not just blue-collar labour. The term 'worker' conjures up a picture of a man (it is mostly a man, at least in visible work, in the Indian context) in grease-stained overalls, wielding a wrench and waiting for the siren to announce the end of his shift so that he can leave the factory, drained. This archetypal worker is the manufacturing worker, a minority in today's world of work even in countries such as China and South Korea, acknowledged manufacturing powerhouses. The bulk of workers is in agriculture in low-income countries and in services in all those countries that qualify as at least middle-income.

Trends in Global and National Employment

Manufacturing output as a proportion of total output peaked in 2004 at 18% for the world as a whole¹ and has been coming down since, touching 15.6% in 2019 (the share went up in 2020, but that figure is distorted as the pandemic shut down services far more than it did other sectors of the economy). Perhaps we could look at industry, a broader category that includes, apart from manufacturing, mining, construction, electricity, water, and gas. The share of value-added in industry for the world as a whole came down from 34.4% in 1994 to 26.2% in 2019.² Employment in industry came down from nearly 22% in 1991 to 20.3% by 2002, started to rise, peaked at 23.32% in 2012, only to decline thereafter, to touch 22.7% in 2019.³ The bulk of world output and employment is in services; the sector's share in the output has gone up from 51.5% in 1994 to 64.3% in 2019,⁴ and in employment from

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¹ <https://data.worldbank.org/indicator/NV.IND.MANF.ZS>

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³ <https://data.worldbank.org/indicator/NV.IND.TOTL.ZS>

⁴ <https://data.worldbank.org/indicator/SL.IND.EMPL.ZS>

36.3% to 50.6% over the same period⁵. The proportion of the workforce engaged in agriculture for the world as a whole came down from 43.7% in 1991 to 26.8% in 2019.⁶ Global value added in the sector declined from 9.8% in 1994 to 3.8% in 2019.⁷

There is no reason to believe that the trend would be any different as the Indian economy evolves and undergoes a structural change, as has occurred in countries that have moved up the income ladder. In India, when economic reforms were launched in 1991, the share of employment in the primary sector was 63.3%, and it declined to 42.6% in 2019, the pace of decline accelerating over 2010-12 but not sustaining it.⁸ As urbanisation and other infrastructure projects pick up steam, that accelerated trend could pick up again.

Industrial employment in India rose from 15.2% in 1991 to 24.4% in 2012 at a fairly steady rate and continued to grow, but at a slower pace thereafter, to reach 25.1% in 2019.⁹ The share of industry in total output, having gone up from 20.8% in 1960, rose to 28.6% in 1995, dipped for the next couple of years, resumed its climb to the peak at 31.1% in 2008, and began to fall rapidly, to reach 23.5% in 2019.¹⁰ Services employment has seen a steady climb from 21.5% of the total in 1991 to nearly one-third, 32.8%, by 2019.¹¹ Services output rose from 37.8% of GDP in 1991 to 49.9% in 2019.¹²

Agriculture, forestry, and fishing employed 63.3% of the workforce in 1991¹³ and produced 27.3% of the output. The sector's share in employment shrank to 42.6% by 2019,¹⁴ while its contribution to GDP came down to 16.7%.¹⁵

Urbanisation and Migration

Services and industry tend to grow at a much faster clip, compared to agriculture. More jobs are created in services and industry, and these sectors grow in towns rather than in villages. To take up the new jobs, people migrate from village to town. This is the driving force of urbanisation. As India grows, urbanisation will

⁵ <https://data.worldbank.org/indicator/NV.SRV.TOTL.ZS>

⁶ <https://data.worldbank.org/indicator/SL.SRV.EMPL.ZS?end=2019&start=1991&view=chart>

⁷ Employment in agriculture (% of total employment) (modelled ILO estimate) | Data (worldbank.org)

⁸ <https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?>

⁹ Employment in agriculture (% of total employment) (modelled ILO estimate) - India | Data (worldbank.org)

¹⁰ <https://data.worldbank.org/indicator/SL.IND.EMPL.>

¹¹ [ZS?locations=IN](https://data.worldbank.org/indicator/SL.IND.EMPL.ZS?locations=IN)

¹² <https://data.worldbank.org/indicator/NV.IND.TOTL.ZS?locations=IN>

¹³ <https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS?locations=IN>

¹⁴ <https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS?locations=IN>

¹⁵ <https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?locations=IN>

spread. Building of new towns will be both a driver of growth and the result of growth.

Construction will eventually become capital- and machinery-intensive. Right now, it is fairly labour-intensive in India, and one of the factors that drive up wages across the board. A construction boom – of roads, bridges, sewerage networks, transmission lines, urban rail transport, waterways, telecom towers, optical fibre networks, besides office space and factories – would draw rural labour to towns.

For villagers to leave home for the city, urban earnings have to be higher than in the village. When a large enough number of workers leave rural areas, wages go up in rural areas as well. The result of a construction boom is to raise wages across the board. This is part of the explanation for the rise in real rural incomes for six years on the trot over 2008-14 and a dramatic fall in poverty that caused the embarrassed government then in office to revise poverty norms upwards to tamp down the magnitude of emancipation from poverty.¹⁶

Given the higher contribution to GDP per worker in industry and services, compared to agriculture, to move people out of agriculture and into towns is itself a poverty alleviation measure. For the world as a whole, urbanisation has been a steady, growing trend. One-third of the world's population lived in towns in 1960, and by 2020, that proportion had gone up to 56.2%.¹⁷ China was 16.2% urban in 1960; the urban share of the population nudged up, two decades later, to 18.6% in 1979,¹⁸ when Deng Xiaoping launched China's economic reforms. These built on huge investments in human capital as well as in physical infrastructure, the animal spirits of capitalism being unleashed in China not long after the Communist revolution. The pace of urbanisation picked up, too, and by 2020, China was 61.4% urban.¹⁹

India's pace of urbanisation has been tepid, by comparison. We do not yet have the Census figures for 2021, and those should suggest a pick-up in pace since 2011. It is estimated that 17.9% of Indians lived in towns in 1960; this figure went up to over 31% in 2011 and is expected to have reached 35% in 2020.²⁰ If India were to become 50% urban over the next couple of decades, that would mean over 20 crore people moving from village to town. At a population density of 12,000 per sq km, nearly 17,000 sq km of additional urban space would need to be built up.

¹⁶ The government set up the Rangarajan Committee in 2012 to revise upwards the threshold income to escape poverty, after public criticism of the allegedly inadequate upward revision of the consumption level required to be classified non-poor according to the Tendulkar Committee set up in 2005; see, for example, <https://www.niti.gov.in/writereaddata/files/presentation%20for%20regional%20meetings-%20NITI%20AAYOG.pdf>

¹⁷ <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS>

¹⁸ <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=CN>

¹⁹ <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=CN>

²⁰ <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=CN-IN>

Even if one-third of this additional area is created by the redevelopment of existing towns, nearly 12,000 sq km of additional rural land would need to be released for urbanisation, the people who lose their traditional livelihoods drawn from the land retrained, rehabilitated and redeployed in new work. This is a massive challenge. At the same time, building new urban spaces on the scale required would create tremendous new opportunities for growth, in materials, construction equipment and technologies, green energy, energy management, public transport, healthcare, and education.

The hordes of migrants to new towns will take up new occupations and build and constitute the new India. They would shape the new norms of coexistence and culture of future India, hopefully, relatively free from traditional identity-linked behavioural norms of the past. The crowded, work-oriented, collaboration-intensive nature of work in towns would force the new migrants to give up some notions of physical separation of spaces for different castes that still prevail in many parts of India. You cannot travel on buses, suburban trains, or metros observing norms of pollution by touch, leave alone of proximity. Factory and office canteens, as well as street-food joints and restaurants, impose what social reformers of the past used to call inter-dining among members of different castes and communities.

Migration patterns change. Economic Survey 2016-17 discussed the growth in internal migration in India. Migration accelerated in the 2000s, compared to the 1990s. But an even more striking feature was that women, who traditionally migrated from their natal villages primarily on account of marriage, have been migrating for economic reasons at an added pace. 'Another interesting finding of this study is that the acceleration of migration was particularly pronounced for females and increased at nearly twice the rate of male migration in the 2000s.'²¹ As more women migrate and enter the urban workforce, the likelihood of individuals making their own choice of life partners and of marriage across caste and community lines increases. This would contribute to changing the traditional social structure. Of course, there is no linear progress in women's sexual autonomy with growing urbanisation. Conscious efforts to counteract it are at work, as seen in social mobilisation to retain traditional values. However, nowhere in the world has the hold of tradition held back the forces of change, as testified by falling fertility rates in conservative Catholic and Islamic countries or of women entering the workforce in ever larger numbers in these countries.

Towards Formalisation

As young Indians enter the workforce, there are relentless pressures at work to formalise their terms of work. Pressure comes from multiple sources. One is tax. The Goods and Services Tax (GST) commenced in 2017. By 2021, 1.1 crores out of India's total estimated number of enterprises of 6.33 crore are registered as regular

²¹ <https://www.indiabudget.gov.in/budget2017-2018/es2016-17/echap12.pdf>

taxpayers, including a great many microenterprises. As per the National Sample Survey Organisation 73rd Round findings, there were 6,33,92,000 non-agricultural enterprises in the country in 2015-16. Of these, 84.2% were own account enterprises, hiring not even a single outside worker.

GST has an inbuilt tendency to make companies formal. Once a company pays GST at a certain rate, the value added by the company is revealed, as tax paid divided by the rate of tax. The value added necessarily is the sum of gross profits and compensation to employees. Now, companies increasingly have an incentive to show rather than conceal their profits, as that helps them attain valuations either on the stock market or in private estimation, leading to higher creditworthiness. If profits are not concealed, a given gross value added by an enterprise leads to an easy estimation of employee compensation, which opens the room for proper accounting of the number of employees. If profits are inflated, in order to reduce the component of employee compensation, the tax on profits would go up. In other words, some data analysis and diligent follow-up can lead to the elimination of informal work in GST paying enterprises. As GST becomes intertwined in the network of enterprises, new audit trails will keep getting generated, leading to ever greater transparency.

Companies that pay GST would much rather buy from companies that are also GST compliant, in order to claim the input tax credit. That is one reason why more than 16 lakh companies with an annual turnover below Rs 20 lakh – which are thus eligible to pay 1% of turnover as GST as composition fee without themselves claiming any input tax credit – are also registered under GST, in addition to the 1.10 crore regular taxpayers registered under GST.

There is another source of formalisation, which can only grow bigger as Indian companies become better integrated into the global economy. There is ever greater consumer pressure for brands to ensure that their products and services can be used with a clear conscience. Compliance with environmental, social and governance (ESG) norms is becoming critical for companies with the ambition to source finance or sell widely, whether under their own brands or as suppliers to multinational brands. Labour norms, including wages, occupational safety and diversity, are likely to be forced upon Indian companies through their international engagement.

Then there is the corporate maturity factor. As a larger number of Indian companies graduate from the mindset of making a quick buck to sustained growth and brand acceptance, they will need to invest in quality. Modern manufacturing calls for a rejection rate below 10 parts per million. That order of quality cannot be produced by workers who work under duress; rather, it calls for workers who derive creative satisfaction from what they do. That means workers being paid better, getting proper and frequent training and being provided with a decent work environment. This might sound fanciful at present when companies that think on such lines are few and far between, but the logic of building quality points in that direction.

As service and industry jobs call for rising levels of quality and productivity, to stay competitive in the global market, pressure will mount to improve the quality of education. While talk of integrating education with the skills required by the economy is now in fashion, soon the realisation will dawn that skills are transient in a fast-changing global economy and that what counts is a decent basic education that permits people to learn new skills throughout their lives. Right now, in most parts of the country, people try to compensate for the broken state school system with increasing resort to private education. But states like Delhi and Kerala are demonstrating the viability of revamping the state school system to improve quality. In conjunction with new technology tools that can be accessed via a smartphone, it should be possible to improve the quality of education, in order to produce a productive, skill-upgradable workforce.

