

Make in India and Need for Labour Reforms

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The paper analyses, the emerging trend in Labour reforms in India for 'Make in India' campaign and focuses on the ease of doing business.

In the recent years, it has been observed that there is noticeable reform has been initiated by the Government of India like Shram Suvidha Portal, Random Inspection Scheme, Universal Account Number, Apprentice Protsahan Yojana, Revamped Rashtriya Swasthya Bima Yojana which will transform labour standard of living, working conditions of labour and improve business environment.

The paper also reviews the programme and schemes introduce by various ministries, departments and by Indian government.

The paper examines, varying trends, strategies and challenges by study of secondary data for India's labour market.

Keywords— Labour reforms, labour policy, Social Security, Make in India Public policy.

“ All labour has dignity”

-- Martin Luther King Jr

Introduction

“Come. Make in India!” with those words India Prime Minister Narendra Modi announced Make in India Program in his maiden Independence Day speech from the Red fort. This slogan caught public attention nationally and internationally.

Narendra Modi Prime Minister of India formally inaugurated Make in India program in Vigyan Bhawan New Delhi on the birth anniversary of Pandit Dindayal Upadhyaya i.e. 25th September 2014. This program was focused on boosting country's manufacturing strength. The objective of the Government of India is to increase the sphere of manufacturing to 25% from 16% of GDP. This carousel task is greatest economic reforms in modern history. It seeks to unleash country true potential and yet change comes at a price. The primary purpose behind the make in India initiative is not just the transforming of the economy but to create new jobs, this is Prime ministers top most priorities.

On 16th October 2014 Prime Minister Mr. Narendra Modi launched Government of India programme Pandit Deendayal Upadhyay Shramev Jayate Karyakram .The objective of this scheme is to create a conducive environment for industrial development and doing business with ease and also expanding government support to impart skill training for workers. This is an umbrella scheme with five scheme under it as follows:

- Shram Suvidha Portal
- Random Inspection Scheme
- Universal Account Number
- Apprentice Protsahan Yojana
- Revamped Rashtriya Swasthya Bima Yojana

Shram Suvidha Portal

A dedicated Shram Suvidha Portal has been launched to allow Labour Identification Number (LIN) to nearly 6 lakh units and allow them to file online compliance for 16 out of 44 labour laws. The key features of Shram Suvidha Portal are as follows:

- It would allot Unique Labour Identification Number (LIN) to Units to facilitate online registration.

- It will facilitate the filing of self-certified and simplified Single Online Return by the industry. Now Units will only file a single consolidated Return online instead of filing 16 separate Returns.
- It would allow mandatory uploading of inspection Reports within 72 hours by the Labour inspectors.
- It would provide timely redressal of grievances will be ensured with the help of the portal.

With these facilities in its kitty, the Shram Suvidha Portal is expected to bring in necessary ease in compliance of provisions related to labour and will be a step forward in promoting the ease of doing business.

Random Inspection Scheme

The process of labour inspection has been generally opaque and the units for inspection were so far selected locally without any objective criteria. The government has brought a new all India Random Inspection Scheme to bring in transparency in the labour inspection. The key features of this scheme are as follows:

- Serious matters are to be covered under the mandatory inspection list.
- A computerized list of inspections will be generated randomly based on pre-determined objective criteria.
- Complaints based inspections will also be determined centrally after examination based on data and evidence.
- There will be the provision of Emergency List for inspection of serious cases in specific circumstances.

Thus, this scheme is expected to provide a check on the arbitrariness in compliance mechanism. It would utilize technology to eliminate human discretion in the selection of units for Inspection, and uploading of Inspection Reports within 72 hours of inspection mandatory.

Universal Account Number

Under this scheme, complete information for approximately 4.17 crore subscribers of EPF has been centrally compiled and digitized and a UAN has been allotted to all. The UAN is being seeded with Bank account and Aadhar Card and other KYC details for financial inclusion of a vulnerable section of society and their unique identification.

Apprentice Protsahan Yojana

The Apprentices Act 1961 was enacted for regulating the Apprenticeship Training Scheme in the industry for imparting on-the-job training to apprentices. Presently, there are only 2.82 lakh apprentices undergoing training against 4.9 lakh seats.

Apprenticeship Scheme has huge potential for training a large number of young person's to make them employable. If properly revamped, it could also significantly contribute to 'Make in India' Mission. Similar schemes have been highly successful in countries like Germany, China, and Japan where the number of apprentices is stated to be 3 million, 20 million and 10 million respectively.

Present framework tightly regulates the number of apprentices trade-wise and is not attractive to youth because of the low rate of stipend. Further, the industry is averse to participate because the scheme is not viable for the small industries. There are a large number of establishments including MSMEs where training facilities are available but could not be utilized so far.

A major initiative has been undertaken to revamp the apprenticeship Scheme in India after extensive consultation with industry, states and other stakeholders with the vision of increasing apprenticeship seats to more than 20 lakhs in next few years. There are four components of this initiative, which are given below:

- Making the legal framework friendly to both, industry and youth. The necessary Bill amending the Act was placed and passed in Lok Sabha on 14.8.2014.
- Enhancing the rate of stipend and indexing it to minimum wages of semi-skilled workers.

- Apprentice Protsahan Yojana which will support manufacturing units mainly and other establishments by reimbursing 50% of the stipend paid to apprentices during first two years of their training.
- Basic training component (mainly classroom training part) of the curricula is being restructured on scientific principles to make it more effective, and MSMEs will be supported financially by permitting this component in government-funded SDI scheme.

The Apprentice Protsahan Yojana

will support one lakh apprentices during the period up to March 2017. Selected Apprentices and the Establishments ready to participate in this scheme from various states will be invited and it is proposed that Prime Minister will give sanction letters to these to mark the launch of the new scheme

Revamped Rashtriya Swasthya Bima Yojana

Introducing a Smart Card for the workers in the unorganized sector seeded with details of two more social security schemes.