Driving Better Welfare

India's workforce will force positive changes in the provision of healthcare and social security, as well. The pandemic has spotlighted the need for universal social security and how dependent large swathes of the Indian economy are on migrant workers. While there have been sporadic efforts to provide social security to informal sector workers through sector-specific legislation such as in the case of construction workers, social security has been a privilege accorded only to organised sector workers. A part of the yet-to-be notified Labour Codes passed by Parliament, the law seeks to provide social security to informal workers across the board, including gig workers. This is the way to go. A portion of a worker's earnings has to be docked to pay for post-retirement or disability benefits and current medical insurance, with supplementary contributions from the state when incomes are below a particular threshold. Such mandated saving would do two things: one, by being built into the cost structure of goods and services, spread the cost of social security across all consumers of goods and services, that is, society in general; two, generate financial savings that, agglomerated, form large pools of capital that can be deployed to build vital infrastructure and generate long-term returns for pensioners.

All these gains accrue, even without workers playing an active role as agents of change. While the vision of industrial workers as the vanguard of social change might have become dated, there is no gainsaying the scope for organised mobilisation of large sections of society for progress or its opposite. If workers' organisations see the virtues of democracy and the gains to be had from broad-based, globalised growth, instead of seeing these as illusory diversions from millenarian goals that had led nations down totalitarian paths, organised workers can play a role to deepen democracy as well.

Workers will define and build new India, by means of their location, their activity, and the inevitable investment in their human capital and financial provision for their social security.

Labour in the Process of Development

Arup Mitra*

Role and Contribution

An important aspect of inclusiveness can be assessed in terms of employment generation in relation to economic growth. Any reduction in employment can have an adverse effect on output as there may be a deceleration in demand. In fact, in the present context of the COVID-19 pandemic-related lockdown, the subsequent livelihood loss bears testimony to this argument. The effective demand in the economy has fallen so drastically due to the loss of purchasing power that economic growth is unable to pick up. While pursuing capital-intensive technology in the production process these facts pertaining to the demand side need reflection. The new technology, which is increasingly becoming labour saving, may not be able to sustain long-run growth due to the lack of effective demand. Export demand has a number of constraints; unless the competitiveness is extremely high it is unlikely that exports will see long-term growth. Hence, the classical conceptualisation of a close association between growth and employment is relevant for the long-run steady-state of the economy.

In a labour-surplus country like India, the remuneration of labour has always remained modest, which has enabled the entrepreneurs to reap profits of higher magnitude, resulting in newer investment and expansive economic activities. The contractualisation process, for example, has facilitated the process of cost-minimising behaviour. The flexibilisation in the labour market may have hampered labour's interest and well-being but that has helped the employers to pursue profitable ventures. Over time the share of labour has declined considerably in the manufacturing sector, contributing to the competitiveness of the economy.

Within the agriculture sector, the small farmers and hired workers have contributed significantly to multiple cropping, enhanced production, and self-sufficiency that the country has achieved in a cost-efficient manner. Without much support from the government, unlike the large farms, they have taken recourse to livelihood diversification which has eased the supply of labour to various other activities. The rural non-farm sector, for example, has not faced the scarcity of labour. Several construction activities could take place without incurring huge mobility costs. Despite instances of labour exploitation many of the infrastructure-building programmes were successful because of the willingness of labour to accept wage cuts which are part of the subcontracting processes. In the urban areas, a huge range of construction activities could be carried out precisely because of the availability of cheap labour, pursuing activities under inhuman living conditions, and withstanding gross ill-treatment. In several instances, the minimum wages do not get delivered to the workers because of the layers of subcontracting processes involved in the hiring practices. Majumdar's (1983) work on the 'urbanising poor'

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rightly points to the enormous contributions that labour makes in the rapid process of economic growth originating from the large urban spaces. Agglomeration economies can be reaped as the labour turnover cost is low in the large cities, contributing to rapid productivity growth. Although labour also benefits in a large city compared to a small town, the services it offers are of more value in relation to the remuneration and other facilities it receives.

A wide range of essential services is provided by the labour to the middle income and higher-income households. The informal economy manufactures goods at the minimum possible cost and sells goods and services with an insignificant profit margin. Several households are able to meet their consumption expenses because these goods and services are provided by the workers in the informal economy. Many workers are able to create their sources of livelihood within the informal economy instead of depending on government support. In a sense, they help release the resources which could be spent on building the economy. Even within the formal sector, the informalisation process enables it to keep the cost low and generate investable resources.

The study by Hayami and others (2006) calculated the value added created by the garbage pickers and concluded that was much more than the income they are able to generate for themselves. Further, the value added was much higher than the cost the government would have to incur in appointing workers to clean the garbage.

In many instances, the city governments are averse to the presence of migrants, particularly from the rural areas. Hence, several efforts are made to keep them away from the city space. The migrants contribute to the growth of cities in a number of ways. The labour supply for undertaking several urban activities simultaneously is maintained at a stable level, keeping costs within reasonable limits. The cost of manufacturing production is much cheaper in India compared to many developed countries, precisely because labour is available abundantly at a low wage rate. Technically sound and skilled labour operates the technology optimally and makes resource utilisation cost-effective, which in turn contributes to steady productivity growth. In fact, the development of suitable technology is possible with the help of skilled labour. Even within the informal economy and without being formally trained, labour is capable of creating appropriate technology which creates livelihood sources. Many workers operating within the domain of the informal economy have acquired skills outside the formal system without any cost to the public exchequer being involved. They have learnt to perform in stringent situations and with meagre resources. The existence of the informal economy facilitates the operation of a wide range of high-productivity activities in a cost-efficient manner. The amount of dynamism it injects into the economy through various channels forms the backbone of the nation.

On the whole, the role of labour in creating far more value added than the remuneration it receives has been highly significant for different activities, regions and sectors. Labour unrest at different times may have disrupted production in some sense, but this is largely because of politicisation. In a wider context,

the contribution of labour in building infrastructure and generating growth is noteworthy. In many cases, labour is used as a substitute for the scarce resources required in the process of production. Without the supply of inexpensive labour, the cost advantages and the competitiveness of the country would have been drastically affected, raising the import dependency, and aggravating foreign exchange scarcity. By making the Indian economy relatively self-sufficient labour is able to protect it from the adversity of several global phenomena.

Foreign investors have found the Indian subcontinent a land of green pastures primarily because of the flexibility that the labour market offers. Even without the labour market reforms, mechanisms have existed to introduce flexible hiring and firing practices. The Foreign Direct Investment (FDI) might not have grown much over time but that is because of several other reasons and not necessarily the labour market conditions.

New technology, particularly in the wake of the fourth industrial revolution, is expected to create large-scale unemployment worldwide. However, in the Indian scenario, experts are hopeful that labour will be able to cope with the new requirements and manage to earn its livelihood without much difficulty. This optimism is because of the struggles labour has undergone over the centuries and its success in mitigating the challenges without much state support.

Hard Facts

Poverty in the rural areas persists both in the agricultural sector and the non-farm sector. Mechanisation, water shortage and climate change effects have rendered agricultural labour redundant, and disguised unemployment has been significant. The lack of demand-induced activities in the rural non-farm sector has led to the supply-push phenomenon. Marginal activities may raise the share of the non-agricultural sector, and the process of urbanisation may have been underway, but that does not result in sustainable development and livelihood. The massive growth of the census towns between 2001-2011 is a witness to this fact. The rural transformation was not accompanied by the growth of demand-induced activities and the emergence of the new towns (not recognised by the government as statutory towns) is rather deceptive if urbanisation is to be taken as an indicator of development. The expansion of the city limits and the rural hinterland being considered as a part of the city agglomeration is interesting but whether it is able to create employment opportunities for the rural population is a critical question. A continuous change in the land utilisation pattern has rendered many farm households redundant and jobless. The policy interventions will have to reflect these rapid changes that have been occurring in the recent past.

Agglomeration economies or external economies are important as they result in higher productivity growth in large cities. Both the producers and the workers try to locate themselves in such spaces as concentration simultaneously raises the efficient utilisation of resources and reduces job search cost. Part of the productivity gains is transferred to the workers in terms of higher real wages,

which is known to the potential rural migrants. Hence, the population movement process from the rural space gets directed to the large cities. The caste-kinship bonds and other informal networks which facilitate the job market information flow and help potential migrants move to urban spaces involve a strong inclination towards large cities in spite of land and housing scarcity. The policy initiatives will have to recognise the fact that though migration rates from the rural to all urban areas are moderate, the rural to large city migration is rapid and rational from the point of view of the migrants. Hence, an exclusionary urban policy is not the right method of reducing the city burden; rather, creating amenities and empowering the poor to take advantage of the agglomeration economies would be a cost-reducing way of generating growth by creating employment. Several of the low-income households in cities create a great deal of value addition and in return earn much less than the contribution they make. Infrastructure support and other income support measures are indeed justified.

The Periodic Labour Force Survey (2017-18) which has information on the same households over different sub-rounds within a year shows that some workers do not remain within the same activity throughout. They depend on different activities in different seasons or keep shifting from one activity to another as sustainable livelihood sources are shrinking. Besides, at a given point in time, some workers have to depend on multiple sources of livelihood or engage in a number of petty activities as one source is not sufficient to provide a subsistence level of income. Some of the workers engage themselves in two or more subsidiary status activities simultaneously while some augment their income by working in a principal and a subsidiary status activity. The livelihood diversification strategy is beneficial for households as it helps smoothen consumption expenditure. Else, fluctuations in consumption can push some of the households, particularly those marginally above the poverty line, into the domain of poverty and such fluctuations severely affect the productivity of the workers. However, on several occasions, households remain below the poverty line in spite of pursuing multiple sources of livelihood.

The recent pandemic and the subsequent lockdown wiped away many sources of livelihood in the urban space – and more so in the large cities – which attract migrants on a significant scale. Return migration occurred, raising the vulnerability of the workers. The regions which had lower unemployment rates before the pandemic experienced a hike. Regions with higher levels of urbanisation, large cities and those with higher rates of rural-urban migration are the ones that encountered a huge jump in the unemployment rate. The complete closedown of the informal sector forced millions of workers to become openly unemployed and could bring in considerable overlaps between unemployment and poverty, a situation quite opposite to what prevailed during normalcy as unemployed were usually those who could afford it. There has been severe stress in the rural sector: those who have returned to the rural areas cannot get absorbed in gainful activities as the rural non-farm sector involves few demand-induced activities. On the other hand, the agricultural sector has already been in a state of excess supply of labour. Return

migration only meant the same activity and income being shared by many, which again adds to the plight of the working poor.

Directives

Opportunities for human capital formation will have to be provided extensively. In remote areas and small towns, massive investments will have to be made to improve the employability of the workforce. This will help create better avenues for growth and employment generation. Even when people migrate from such areas to the large cities in search of jobs, they will be able to make the move with better bargaining power. On the other hand, labour mobility with poor human capital formation only aggravates the problem of excess supply of unskilled labour, in the face of which wages remain stagnant. The beneficial effects of agglomeration economies get neutralised and are not experienced by all sections of the workforce, resulting in increased wage inequality and no improvement in living standards of those located at the lower echelons. Thus, even the large cities have been witnessing vast islands of poverty amidst prosperity.

In various countries, it has been observed that in regions which particularly lack opportunities for progress, the educated unemployed youth tend to participate in unproductive activities, leading to insurgency and social unrest. Subsequently, it is observed that they exert a strong influence on residents who are less educated, motivating them to revolt against the establishment. Since such an approach is usually destructive in nature, with eruptions of frequent violence, resulting in loss of life and resources. Any attempt to initiate developmental programmes in these regions then fails miserably. The disturbed atmosphere is then a disincentive for new investment in these regions. The lack of adequate infrastructure, in any case, reduces investment flow. On top of that, violence works as a major retarding force. Much of the scarce resources then get diverted to controlling crimes instead of being spent on developmental programmes. Even if such unrest and rebellion began with legitimate grievances, it is often observed that the extreme approach leads to a chaotic outcome. Crime and poor governance are the major causes of sluggish flow of FDI and domestic investment in such pockets. On the other hand, government investment receives major opposition from the local residents and thus remains unsuccessful. All this leads to a vicious circle of stunted development, lack of opportunities to improve living conditions, and low levels of productivity.

In the Indian context, however, labour has been modest and has invariably played a constructive role in the process of development instead of entering into aggressive negotiations and boycotting from effective participation. India owes to labour much more than any other factor of production.

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Situating Labour Migration in India's Development Journey

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Introduction

Migration is one of the defining features of the contemporary world of work and is integral to the process of social and economic development. The 2030 Agenda for Sustainable Development provides for a strong link between decent work and migration in Sustainable Development Goal 8 (SDG) of promoting 'sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all'. Target 8.8 of the SDG stipulates the protection of 'labour rights' and promotion of 'safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment'.

This article situates the role of labour migration in India's development journey during the post-Independence period. It deals with both the prominent forms of labour migration: internal labour migration within India and international labour migration from India. Such an analysis is critical given that in both these forms of labour flows, the magnitudes involved are quite large and such labour mobility has contributed immensely to improving the lives of migrants and their families and been a major driver of development in the source and the destination regions. The article also highlights certain strategies to make the policies related to labour migration more migrant-centric so that they enhance migration outcomes and thus pave way for a more effective and sustained contribution of migrants to India's development journey.

Magnitude of Migration

A rapid increase in internal labour migration flows is a distinctive feature of the contemporary labour landscape in India. However, a major issue concerning labour migration is that of measurement: most migration indicators measure stocks of migrant population and severely under-enumerate migration flows. Thus, while lifetime migration may be adequately represented, short-term, seasonal and circular migration are inadequately measured (Srivastava and Sasikumar, 2003). The growing informalisation of employment relations in recent decades has accentuated the measurement problem.

Internal Migration

Till recently, the decennial population Census and the quinquennial migration surveys conducted by the NSS have been the two vital sources of migration data in India. The Census, which is the most important source of migration data, captures stable/permanent migration, but a large number of labour migrants are

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temporary, and these migrants are not readily enumerated in the Census. India's 2011 Census shows a large increase in migrant population from 315 million in 2001 to 456 million in 2011. Nearly three-fourth of migrants in 2011 report marriage and family-related factors as the reason for migration. Only about 10% of the total migrants in 2011 report work-/business-related reason for migration. Estimates from the National Sample Survey Office (NSSO) (2007–08) show that temporary labour migration within India is seven times larger than permanent movements and that in the case of the poorest households or those of the Scheduled Castes/Scheduled Tribes, temporary migration is up to 16 times the volume of permanent migration (ILO, 2020).

Several studies and reports have demonstrated that these numbers from the Census and the NSSO severely under-enumerate the total number of migrants, especially shorter, seasonal and circular migrants. This under-enumeration has been variously estimated as between 30 to 100 million. Studies also indicate that these excluded migrants account for the bulk of contemporary internal labour migration. This increasing trend of internal labour migration, especially in the last few decades, has been highlighted in the *Economic Survey of 2016-17*, which estimated the annual flow of internal migrants to have surged from 3.3 million to 9 million between 2011 and 2016. The majority of them are presumably short-term labour migrants (Government of India, 2017).

Lack of reliable information on the magnitude and characteristics of short-term migrants was further highlighted in the context of the COVID pandemic when a large proportion of short-term migrants decided to return to their native towns when a nationwide lockdown was announced to prevent the spread of the pandemic. Policy response to such a sudden and unanticipated movement of a large migrant population was to a large extent stymied by the absence of credible information on short-term and circular migrants. The Ministry of Labour and Employment, Government of India, has sought to overcome this data limitation by launching an All India Survey on Migrant Workers in 2021, currently being undertaken by the Labour Bureau. This survey, which focuses on capturing the nature and characteristics of migrant workers, including short-term migrant workers, is expected to be a game changer in terms of providing much-needed information to facilitate evidence-based policymaking on internal labour migration in India. Further, operationalisation of eSHRAM portal, the first-ever National Database of Unorganised Workers, including migrant workers, is a major effort to address the existing inadequacies on data pertaining to the unorganised sector workers.

International Migration

India currently occupies a unique position in international migration. In 2020, of the 281 million international migrants worldwide, Indians accounted for the largest number of migrants (18 million) in terms of country of origin. Similarly, in 2020, with an inflow of US\$ 83 billion, India was the largest recipient of workers' remittances in the world. In fact, India has been the largest recipient of remittances since 2008, with its current inflows accounting for nearly 12% of the global remittance flows.

Two distinct types of labour migration have been taking place from India since Independence: people with technical skills and professional expertise moving to countries such as the USA, Canada, UK, and Australia as permanent migrants (since the early 1950s); and low and semi-skilled workers migrating to oil-exporting countries of the Middle East on temporary contracts, especially following the oil price increases of 1973–74 and 1979. Following the International Labour Organization's (ILO, 2018) estimate of nearly 63% of the global migrant population being workers, we arrive at a figure of close 11-12 million Indian workers worldwide. The data on labour outflows, particularly low- and semi-skilled, is captured by emigration clearances. This is a statutory requirement for those with emigration check required (ECR) passports – issued to persons with an educational attainment below 10th standard – migrating to 18 ECR countries, which includes all the Gulf Cooperation Council (GCC) countries. In fact, more than 95% of the clearances obtained during 2010–19 were for migrating to GCC countries. In terms of annual labour outflows, nearly 0.6 million low- and semi-skilled workers, on average, obtained emigration clearances to migrate to GCC countries for employment purposes during 2010–2019.

Apart from the Non Resident Indians, persons of Indian origin are present in most parts of the world. The waves of Indian migration, including those in ancient times and during the 19th century, 20th century and the period after Independence, have contributed to the evolution of a strong diaspora in many countries. L.M. Singhvi, Chairman, High Level Committee on the Indian Diaspora (2001), notes, 'The world is so large...the world of the Indian diaspora is so large that the sun never sets on it – from Fiji to the Caribbean, to the Pacific – everywhere you have people of Indian origin and in many countries, they are of substantial number.' The stock of persons of Indian origin all over the world is currently estimated to be around 18-20 million.

Impacts of Migration

Internal Migration

The major impacts of internal migration on source areas occur through changes in the labour market, income and assets, and the pattern of expenditure and investment. Although outmigration potentially has the effect of smoothing out employment over the annual cycle, rural outmigration could cause a tightening of the labour market in some circumstances. However, empirical evidence from out-migrant areas does not often attest to this. This may be because outmigration often takes place in labour surplus situations. Even if labour tightening is not an outcome, outmigration may still speed up qualitative changes in existing labour relationships in rural areas, and thereby affect the pace of change.

This may occur in several ways. There is a well-documented impact of migration on attitudes and awareness as migrant labourers and return migrants are more reluctant to accept adverse employment conditions and low wages. Studies show that a majority of seasonal migrants either remit or bring home savings.

In many cases, a substantial proportion of household cash income is attributed to migrant earnings (Srivastava and Sasikumar, 2003). It does appear that the income and consumption levels of migrant households are generally higher than those of similarly placed non-migrants. Remittances are mainly used for purposes like consumption, repayment of loans and meeting other social obligations. These constitute, in effect the 'first charge' on migrant incomes. The evidence on investment is, however, mixed. Investment by migrant households on housing, land and consumer durables is common and migrant income is also used to finance working capital requirements in agriculture. Evidence of other productive farm or non-farm investment is scarce but a number of studies do report such investment by a small percentage of migrant and return migrant households

Several studies show that migrants contribute in many ways to the economic progress of the destination regions. From a labour market point of view, migrant workers provide a continuous supply of labour for critical economic activities like construction and other low-skilled services in the destination centres. Seasonal labour migration is pivotal to meet the labour requirements of agricultural activities in many regions of India. In vital manufacturing activities like textiles, food processing, etc., migrant workers constitute an overwhelming proportion of the total workforce. The contribution of migrant workers in developing the infrastructure is also very well documented. At the higher end of the occupational spectrum, migrant workers meet the necessary skill requirements.

While shortages of local labour provide an important rationale for the deployment of migrant workers, most evidence shows that wage cost reduction is one of the major factors influencing the decisions to recruit migrant workers. This has often resulted in situations where migrant workers, especially those with low skills, are paid low wages, which in turn adversely affects their living conditions. As a majority of the migrant workers are engaged in the informal economy, they face major occupational and safety risks in the work processes. Poor living conditions and limited access to water and sanitation facilities make migrant workers vulnerable. The COVID pandemic and its adverse effects on migrant workers highlight that short-term labour migrants are more susceptible to unforeseen disasters and also that there is an urgent need to address certain long-standing structural issues to improve migration outcomes (Srivastava, 2020).

International Migration

Migrant workers often fill critical labour and skill gaps in the destination countries. Research studies report that as migrant workers tend to complement rather than substitute the skill sets of native workers, migration can also increase demand for goods and services in countries of destination. Further, because migrants are often entrepreneurs, they contribute to creating new jobs in host societies. The taxes and contributions to social security programmes that migrants make tend to be greater than the amount they receive in benefits. The contributions that Indian migrants

have made to the economic and social progress of nations, especially in major immigrant-receiving countries like the US, UK, Canada, and the GCC region, are very well documented in several major reports and studies (ICWA, 2001).

The flow of remittances remains the most widely recognised immediate benefit from international labour migration. Remittances are one of the most stable sources of foreign exchange, providing external account stability even in times of global slowdown. In terms of the macro-level impact, the impact of remittances is most significant in the context of balance of payments. Remittance flows during the past three decades have financed a large proportion of the balance of trade deficit and thus reduced the current account deficit. In fact, during the 1980s, when India faced a severe balance of payment crisis, foreign remittances were in a position to finance as much as 40% of the balance of trade deficits.

At the micro-level remittances have had a stabilising effect on household income and contributed significantly to raising consumption expenditure, thus bringing down the poverty level. At the individual level, the quality of life, as manifested in education and health indicators, has markedly improved. In most cases, a significant percentage of remittance-receiving households report that they save at least some part of remittances. Hence, the savings of the remittance-receiving households are significantly higher than those households not receiving remittances. However, the quantum of savings, particularly among low-skilled migrant workers' households, is not substantial. It is noteworthy that the propensity to save among remittance-receiving households is reported to have increased considerably in recent years. Such a tendency is mainly due to the fact that with the rise in the overall educational attainment of migrant households, there is growing awareness about saving avenues.

Migrant workers, especially low- and semi-skilled, encounter various problems in different stages of the migration cycle. Exorbitant recruitment costs and fraudulent recruitment practices are the major problems experienced in the pre-migration phase (Sasikumar, 2019). High recruitment costs have serious implications for the welfare of the migrants and their households as these costs are often financed through informal loans and borrowing involving high rates of interest. A significant portion of migration earnings, especially the initial earnings, is then used up for debt servicing. Premature termination of job contracts, changing the clauses of the contract to the disadvantage of the workers, and delay in payment of salary constitute the key challenges faced by migrant workers in the destination countries. Some of the key policy interventions in recent years, such as operationalising eMigrate for granting emigration clearances and signing of bilateral labour agreements with destination countries, are expected to address these issues and improve migration outcomes.

Migrant-centric Approach to Maximise Migration: Development Synergy

A migrant-centric policy framework that creates an enabling framework to improve migration outcomes can be a pivotal catalyst for the growth and development

process of India. From the perspective of internal labour migration, policy measures such as generating credible data and up-to-date information on short-term labour migration; pro-poor development of backward regions to discourage labour market dualism; effective enforcing of relevant labour regulations and focus on incentivising compliance; providing decent housing and sanitation conditions to migrant workers in the destination centres through government-employer collaboration, even if it entails charging rent from workers; setting up of migrant resource centres in major origin and destination pockets of migration with active involvement of local self-government institutions; and ensuring portability of social security entitlements (like the recently introduced one nation–one ration card) can significantly scale up migration outcomes.

So far as international labour migration is concerned, the policy architecture should focus on aspects such as substantial reduction of recruitment cost (an immediate step to tackle the high recruitment cost is to bring sub-agents in the migration system under the provisions of the Emigration Act); expanding the outreach of e-Migrate, a transformational initiative on international labour migration governance in India to automate migration processes and the related ecosystem; assessing the broader impact of the migration of women workers, beyond the immediate economic angle (including the potential of such migration to promote the social empowerment of women and reshape gender power relations at the micro and macro levels); promoting international labour migration as an effective livelihood strategy (like forging bilateral labour and skill agreements with destination countries to supply trained migrant workers); and positioning return migration as a critical aspect of the policy framework. Such migrant-centric policies can reinforce the migration-development synergy in India.

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International Labour Standards and Promotion of Gender Equality at the Workplace in India

Ellina Samantroy*

The Context

The role of international labour standards has remained central to the issue of gender equality and the promotion of decent work. The International Labour Organization (ILO) has developed and established a system of international labour standards aimed at promoting opportunities for men and women to obtain decent and productive work in conditions of freedom, equity, security, and dignity (ILO,2019). These standards aim at promoting basic minimum protection and discourage lowering of labour standards and labour exploitation in general. India has been a founder member of the ILO since its inception in 1919 and has been a signatory to several ILO Conventions including six core conventions. The important conventions promoting gender equality that are ratified by India include the Equal Remuneration Convention 1951 (No100), Discrimination (Employment Occupation) Convention 1958 (No 111). These Conventions have provided guidelines for the formulation of legal framework for the protection of the rights of women workers. In adherence to the provisions of these conventions, the Ministry of Labour and Employment had formulated the Equal Remuneration Act 1976 which aimed to provide equal remuneration to men and women workers and the prevention of discrimination, on the ground of sex against women in the matter of employment¹. The role of labour market institutions in terms of protection of workers' rights and empowerment is imperative in countries that have witnessed significantly low participation of women in the labour market and are marked with high informality. The First National Commission on Labour (NCL) 1969 had recognized the need for protective legislation for promoting women's employment and ending discrimination in work. Drawing inspiration from the ILO Conventions, the Commission had emphasized the need for effective implementation of these legislations².

There is no denying the fact that women's economic empowerment will enhance productivity and contribute to economic growth. But in countries like India, women are over represented in the informal sector and there has been a low and declining participation of women in the labour market. The global commitments to UN SDGs reiterate the need for ensuring employment protection and security where the role of labour market institutions and strengthening of the legislative

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¹ For details please visit https://labour.gov.in/sites/default/files/equal_remuneration_act_1976_0.pdf

² The Report of the FirstNCL 1969 available at <https://casi.sas.upenn.edu/sites/default/files/iit/National%20Commission%20on%20Labour%20Report.pdf>

framework is critical. The present paper is contextualized in the backdrop of a discouraging labour market participation of women and excessive concentration of women in the informal sector that limits their access to social security and labour legislations. It tries to analyse the legislative provisions available for women workers and their alignment with the international labour standards. On the whole, it tries to understand how the labour market institutions, particularly international labour standards and labour regulations can play a significant role in promoting gender equality in the labour market.

Women's Employment in India and Economic Development

The question of women's employment in India has remained a prominent concern since the country has witnessed low and declining labour market participation of women. The Work Participation Rates (WPR) of women has declined significantly since 1999-2000 by around 10 percentage points till the year 2019-20. The WPR of women as per the recent Periodic Labour Force Survey (PLFS) 2019-20 was as low as 28.7 percent while for men it was 73 percent thereby reflecting a significant gender gap (44 percentage points) in work participation rates. However, the marginal increase in WPR of women during PLFS 2017-18 and 2019-20 was mostly due to an increase in self-employment (GoI,2021). There is enough evidence in the literature on the reasons for the decline including both demand and supply-side factors. However, it is also evident that lack of access to adequate legal protection and social security provisions play a detrimental role in women's entry into paid work. Also, the increasing self-employment of women raises prominent questions on the quality of employment and access to legal and comprehensive social protection. The World Report on Social Protection of the ILO had stated that only 30.6 percent of the working age population are legally covered by comprehensive social security and women's coverage lag behind 8 percentage points as compared to men (ILO,2021). Women generally work in narrow range sectors in the informal sector which deprives them of access to comprehensive social protection.

Though the economy in India had undergone a sectoral transformation, women continue to contribute significantly to agriculture. In rural areas agriculture dominates for women followed by manufacturing and construction. While in the urban areas, women are concentrated in '*other services*'³ followed by manufacturing, trade, hotel and restaurant, etc. But a question that arises here is how far the sectoral segregation of women is protected in terms of employment protection and ensuring decent work? A report of the Mc Kinsey and Company, 2018 stated that by promoting gender equality in employment, India could add \$770 billion to annual GDP i.e. by increasing the participation of women in the labour market by 10 percentage points there is 70 percent of potential GDP opportunity (Woetzel et al, 2018). But the country has several challenges with regard to advancing gender

³ Other services' sector includes services other than trade, hotel & restaurant' and 'transport, storage & communications.

equality that needs urgent policy attention. Though the country has enacted several labour legislations for the protection of women workers yet the challenges remain. In this context, it is important to identify the challenges with regard to the regulation of employment of women along with protecting their rights for ensuring gender equality and promoting economic growth and development.

International Labour Standards on Gender Equality and National Practices

As discussed above, India has been a signatory to two prominent ILO Conventions; C 100 and C 111 and has implemented the Equal Remuneration Act in 1976. However, the ILO has promulgated several other conventions for the promotion of gender equality at the workplace namely, the Maternity Protection Convention C 183, 2000, Domestic Workers Convention C 189, 2011, Workers with Family Responsibilities Convention C 156, 1981, and C 190 Violence and Harassment Convention 2019. These conventions aim at labour regulation for protecting employment, social security, ensuring work-family balance, skill development, and addressing discrimination and harassment at the workplace. Though India has not been a signatory to these conventions of the ILO yet the country has been protecting the rights of women workers through various labour legislations and subsequent amendments. The concept of equality in terms of employment and equal protection before the law has been enshrined in the constitutional provisions of the country. In addition, the introduction of labour reforms in the country has introduced special provisions for the protection of rights of women workers. One of the significant changes in the maternity protection legislation was an increase in paid maternity leave from 12 to 26 weeks after its amendment in 2017. This amendment to the Maternity Benefit (MB) Act 1961 for an increase in leave period is an enhancement of the leave period prescribed by the Maternity Protection Convention C 183 of the ILO which is 14 weeks. Further, India has joined the league of 42 nations that provide the maximum paid maternity leave for more than 18 weeks⁴ and appears amongst the top nations for providing generous maternity leave in almost the entire Asia Pacific region⁵. Also, the new amendment in the Maternity legislation has introduced several enabling provisions for women including paid maternity leave of 12 weeks for adoptive⁶ and commissioning mothers⁷ from the date the child is handed over to them. The option to work from home and the provision of creche facilities have also been introduced in the new legislation. However, one of the prominent challenges that lie with the maternity legislation is the burden of responsibility in terms of financing for extending

⁴ <https://economictimes.indiatimes.com/work-career/all-you-need-to-know-about-the-maternity-benefit-amendment-bill/indias-stand-in-world-rankings/slideshow/53669061.cms>

⁵ For details please visit https://www.unescap.org/sites/default/d8files/APSDJ%20Vol.27%20No.1_pp.95-120.pdf

⁶ As per The Maternity Benefit Amendment Act 2017, a woman who legally adopts a child below three months of age is an adoptive mother.

⁷ The Maternity Benefit Amendment Act 2017 defines commissioning mother as a biological mother who uses her egg to create an embryo implanted in any other women.

maternity coverage lies solely with the employer, unlike other countries where it is a shared responsibility.

Apart from this, the Ministry of Labour and Employment has recently introduced the new labour reforms by the codification of 29 labour laws to four labour codes namely: The Code on Wages 2019; The Industrial Relations Code 2020; The Code on Social Security and; The Occupational Safety, Health and Working Conditions Code 2020. The Codification and simplification of labour laws is a notable initiative undertaken in pursuance of the recommendations of the Second National Commission on Labour (NCL), 2002. The second NCL had highlighted the developing standards at the national level in economic activities consistent with international labour standards keeping in view the emerging economic environment involving rapid technological changes, liberalization of trade and industry, and emphasis on international competitiveness⁸. With the introduction of new labour reforms, the Maternity protection legislation is amalgamated into the Code on Social Security which is a comprehensive legal framework aimed at providing social security to workers of both formal and informal sectors. In spite of the amendment and the new reforms, the maternity legislation has an extremely limited coverage to a small section of women workers, leaving behind many workers in the informal sector. There is no denying the fact that employment relations have undergone a tremendous transformation over several decades with changes in patterns of employment and work relationships which has led to increasing demands for work and family life balance and parental leave policies. These changes need to be situated within the new labour reforms and the existing complex labour market scenario that reflects on a low participation of women in the labour force. At present, the Maternity Benefit Act does not have any provision for parental leave thereby denying fathers from the caring responsibility. However, the ILO Workers with Family Responsibilities Convention 156 does not discriminate between men and women when it comes to sharing of childcare responsibility.

The Convention 156 applies to men and women workers with responsibilities in relation to their dependent children where such responsibilities restrict their possibilities of preparing for, entering, participating in, or advancing in economic activity.⁹ The recommendation 165 of the Convention provides directions for the formulation of national policies on workers' right to vocational training and free choice of employment, social security, and developing and promoting childcare, family, and other community services¹⁰. Though the Convention has been ratified by 45 nations, countries in the South Asian region including India have not been a signatory. However, the country has introduced the Childcare Leave (CCL) as per the recommendations of the 6th Central Pay Commission (CPC) and later on

⁸ https://labour.gov.in/sites/default/files/39ilcagenda_1.pdf

⁹ https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C156men

¹⁰ Details are available at https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312503:NO

it was also extended to single male parents as per the recommendations of the 7th CPC¹¹. As per the recommendation of 7th CPC, CCL will be granted to all women employees for a maximum period of two years (i.e., 730 days) during their entire service for taking care of their minor children (up to eighteen years of age) whether for rearing the children or looking after any of their needs like examination, sickness, etc. The leave is permitted for three spells in a year for women employees and six spells in a year for single mothers (GoI, 2015)¹². Also, the extension of CCL to single male parents is a positive step in the direction of promoting care rights for both men and women. Though such enabling provisions are in alignment with the provisions of C 156 of the ILO yet the introduction of parental leave policies is still an important concern to be addressed for boosting female labour force participation. Some critical perspectives that have developed, tried to emphasize that restricting childcare provisions to women workers somehow legitimizes the gender differentials and assigns childcare responsibilities to be the sole prerogative of mothers, thereby perpetuating inequalities. However, the discourse now has shifted to a different level where men and women redistribute the responsibilities of care, and the state also recognises the right to care. Feminist legal scholars have insisted that care responsibilities, in particular, are not simply women's issues, but matters of social responsibility and global justice, hence it is crucial for labour law to take social reproduction more seriously (Busby 2011; Fudge 2013). However, the international labour standards, particularly the ILO Convention 156 are extremely significant for providing guidelines to nations on policy formulation for redistribution of care work, and work and family life balance.

The other legislative initiatives undertaken by the government in the form of labour law reforms are also aimed at ensuring workers' rights and well-being. The new OSH Code 2020 has included a chapter on special provisions for women workers wherein consenting women can work before 6.00 am and after 7.00 pm. Such a provision is aimed at boosting female labour participation by allowing night work for women which was previously denied in employment legislations. The code has also included a provision for transportation for women workers (pick and drop facility) at their residence to be provided by the employer¹³. Though the inclusion of this provision, on the one hand, may contribute to encouraging women's labour market participation and on the other hand, it may lead to several challenges in terms of financial resources for providing this facility for small and medium enterprises. However, the code has included a provision for creche facility even for women working in small and medium industries as per the recommendations of the Standing Committee on Labour. The Committee, in its Fourth Report on

¹¹ In 2019 the Department of Personnel and Training had issued an office memorandum on amendment of CCS Leave Rules 1972 in acceptance of the recommendations of the 7th CPC, 2015. <https://dopt.gov.in/sites/default/files/CCSAMENDMENTRULES.PDF>

¹² GoI (2015), Report of the Seventh Central Pay Commission, Government of India. https://doe.gov.in/sites/default/files/7cpc_report_eng.pdf

¹³ This provision was included in section 67 of the Draft rules of the OSH Code 2020.

'The Occupational Safety, and Health and Working Conditions Code (2020) had pointed out that provision for crèche facility could be expensive in the Micro Small and Medium Enterprises (MSME) sector, particularly for the small scale industries, hence an enabling provision on common crèche facility was included that need to be established by a state or central government or a nearby located private facility and a cluster of small scale industries can pool their resources and can set up a common crèche (GoI, 2020). In addition, the Prevention of Sexual Harassment (POSH) at the Workplace Act 2013, provides protection against sexual harassment of women at the workplace including prevention and redressal. The act considers sexual harassment as a violation of the fundamental rights of women to equality, right to life, and live with dignity.¹⁴ Though the provisions of the POSH Act are aligned to ILO Convention 190 on Violence and Harassment and it is a significant legislation for preventing harassment of women at the workplace yet there are challenges in the implementation of the legislation. As provided in the ILO Convention 190, the role of labour inspectorates is extremely essential for effective enforcement of any legislation to prevent workplace harassment. At present, the role of labour inspectorate is silent in the enforcement of this act, therefore, the need for revisiting the legislation in the light of ILO Convention 190 is extremely essential for the protection of women workers from workplace harassment.

Concluding Remarks

As discussed above, the international labour standards play a prominent role in providing guidelines to countries for the formulation of national policies and legislation that are aimed at economic growth and also promote equality and dignity at work. Since the country has been a signatory to several ILO Conventions, the system of legislative protection has been strengthened with the formulation of proactive legislations for providing equal protection to both men and women. At the same time, some of the legislations (MB Act 1961 and the POSH Act 2013) were existing in the country in line with the constitutional provisions of the country even before the announcement of some of the ILO Conventions. However, the challenge remains with the implementation of these legislations and the coverage of women workers in the informal sector. The continuous decline and low participation of women in the labour market as discussed earlier, need to be examined in the context of women's access to legal protection in line with international labour standards. It is evident that the existing labour legislations have not been able to address the inequality in work participation adequately and need to be re-examined in the context of emerging challenges due to changing work relationships. Some scholars pointed out that reconfiguration of work has not led to any changes or overhaul of the existing regulatory framework within which the employment relationship operates (Busby,2011). Such challenges are not only peculiar to the developed country context but are prominently visible in the developing countries as well. The international labour standards system

¹⁴ <https://legislative.gov.in/sites/default/files/A2013-14.pdf>

continues to grow and develop in response to current global needs and also helps nations to draft their national legislation in line with ILO standards (ILO,2019). Similarly, there is a need for re-examination of existing legal provisions including the new labour codes for women workers in the country in line with international standards for promotion of gender equality and social justice.

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Women and Work in India: 75 Years since Independence

Malathy Duraisamy* and Anu Abraham**

Introduction

Understanding the importance of the gender dimension of development, national and international bodies have targeted interventions to improve gender equality and empower women. The sustainable development goals are a testament to the targeted intervention for labour market equality. The Sustainable Development Goal (SDG) 8 “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all” recognises that economic growth will be inclusive only if it creates jobs and decent work for all. Because of the strong link between growth, and equality, SDG 8 is also strongly linked with SDG 5 “Achieve gender equality and empower all women and girls”. International organisations such as the ILO also recognises the importance of women’s agency, work, and financial independence, and undertake capacity building on gender equality and non-discrimination in access to resources, employment, and wages/earnings. Thus, women’s labour force participation and access to decent work are important and necessary elements of an inclusive and sustainable development process, making gender central to development policy discourses.

The relationship between women’s participation in the labour market and development outcomes is rather complex. There is considerable variation in women’s participation in the labour force across developing countries and emerging economies and disparity is highest in South Asian countries. Similarly, there is a gender-based difference in economic resource ownership, access to services, and autonomy in decision-making. Globally, women are less likely than men to receive basic education, enter labour force, or be appointed to a political position and are disproportionately burdened with unpaid work and care work. For instance, in India, on an average, 66 per cent of the work done by women is unpaid, compared to only 12 per cent of men (Pande, et al. 2018), and this affects their ability to join regular paid work. Further, the gender wage gap and discrimination also disincentivise women from seeking jobs. These variations are driven by a wide variety of economic and social factors including economic growth, educational attainment, fertility rates, and social norms. It is also important to note that the free mobility of women for employment is considerably hindered.

Female Labour Force Participation Rate in India

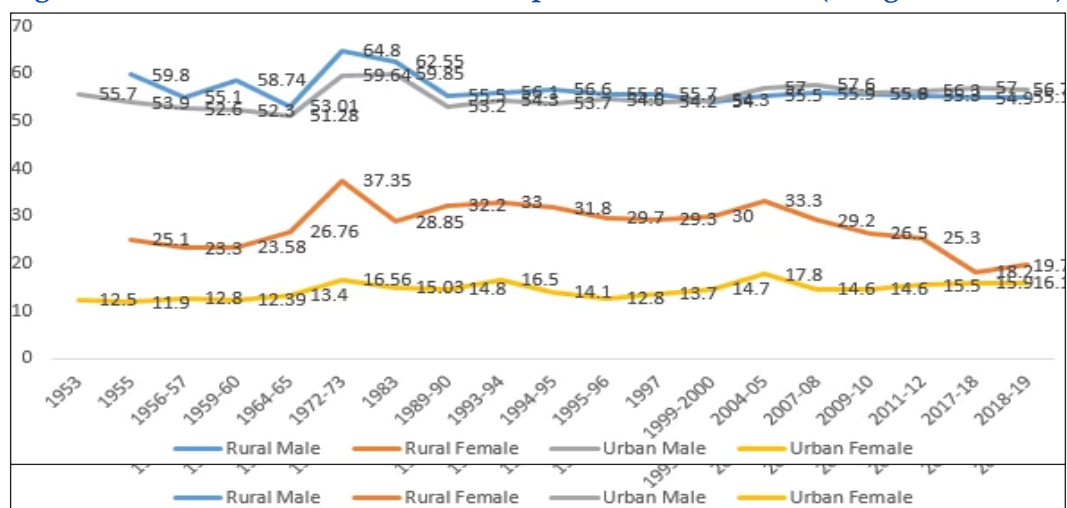
Though the Female Labour Force Participation Rate (FLFPR) is low globally, India’s FLFPR is much lower than the global average and lower than countries with the same level of development. NSSO’s Employment-Unemployment Surveys (EUS)

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and Annual Reports of PLFS show that India has a low level of female labour force participation (FLFPR) with participation being less than half of the men’s LFPR. There is a significant difference in the FLFPR pattern between rural and urban areas with rural areas registering more than twice the FLFPR at all times. In urban areas, FLFPR has been historically stagnant below the 20 per cent level. The FLFPR, after rising slowly post-independence, registered a steep fall post-2004-05. The last 10-15 years have been showing a declining trend in FLFPR mainly driven by the steep fall in the rural areas, where FLFPR was always higher compared to the stagnant FLFPR. The FLFPR reached an all-time low of 17.5 per cent (18.2 % for rural and 15.9% for urban areas) in 2017-18 to increase marginally in the subsequent two years, giving hope to a rising trend. Women’s participation in the Indian labour market is not only low but they are also engaged in low-productivity and low-paying jobs. Further evidence suggests the existence and persistence of labour market segmentation by gender, type of employment, sector, location of residence, and wage disparity and discrimination (Duraisamy M & P Duraisamy, 2016)

Figure 1: Trends in Labour Force Participation Rates in India (all ages 1953-2019)



Source: Data from published reports of NSSO’s employment-unemployment surveys (EUS) and Annual Reports of PLFS by the Ministry of Statistics and Programme Implementation (MOSPI).

Currently the FLFPR in India stands at 22.8 per cent (25.7 % for rural and 18.5% for urban areas). The rising trend of FLFPR in India coincided with the pandemic period. The Work Participation Rates (WPR) has also shown a similar trend with a falling unemployment rate in both rural and urban areas (PLFS Survey report, 2021). Experience from previous recessions shows that women’s labour force participation increases during an economic downturn as a response to a crisis, to augment a fall/loss of household incomes. The rising FLFPR in the last two years should be taken with caution as it could be by women being forced to take up casual/marginal work or engage in subsistence activities to ease the economic

crisis. The sustained low FLFPR raises some basic questions such as – (i) What are the reasons for low FLFPR in India despite the surges of GDP growth it registered in the last few decades, (ii) how can the increasing FLFPR be sustained in the long run, and (iii) how significant is a rising FLFPR for a developing country like India.

Reasons for Falling FLFPR

The declining trend in FLFPR in India has been a subject of enquiry for considerable studies. Some of the explanations put forth include (i) social norms and expectations regarding women's work (ii) higher participation in secondary education; (iii) falling labour force participation in the agricultural sector due to either rising households income or due to reduction in employment opportunities because of mechanisation; (iv) lack of opportunities commiserate with the educational attainment coupled with a low generation of jobs in non-farm sectors; (v) increased care duties, especially in urban households; and (vi) lastly, issues while measuring female labour force participation (Verick, 2017).

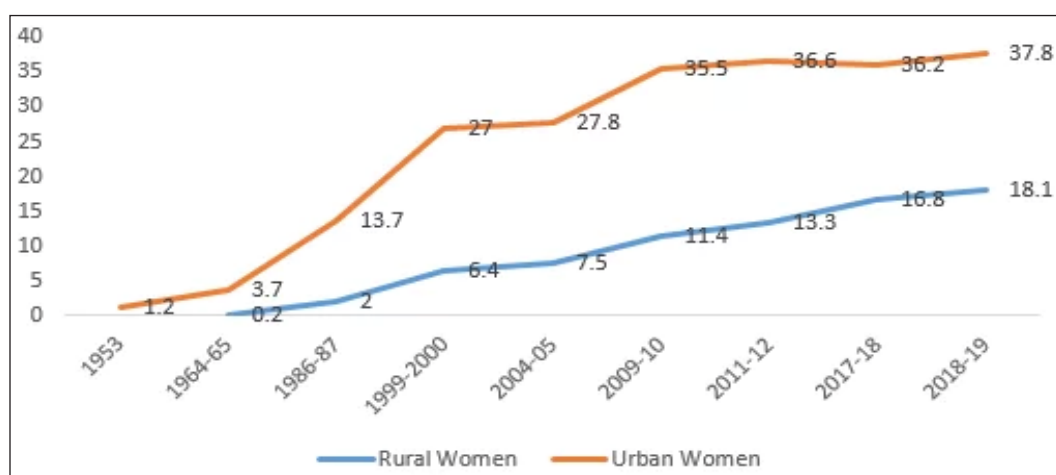
Social expectations consider women's labour secondary or supplementary income to household income, and women are expected to primarily don the role of the caregiver. Withdrawal from work among employed women is also associated mainly with marriage, childbirth, and care responsibility towards the elderly in the family. This leads to women being unable to engage in economic or income-generating market activities that get counted as labour force participation. Geographical and time constraints are also significant barriers to women's entry into the market economy. Very often withdrawal from work manifests into a phenomenon of permanent exit from the labour force, thereby also contributing to the falling FLFPR. Further, FLFPR seems to be directly linked to access to employment, cost of job search, nature of work, work time, working conditions, employment security, wage parity, workplace discrimination, and balancing the competing burdens of work and family responsibilities.

Secondly, there is evidence to suggest that the increased participation in secondary and higher education is a significant factor contributing to the falling FLFPR (based on data from published reports of NSSO's EUS and Annual Reports of PLFS by the Ministry of Statistics and Programme Implementation). Examining the trend of women's participation in higher education shows that there has been a substantial increase in both rural and urban areas. There was a sudden jump in the percentage of women with secondary or higher education in India around the same period that registered the sudden drop in FLFPR registered (2004-05).

Currently, 37.8 per cent of urban and 18.1 per cent of rural women in India have secondary or higher education, a significant increase from the post-independence levels. Human capital theories state that education is a determinant of labour market outcomes, as higher skills can lead to better employment opportunities. In India,

the relationship between educational attainment and FLFPR is U-shaped, with the lowest participation rates experienced by women with secondary schooling with an increase in LFPR registered only among those with tertiary education (Kapos et al., 2016). This might be due to the lack of adequate labour market opportunities commiserate with education, especially in the rural areas. On the other hand, women are also withdrawing from traditional labour roles such as agricultural labour, but adequate jobs are not generated in other non-farm sectors to re-enter, especially after gaining higher education. Further, economic growth in India has not necessarily brought more jobs (Kannan and Raveendran, 2009; Chowdhury, 2011), which also limits the growth in FLFP.

Figure 2: Percentage of Adult Women with Secondary or Higher Levels of Education (1953-2019)



Source: Data from published reports of NSSO's employment-unemployment surveys (EUS) and Annual Reports of PLFS by the Ministry of Statistics and Programme Implementation (MOSPI).

As observed earlier, women should be able to migrate freely to find better employment opportunities and earnings that match their education, training, and skills. A somewhat encouraging trend observed in recent years is the increase in the number of women migrating for economic reasons and the proportion of women migrating for family and associated reasons has been reducing (Khan and Baruah, 2021). While both push and pull factors are at play here, the causality of migrations and falling FLFPR is still to be established. Migrations can be distress-driven due to the lack of jobs in the rural areas, or it could be a response to better opportunities and higher returns to the newly acquired human capital. On the one hand, the rural-urban migration is likely to open up new and better opportunities for women but on the flip side, the rise in nuclear families could deter women from joining the labour force due to additional domestic duties. The challenge thus is not just to skill women and create jobs in the formal urban sectors, but

also to create well-paying and productive jobs in non-farm sectors that can absorb women in rural areas.

Issues in Measuring FLFPR

While acknowledging the low FLFPR in India, it is important to note that there is a severe lacuna in reckoning with and counting women's work due to definitional and measurement issues. Only market work is considered productive employment and many of the productive activities of women are not counted in the various labour force surveys. Women's engagement in family farms and firms or household enterprises and also several domestic activities performed by women elude measurement. The difficulties in quantifying the work that women engage in outside of paid work notwithstanding, it is important to recognise that these activities make substantial contributions to the family and economy

In recent years, NSSO surveys and other large-scale databases have attempted to record a wider ambit of women's activities. However, by definition, this also accounts for only participation in work for the household enterprise or farms and does not include house chores, household care work, and other activities generally performed by women. Recent attempts to use time-use surveys to capture the unpaid work performed by women draw a starker picture of a substantial amount of women's time is devoted to unpaid labour, often at the cost of leisure and rest.

The Way Forward

Studies find that women's labour force participation improves when the work schedule is flexible. Policies that increase the availability of part-time or flexible work arrangements while protecting the labour rights of the workers, could incentivize greater female participation, and increase opportunities for decent work. Proactive policies for eliminating gender discrimination in employment and earnings have and will go a long way to incentivise and enhance women's participation in market work.

Increasing the labour force participation of women is important not only to empower women but also to steer economic growth itself. According to a report by McKinsey Global Institute (2015), if India increases its female labour force participation rate by 10 percentage points by 2025, its GDP could rise by as much as 16 per cent as compared to the status quo. The IMF estimates that India can increase its GDP by 27 per cent if there is equal participation of women in the workforce, this could lead to an estimated US\$700 billion of added GDP by 2025. The social benefits to empowering women are also substantial as research finds that women spend 90 per cent of their income on their families. Financial autonomy among women will thus boost demand, increase the health and education of children, and raise the country's human development levels. Thus, it can be safely assumed that women's labour market participation is a driver for growth and reflects the potential for a country to grow rapidly.

The Indian Government has rolled out several programmes that focus on women's employment and financial inclusion in a bid to empower and give higher agency to women. These include programmes for skill training and employment/ income generation such as STEP (Support to Training and Employment Programme for Women), Mahila Shakti Kendras (one-stop convergent support services to women to develop skills, generate employment opportunities, and increase digital literacy), Mahila E-haat (A direct online marketing platform made to support women entrepreneurs as part of the Digital India initiative), the National Credit Fund for Women (NCFW); initiatives aimed at aiding working women such as Working Women's Hostels, Rajiv Gandhi National Creche Scheme (for the children of working mothers); as well as schemes targeted to improve women/ girl's education such as Beti Bachao Beti Padaho (Save the girl child, educate the girl child) Campaign and several scholarship schemes/policies for girl's education. The list above is not exhaustive but indicative of the large number of Central and State level schemes established specifically for women empowerment.

There are also policies to improve women's access to labour market opportunities, including increased funding to skills and vocational training programs and gender-based employment quotas. Gender budgeting has been actively used as a tool to incorporate the gender dimension at various stages of planning, budgeting, implementation, impact assessment, and fund allocation at both the Central and State Government levels. Sectors and occupations where the Government has executed gender-sensitive policies in order to increase gender parity (such as Operation Blackboard, or MNREGA) have paid off well as these sectors see higher participation from women. For example, in MGNREGS (the Mahatma Gandhi National Rural Employment Guarantee Scheme), which uses a gender quota of one-third for women have 52 per cent of female workers. Research shows that two plausible reasons for this high participation might not be quotas alone, but also the gender parity in wages and transfer of wages to own account (Chin, 2005).

Technological empowerment and remote working are factors that can increase the FLFPR. The ability to work from home and flexible working hours can enable women to engage in productive employment while managing household responsibilities. The disruption of the past year and a half is driving a fundamental change in the way people work, with hybrid work - remote work and flexible work schedules. This digital leap that we have been forced to take, is an opportunity to be harnessed to the benefit of the female labour force. It has the potential of creating a more inclusive labour market, where women can manoeuvre work and home more efficiently. This is a rare opportunity to change the idea of work to be more dynamic and inclusive.

It is also important that labour force surveys should be better able to capture all the productive activities performed by women and men. More research is needed to quantify and value unpaid work in order to more accurately capture women's contributions to the economy.

Conclusion

Approaching development from a gender perspective is accounting for the difference in opportunities to different genders arising from existing socio-economic and power structures. Though women continue to face many barriers to entering the labour market and accessing decent work and disproportionately face a range of challenges in the workplace, there have been some successes in the policies implemented to improve women's labour force participation. The burden of unpaid work, social norms that restrict their agency and freedom of mobility negatively, backwardness in digital and financial inclusion affects women's labour market participation and this, in turn, reduces female empowerment, financial autonomy, and overall development. Further, there is a need to create a framework that reduces the care-work burden on women. Harnessing technology can be a powerful tool to address many of these issues, along with creating a comprehensive regulatory framework. Targeted policies that are gender-sensitive and reduce wage disparities, create financial autonomy, make employment accessible and ensure flexibility in work schedule, have huge potential in effecting women empowerment. Drawing from these successes and utilising the seismic shift in our understanding of work in the last two years, this is a rare opportunity to give the push to bring about gender equality in the labour market.

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Labour and Development in India: Historical Perspective

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At present, in India, a small section of working people earn relatively high wages and avail benefits under protective labour laws, while others slog long hours and earn subsistence incomes in the unorganised sector. However, most of them are free labour in the sense that the law forbids subjection of workers to any non-pecuniary bondage. Further, a sizeable number of labouring poor remain under-employed and unemployed. None of these features of the present forms of labour hold true for the past. The use of unfree, coerced and attached labour was predominant in the early modern and colonial world between the 16th century and early 20th century. A slow but remarkable change began to take place from the 1920s, picking up from the later 1940s in the Republic of India. Through a historical approach, this piece discusses the evolution of labour practices and experiences of workers to underscore the transformative capacity of working people, the dynamics of workers' perspective, and its imprint on the trajectory of development.

Early Modern Labour, c. 1550s-1790s

The world economy underwent growing commercialisation, militarisation, and monetisation from the 16th century. The Spanish colonised the Americas and exploited its silver and gold. They passed on the bullion to Holland and England in order to purchase various items of trade; in turn, the Dutch and the English exported the bullion to the old Asian economies in return for the latter's textiles, porcelain and spices, amongst others. India itself absorbed nearly a fifth of the world's bullion and clothed the whole world with cotton textiles in the 17th and 18th centuries. The expansion of market and resource use led to a greater division of labour and improved productivity through specialisation of labour.

The largest section of labour were peasants, who recently gained the freedom of mobility in Western Europe and were normally bound to their home village soil in regions like the Indian subcontinent. They usually combined subsistence farming and peasant commodity production in order to pay revenue in cash. While in Western Europe, we find the emergence of capitalist landlords and increasing use of wage labour, in the Indian subcontinent, the use of family labour of peasants and pastoralists was widely prevalent in agriculture and animal husbandry. They exercised usufructuary rights over the land under cultivation till they paid land revenue to state officials and rent to the land-controlling chieftains, called zamindars in north India and mirasdars in southern India. The peasants and pastoralists, in addition, enjoyed access to common resources like pasture land, barren land, and forest. The state and local landed gentry often regulated access to irrigation water in India. A large section of the workforce consisted of landless agricultural

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labourers. They usually worked on wages paid in cash or kind, partly on a daily basis and partly on a seasonal basis. In the Indian subcontinent, the landless class comprised mainly 'outcasts' or Dalits. The caste system and the general repression of the 'outcasts' influenced the level of wage rates and depressed them in relation to what they would have been if they had also been allowed full freedom of choice, property, and movement.

The third form of productive relationship was agrestic slavery, plantation slavery and debt slavery, which prevailed in different areas. The agrestic-enslaved people in the Indian rice fields were supposedly under the paternalist command of the landed gentry. A large number of people worked as domestic servants maintained by everyone from the rank of a cavalry soldier. Slave labour formed a small component of domestic service and concubinage in the Indian subcontinent. Emperor Akbar had made an attempt to forbid the trade in slaves, forcible enslavement and the use of unpaid labour in the later 16th century in Mughal (north) India. Similarly, the Vijayanagar rulers discontinued the age-old practice of appropriating labour of one day every month from artisans in southern India. Money wage payments were largely the rule in the towns and markets, and commodified labour became practically universal.

Artisanal manufacturing grew in response to the expansion of domestic and international trade and commerce. Artisans – weavers, ironsmiths, carpenters and oil pressers – worked at home and sold their products either from their homes, which served as their shops, or at fairs or markets. Some of them were also employed to manufacture textiles, military ware, and so on. The artisans' labour was almost wholly commodified. Their position as 'free' market producers was often constrained when they accepted advances from merchants and committed themselves either to work for them alone or to supply their products at fixed prices and on a preferential basis. This new form of organisation of production, known as the putting-out system, or *dadni*, developed in the age of commerce.

Women undertook weeding and transplanting, picked saffron flowers, husked and ground grain, besides looking after cattle or working at textile crafts, ginning cotton, and spinning yarn. They assisted their artisanal menfolk in nearly all work done through the wheel. In construction work, women were involved in pounding limestone to obtain lime mortar, sieving lime and bearing on their heads bricks and lime to carry to bricklayers. The division of labour by gender was all-pervasive even within the same occupation. Men were bricklayers and women brick carriers; men did ploughing while women did transplanting and weeding. Women's labour was largely unremunerated in terms of money and was often subsumed within family income, known as the family-labour economy, commanded by the men of the household.

Socioeconomic processes of commercialisation and proto-capitalism that set on from the mid-16th century saw workers' social, spatial, and occupational mobility

increase in general. Their numbers grew, and they enjoyed relatively better returns for their labour efforts. Commercialisation involved slow corrosion of the guild system, which had controlled the activities of artisans, and that of the village communities' corporate forms of social organisation. Surplus land and labour scarcity, in the context of rival polycentric state powers and European merchant companies and their efforts at militarisation, allowed mobility of workers and strengthening of workers' position in negotiations with masters and employers. For instance, the Parayars, an 'outcast' community, gained the opportunity of becoming cultivators and spinners in the 18th century in south India. Therefore, some historians term it the golden age for them. Simultaneously, working families devoted higher labour time and family labour to wage work.

As the economic situation of the artisan improved, they sought amelioration of their social status as well. They articulated their new views, evident in the poetry of Kabir, Nanak and other Bhakti saints that accorded respectability to artisanal craft and the social position of artisans. The change was caused by the development of monetary relations and the broader market framework. Bhakti religious beliefs, though sympathetic to concepts of hierarchy, yet opened the door to ideas and assertions for which traditional religions did not provide any room. In moments of conflict, the working people resorted to collective withdrawal against oppression.

The coming of colonial rule marked a break in this process. The English East India Company extensively used corvee labour for construction, grass cutting, or other coolie works in its colonial territory. The company resorted to military force to push through its orders and to break resistance. The social processes induced by militarisation counteracted the older process of commercialisation with corrosive effects on free labour relationships. In terms of wage workers, the differences in the statuses of an artisan, a coolie wage labourer and a servant or bonded labourer became evident. These elements of real life represented a chasm between economic development, on one side, and, on the other, well-being or freedom.

Colonial and Industrial Labour, c. 1800s-1940s

Industrialisation gradually advanced in north-western Europe from the late 18th century. It slowly brought into existence factory workers, the use of mechanical power-driven machinery, and the growing division of labour. Such industrial reorganisation of production was a response to the 'high wage economy', and the challenge of competition posed by the Indian weaver and spinner. The capital amassed from the exploitation of colonial resources as well as of coerced labour and other enslaved people made up the initial investment. Industrial workers worked long hours, on average 13 and a half hours a day. Their wages remained stagnant at the level of the mid-18th century while the real income dropped. The entire family of the workers – men, women and children – did wage works in various capacities. They lived in crowded urban dwellings and unsanitary urban environments. They were subject to the Master and Servant Act, which

criminalised any acts of disobedience. All this was responsible for factory workers' poor physical conditions and stunted children in the workers' families. Workers began to organise themselves in labour associations and to fight for improvements. Artisans who were losing jobs to the new machinery attacked machinery, known as the machine-breaking or Luddite movement in the British cities.

The use of machinery and other modern techniques continued to increase in scale and spread to newer areas in the later 19th and 20th centuries. Workers in rich, industrial countries such as Britain, Belgium, the Netherlands, France, the USA, Germany, Sweden, Italy, Japan, amongst others, gained certain increases in their real income from the late 19th century. The availability of cheaper consumer goods, and the recognition of their share in productivity gains, were important factors in this regard. Their work hours also came down to an average of ten hours a day. However, a reduction in the work hours was accompanied by an intensification of labour. It was in the sense that workers now synchronised their work efforts with the high speed of machinery.

Workers continued to slowly organise themselves in labour unions and pressed for the right to association, collective bargaining and strikes in Britain from the 1820s. They demanded reduction of work hours, prohibition of the employment of children, schooling facilities for the children, improved wages, safety measures and compensation against work hazards, and the right to vote and representation in the legislative bodies. The movement of the working classes was a long-drawn struggle, which had varied points of emergence and momentum in different parts of the world. The Chartists in Britain, the Socialist and Republicans in France, and the Social Democrats in Germany initially made up this movement. The International Workingmen's Association agitated over their demands.

In response, some states stipulated a few protective measures. Britain regulated the presence of child labour, work hours of women, safety measures against industrial hazards, and the right to association and representation. Germany laid down schemes for accident compensation, sickness allowances and old-age pension in the 1880s. The International Labour Organization, finally, promoted the convention of the eight-hour workday and workmen's compensation from its early conventions in 1919-21. Such gains made by the working classes accompanied other contrary developments, known as Fordism and Taylorism (Scientific Management). The Fordist assembly line of production further encouraged the use of machinery and specialisation, which in turn intensified labour, leading to a new spate of increases in workers' workload. The Taylorist practice took away, the latent control of workers in the workplace and vested it in the managerial authority. This is argued to have caused degradation of labour and accentuated workers' sense of alienation.

The Industrial Revolution in Europe took place alongside the colonial and imperial expansion. The expansion of colonial rule of the Western Europeans in Asia and Africa dramatically increased the size of colonial labour from the turn of the 19th

century. In the Indian subcontinent, the colonial economy did not spur any vigorous modern industrial growth. Instead, it provided the context for the use of coerced labour to procure raw materials (agricultural, plantation, and mineral) and labour power, and the control over colonial markets for industrial goods. Consequently, there was de-industrialisation and peasantisation of the colony towards the mid-19th century. The colonial state intervention in the labour market often involved legal and extra-legal coercion of the workforce. This intervention officially took the form of various versions of penal contract labour legislated in indentured labour laws for overseas and Indian plantations and the Workmen's Breach of Contract Act in 1859. The bargaining position of the working people deteriorated, and their social and spatial mobility was curtailed. The age of relative freedom of the pre-colonial weaver and other artisans gave way to the age of the *raiyyat* (peasantry), captive labour and indentured labour.

The colonial economy was characterised by combined and uneven development, known as underdevelopment. From the mid-19th century, the railways and telegraph were established. Some modern industries, though usually very limited, developed. Industrial workers employed in both artisanal works and mechanical manufactures and mines constituted only 8% of the total workforce on the eve of the independence of the Indian subcontinent. By contrast, nearly 15-20% of the total working population were artisanal workforce in the pre-colonial period. Industrial workers, for instance in Calcutta jute factories and Bombay cotton mills, earned relatively higher wages compared to agrarian wages and other casual urban workers. However, the cost of urban living was far higher; hence most factory workers became prey to moneylenders. The latter charged exorbitantly high interest rates to the tune of 120-300% a year in the Indian industrial centres. The Royal Commission on Labour found in 1930-31 that about two-third of the workers were indebted to the level of five to six months of their wages. They were migrant workers, who lived in insalubrious and crowded dwellings, known as *chawl*, *bustee hata*, or coolie lines. The availability of abundant cheap labour was, in turn, a product of the low wages and low productivity in the agrarian economy. The backward agriculture and its persistently huge share in the national product, as well as in employment, were emblematic of colonial underdevelopment. Furthermore, sharecropping and the use of bonded labour in agriculture were pervasive.

Women workers formed only about one-fourth of the industrial workforce till the mid-1920s in colonial India. They further lost their industrial jobs to men competitors. This happened partly because the new laws related to night works, maternity benefits and restrictions on hazardous works adopted from the 1920s, indeed, proved prohibitive. Employers now regarded women labour as inflexible and expensive. Women labourers now reinforced their presence in the low-paid domestic services and agricultural works. The family life of the working classes became further destabilised and irregular. The scenario in the tea and coffee

plantations in Assam and Darjeeling Doab was somewhat different. Women constituted about half of the workforce. However, some of them suffered sexual harassment at the hands of planters, supervisors, and other male colleagues. They bore the agony of high infant mortality and the inability to pay sufficient attention to their children because they performed wage work very late into their pregnancy and very soon after it without necessary recovery. The adverse gender ideas were responsible for the fact that women frequently received lower wages, and were considered suitable for non-mechanical, less challenging work.

Besides gender and age, the labour market was also divided along the line of social identities of caste, race and ethnicity. In the railways, for instance, the jobs of railway driving, and train guard were only available to Europeans and Anglo-Indians, until the policy of Indianisation was initiated in the 1920s. The 'outcasts' considered the urban factory jobs as better options vis-à-vis the discriminatory treatment they were subjected to in the traditional rural setup. They joined the labour movement, for instance in Kanpur, to express twin desires: for an improvement in economic conditions and for self-respect and equality.

The industrial, urban workers began to unionise themselves and increasingly expressed their desire for a 'civilised', 'human' and dignified life. At the end of the First World War, a spate of strikes took place to improve wages, reduce work hours, secure compensation for casualties, gain the right to collective bargaining, and secure other benefits considered necessary for advancing life. The criticism mounted by organised labour and their publicists against the use of coerced labour led to the repeal of the Workmen's Breach of Contract Act in 1926. The Trade Union Act was subsequently passed in 1926, which gave immunity to trade unions against criminal trespass provisions. One of the landmark legislative responses was the Workmen's Compensation Act, 1923, which made the employer responsible for the management of safety and payment of compensation to employees who suffered casualties.

A couple of legislative measures came to the fore, providing a modicum of protection from the relations of exploitation and oppression. The Factory and Mines Act stipulated in 1922-23 regulated the workweek to 60 hours and workday to 11 hours and made the provision of a weekly rest-day. It raised the age bar against the use of child labour to the age of 12. Its clauses of safety and health laid down the guidelines for necessary accident control measures, and provisions of health care. Its subsequent amendment in 1934-35 responded to the recommendation of the Royal Commission on Labour (1929-31), reducing the workweek to 54 hours and workday to 10 hours. However, workers employed in small workshops, employing less than 20 persons and not having mechanical power, could not benefit from these provisions.

Industrial workers organised into trade unions, including the all-India body of AITUC, highlighted shortcomings of the promises of protection and social insurance

made by these legislations. Additionally, they asked for de-commodification of labour through social security legislations such as the provisions of provident fund, medical, educational and housing facilities, maternity schemes and shares in profits in the form of bonus schemes. The Trade Union Act of 1926 and the Trade Disputes Act of 1929 pushed for a legal purview of the development of labour movement, and at the same time, a curb on labour militancy by the imposition of compulsory arbitration. While labour organisations frequently registered their objection to such restrictive clauses, they used the new instrument of collective bargaining to press for social security measures to improve their work and living conditions. From the very first session of AITUC, chaired by Lajpat Rai, the labour movement in colonial India established a link with the ongoing freedom struggle. The workers saw in this a greater prospect of achieving citizenry entitlements and economic regeneration.

Summing Up

Labour power was commodified in multiple ways during the last four centuries: semi-commodified labour of peasants, wage labourers, corvee labour, enslaved people and free artisans emerged in the wake of growing commercialisation, monetisation and militarisation. The emergence and progress of free wage labour did not have any single trajectory. Nor was there any linear trajectory of constant advancement of the working classes. The availability of cheap, coerced, migrant colonial labour, to an extent, was the context in which industrial workers could become successful in gaining improvement in the rich countries. The labour practices and trajectory of development in the colonial metropole were inextricably interlinked with the underdevelopment and unfree labour systems in the colonies like India. Often, the former sets the tone for the latter. Thus, the labour movements, as they undertook significant strides from 1918-19 on, inscribed their desire for a 'civilised', 'human' and 'dignified' life into the politico-economic programmes. They linked their own struggle to the freedom struggle towards gaining their citizenry entitlements.

Tackling the Employment Challenge in India

Jayan Jose Thomas*

Amartya Sen had once quipped that India's unemployment figures were low enough to put many developed countries to shame. Professor Sen (1999) was, of course, not commending the country's record in employment creation, but instead highlighting the difficulties involved in measuring employment and unemployment in a developing country.

Unemployment has been at the centre of public debates in India recently. The government's Periodic Labour Force Survey (PLFS) first carried out during 2017-18 revealed that unemployment in the country had reached an all-time high rate of 6.1%. What explains this sudden jump in unemployment in India, which had remained at a rather low rate of around 2% for several decades?

Our estimates based on official employment surveys and the Census show that in January 2019, the size of the workforce and unemployed persons in India were 470.7 million and 29.8 million respectively, out of an estimated population of 1330.5 million. At the heart of the unemployment problem in India are young, unemployed men aged 15 to 29 years who comprised 68.3% of all the unemployed in the country (in 2018). The participation of women in the workforce is quite low in India. According to the PLFS survey in 2018-19, the workforce participation rate (or workers as a proportion of the population) was only 23.3% among women compared to 71% among men (for the population aged 15 years and above) in India.

Rising Numbers of Jobseekers

The employment problem that India faces today is on account of both supply- and demand-related factors. First, the size of labour supply in India is getting a boost from the rapid expansion of the working-age population in the country. The population in the working-age years (aged 15 to 59) as a proportion of the total is expected to increase to 64% in India, while it is set to decline to 59.5% in China, by 2030. That there is going to be a larger number of potential workers is indeed a big boon for India's future economic growth. But it also presents a challenge for the policymakers: to create new job opportunities for the young.

Not all countries manage to translate their demographic dividend into favourable outcomes in economic growth: while East Asian countries succeeded, Latin American countries did not. China experienced a sharp increase in the size of its working-age population from the 1970s onwards, along with a dramatic decline in that country's fertility rate (which fell from 5.6 in 1970 to 2.6 in 1980). Compared to China, the decline in fertility rate in India has been a far slower and gradual

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process (fertility rate in India fell from 5.6 in 1970 to 2.6 in 2010). By the 2000s, India had overtaken China with respect to the growth of the working-age population – with average annual rates of 14.0 million and 10.9 million respectively for the two countries.

Thus India's demographic structure offers it some advantages over China in economic growth over the coming years. Nevertheless, India too – like China – faces the dim prospect of 'growing old before getting rich'. Estimates by the World Bank show that during the 2020s (2020 to 2030), population in the age group of 0 to 29 years will decline by 8.9 million in India, while the growth will be increasingly faster for the older age groups.

Rising Student Enrolment, Rising Job Aspirations

Second, the nature of the labour supply is changing too, with increasing enrolment of young adults for education and their rising job aspirations. Of all women in India aged 15-29 years, 31% had been attending schools or colleges in 2018, up from 16.3% only in 2005. Students do not form part of the labour force. At the same time, with the growing numbers of people who have spent a few years in a school or college, the new entrants to the labour market have greater aspirations for securing a regular job with decent pay.

In fact, the supply of a well-educated workforce has been crucial to the successes achieved by South Korea and other East Asian countries in late industrialisation. At the same time, it needs to be noted that enrolment in educational institutions does not necessarily translate into the skills and knowledge that constitute human capital. Despite India's recent achievements with respect to enrolment in education (reported earlier), there have been serious concerns about adequacy of teachers, infrastructure and learning outcomes of pupils in a large number of schools and colleges across the country.

Slow Shift Away from Agriculture

Agriculture and allied activities such as forestry and fishing provide livelihoods to close to a half (43.5% in 2019-20) of India's total workforce (numbering 470.7 million in January 2019). But they contribute less than a sixth (14.8%) to the value of the country's output. The low levels of per capita value added, and therefore incomes, of a large section of the working population continue to be an issue of the highest concern.

At the same time, the size of the workforce engaged in agriculture and allied activities has declined in India: from 258.8 million in 2005 to 191.5 million in 2018. This decline has been partly due to the 'push' from low-productivity agriculture, which has suffered due to stagnant public investment from the 1990s onwards. The decline has also been driven by the 'pull' of new opportunities that emerge in

the towns and cities. A significant number of people who are employed according to official statistics could actually have been in 'disguised unemployment' in agriculture (consider a person who does no job but occasionally assists her/his family in cultivation). Young persons in rural areas will be increasingly keen to exit disguised unemployment in agriculture.

Arthur Lewis, one of the greatest development economists, argued in 1954 that in developing countries, the 'surplus labour' in agriculture would shift to the modern sectors, as the economy advances to higher stages of development. The decline in the proportion of workers in agriculture and allied sectors to total workers has been rather slow in India over the decades: 56.5% in 2004-05, which declined to 47.5% in 2011-12, and further to 40.7% in 2018-19. In comparison, the ratio between agricultural workers and all workers in China was 50.0% in 2001, which declined to 34.8% in 2011 and 26.8% in 2018.¹

The recently released PLFS for 2019-20 provided quite a surprising result. Rather than declining further, the proportion of the agricultural workforce in India rose between 2018-19 and 2019-20, by close to 3 percentage points (40.7% to 43.5%). A large part of the increase in employment in 2019-20 was of women who are unpaid helpers. It seems likely that this increase in employment was linked to distress or that it represents a desperate attempt to supplement household incomes.

Table 1: Sector-wise Estimates of Workers in India, 2005 to 2020 (in millions)

| Sectors | 2005 | 2012 | 2018 | 2020 |
|-----------------------------------|-------|-------|-------|-------|
| Agriculture and Allied Activities | 258.8 | 224.5 | 191.5 | 223.1 |
| Manufacturing | 55.9 | 61.3 | 58.6 | 59.8 |
| Industry | 60.0 | 66.4 | 63.6 | 64.6 |
| Construction | 26.0 | 49.9 | 53.0 | 59.6 |
| Services I | 68.2 | 77.9 | 86.5 | 102.0 |
| Services II | 44.7 | 53.8 | 63.7 | 64.2 |
| All Workers | 457.7 | 472.5 | 458.3 | 513.5 |

Note: Industry comprises mining and quarrying; manufacturing; electricity, gas and water supply.

Services I comprise trade, transport, warehousing, travel services, communication (including telecommunication and postal services), and hotels and restaurants.

Services II comprise finance, insurance, real estate, professional, scientific and technical activities, business services, public administration and defence, education, health and social work, and personal services.

Source: Estimates based on India's National Sample Surveys on Employment and Unemployment and Periodic Labour Force Surveys. See Thomas (2020) for details.

* Data from World Development Indicators, available from <https://databank.worldbank.org/source/world-development-indicators/>

It may be noted that the numbers quoted here are based on the data collected during July-September 2019, which is the first quarter of the 2019-20 survey period. Therefore, they describe the state of employment in India *before* the outbreak of the Covid-19 epidemic.

Slow Growth of Non-agricultural Jobs

With the increase in the working age population and the shift of the workforce away from agriculture, there has been a significant increase in India in the supply of *potential* workers for the non-agricultural sectors. These are 15-59-year-olds who are not students nor engaged in agriculture. If provided the relevant skills, they could possibly work in industry, construction and services. Our estimates show that the potential non-agricultural workforce in India grew at the rate of 14.2 million a year between 2005 and 2012, which rose further to 17.5 million a year between 2012 and 2018.

How has the growth of labour demand matched up to the job challenge in India? Between 2005 and 2012, construction had been the major source of employment in India, absorbing men who exited agriculture in rural areas, especially in Uttar Pradesh, Rajasthan, Bihar and Madhya Pradesh. The growth of construction jobs was associated with a revival in agricultural incomes and rural wages during this period. However, the growth of agricultural incomes and the rural economy in India slowed down markedly after 2012. New employment opportunities in construction created in rural India amounted to 18.9 million between 2005 and 2012, which fell sharply to only 1.6 million between 2012 and 2018.

Stagnation in Manufacturing Employment Growth

At the root of India's employment crisis is the stunted job creation in the manufacturing sector. In fact, the size of the manufacturing workforce in India fell from 61.3 million in 2012 to 58.6 million in 2018, and then rose marginally to 59.8 million in 2020.

Note here that we are referring to employment in the organised and unorganised sectors combined. Employment in organised manufacturing, especially in the large factories, has been rising all through this period. This implies that there had been severe job losses in micro and small manufacturing enterprises in the country through the 2010s. The hurdles to growth include inadequate availability and high cost of credit, infrastructural bottlenecks including power shortages, competition from imports, and the after-effects of the 2016 demonetisation.

The services sector has been a silver lining. It generated 53.3 million new jobs between 2005 and 2020, two-thirds of which came during the period after 2012. Trade, hotels and restaurants, education, and professional, business and allied services (which include the information technology sector) were some of the significant creators of new jobs.

Unemployment and Withdrawal from the Labour Market

Between 2012 and 2018, potential non-agricultural workers within the category of 15-29-year-old men rose from 76.1 million in 2012 to 94.0 million in 2018 – an increase of 17.9 million. However, during the same period, the number of men belonging to this age group who were absorbed into the non-agricultural sectors grew by only 1.8 million (from 65.8 million to 67.6 million). The result was a sharp upward climb in the number of the unemployed within this category, from 6.7 million in 2012 to 21.1 million in 2018. The unemployment rate (the proportion of the unemployed to the labour force) shot upwards, from 5.9% in 2012 to 17.7% in 2018.

Between 2005 and 2018, women (15-59 years old) who could have been potential workers in the non-agricultural sectors grew in size, from 190 million to 309.5 million – therefore, an increase by 119.5 million. On the other hand, as noted above, the actual increase in non-agricultural employment opportunities for women (15-59 years old) during this period was only 8.1 million. Of all 15-59-year-old women in India, only 23% were employed in 2018, down from 42.8% in 2005. The response by females to such a massive mismatch between labour supply and labour demand was to withdraw from the labour force altogether. According to official data, 15-59-year-old females attending domestic duties increased from 144 million in 2005 to 248.7 million in 2018.

The Way Forward

The impact of the Covid-19 pandemic has been severe on lives and livelihoods in India. It has deepened the crisis of employment and incomes for the poor in the country. One of the most poignant images of the COVID-induced crisis has been of migrant workers in Indian cities – several thousands of them – feeling abandoned and despondent in their places of work and walking hundreds of kilometres to return to their villages, many with children and with their meagre possessions.

Tackling this crisis should be a priority for the policymakers. Action will be needed on multiple fronts, including investments in human capital, revival of the productive sectors, and programmes to stimulate small entrepreneurship. 'The Make in India' programme will have to devise clear-cut industrial policies to enhance the technological capabilities of the domestic industry. If the country is unable to make effective use of the strengths of its young women and men now, it will perhaps never ever be able to. Within the next two decades or so, India's population will gradually start getting older, and it will be tragic for millions of poor Indians to grow old before getting becoming moderately well-off. So, for India, formulating effective employment and industrial policies is a case of now or never.

The crisis in the economy can be overcome only by widening the sources of demand, by raising the consumption of and investment for the poor. Consider, for instance, the setting up of industries linked to food processing or affordable housing in rural areas. The multiplier effects of such investment will be huge. Food processing can help boost farmer incomes, reduce food spoilage, create rural employment, and above all, improve the availability of nutritious food to the needy.

Broadening the demand base requires policies that differ fundamentally from conventional economic ideas. The mainstream argument has been that firms should try to reduce costs by squeezing wages. But cutting wages will shrink markets further and deepen the crisis during a depression. Instead, firms should assist in raising workers' wages and incomes, thereby enlarging the size of the markets. Even with higher wages, profit rates will not dip because the larger demand allows firms to utilise their capacities better.

Battered by an oppressive economic system and now by an unpredictable virus, India's working classes deserve long-lasting relief and comfort. What is needed is a massive expansion in government spending, which will uplift workers' skills as well as their incomes and purchasing power. This must include investments in healthcare, education, roads, rural infrastructure, agricultural research, public transport and so on.

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