Literature Review:

(Jha P. , 2017) The author argues for workers in informal employment, there is an urgent need to ensure universal social protection that improves their conditions of work and helps them live a life with dignity. (Jha S. , 2017) The author describes labour reforms in true sense will take place when the labour market is full of highly skilled people ready to add to the value to manufacturing and service delivery without fear of being exploited at the hands of the employers. The author mentioned globalization and liberalization unleashed in 1991 allowed international players in India market thereby fundamentally changing the business and trade ecosystem. It is essential to have labour laws in sync with emerging trends such as casualization of labour, third-party employment, etc. at the same time, it is equally important to ensure that basic rights of the workers are protected and labour standards are implemented across industries and formal as well as informal sectors. (Srija, 2017) The author says that while the legislative and schematic initiative is bound to bring in more informal workers under the social cover, efforts also need to be taken to ensure that the new jobs created are of decent nature. (Neetha.N, 2017) The author argues that it is high time that the state and employers come together on a priority basis to find comprehensive solutions, rather than merely introducing patchy interventions which do not address the issues of women's employment. The author describes the post-liberalization period saw a boom in programmes initiated under various ministries towards promoting self-employment for a woman. However, this seems to have not contributed to match the decline in women's employment in agriculture. (Chandrasekhar, 2017) The author discussed that the recommendations of the working group considered together with the existing acts pertaining to interstate and construction workers provide a starting point for the national policy on internal migration in India and safeguarding the interest of migrant workers. The author argues that the number of short-term migrant workers is over 5.5times the number of people who move permanently on account of work in any given year. Once again, they are more likely to be men rather than women. They are likely to be the young rather than aged. Being part of a migrant network helps them in the job search. They migrate due to lack of opportunities where they live. (Sekar, 2017) The author describes that child labour should be identified, rescued and released for their educational rehabilitation and economic rehabilitation of their families by way of imparting employable skills and providing income generation avenues with a special focus on migrants and vulnerable communities. The author also illustrated The Child Labour (Prohibition and Regulation) Act 1986 prohibited employment of children below 14 years in 18 occupations and 65 processes. After the amendment in 2016, the Child and Adolescent Labour (Prohibition and Regulation Act 1986 provides for a complete ban on employment of work of children below

14 years in any occupation. (Mehrotra, 2017) The author argues that the exact allocation share of the organized and unorganized segment will need to be worked out through the process of consultation also determine disbursement. This will also release general tax revenues for skill development for unorganized enterprises. The author discussed that Training provision in India has been historically supply-driven, while the demand for skills has been neglected. There is a very strong case for using training levy funds for financing poor students who are unable to bear the opportunity cost of first undertaking training before entering the labour market. (Agrawal, 2017) The author discussed since India has already undertaken most other reforms towards export-oriented industrialization, it is now well poised to benefit substantially from labour policy reforms in the form of higher growth of employment and real earnings per employee. The author claims that somewhat surprising for a developing country, with a huge army of unemployed and underemployed, India has chosen to emphasize the welfare aspect and provided one of the most protective labour laws in the world for its organized sector workers, which is not seen even in developed countries with practically no unemployment. The author described We should experiment with more flexible labour laws, by allowing flexibility in labour laws across states (some of which might want to experiment with more flexible laws) and for example, in export processing zones because of the greater variability in export volumes and the greater need for an efficient and competitive labour force. This will also allow us to attract more foreign direct investment. The author also claims greater effort needs to be made towards improving the education and training of the workers to make them more productive. This should include compulsory basic education to class 10 for all children and greater emphasis on vocational training. (Nath, 2017) Author pronounced that technology intervention is inevitable harnessing the potential of technology for overall economic growth and well-being of people is the way forward. Upskilling, reskilling and collaboration will be the key enablers in sustaining business models. Technology will create new high-skilled jobs as well as improve the quality of existing jobs. This will lead people to be more productive and eligible for higher remuneration. The present workforce will be skilled to enable them fitting in a new technology-driven environment. (U Hemantha Kumar, 2017) Author has described economic empowerment and financial inclusion was crucial for gender empowerment and equality. The author also illustrated self-help groups have taken leadership positions, starting from economic empowerment to leadership in large social and political domains in sample villages of both the states.

Objective

- To review of Labour reform in Indian labour market.
- To understand labour market in India.

Research Methodology:

As the research paper is of conceptual and review nature, the researcher has applied exploratory research design by using varied secondary data availed from the secondary data sources. Based on the secondary data and review, the researcher has reported on various emerging trends and issues and challenges in Labour market of Indian economy. A research report, journal, and newspaper article from eminent writers have been reviewed.

Findings

To provide social security benefits to the workers in the unorganised sector, the Government has enacted the unorganised works Social Security Act,2008. The 2008 Act stipulates formation of suitable welfare schemes for unorganised worker is shown in table 1.

S.No.	Schemes for unorganized workers on matter relating to
1	Life and disability cover
2	Health and maternity benefits
3	Old age protection

*Table 1 Schemes for Unorganized workers on matter relating to**Sources: Prepared by the author*

The social security schemes being implemented by various ministries/departments for unorganised workers listed are shown in table 2.

S. No.	Social Security schemes	Ministries/ Departments
1	Indira Gandhi National Old Age Pension	Ministry of Rural Development
2	National Family Benefit Scheme	Ministry of Rural Development
3	Janani Suraksha Yojana	Ministry of Health and Family Welfare
4	Handloom Weavers Comprehensive Welfare Scheme	Ministry of Textiles
5	Handicraft Artisans' Comprehensive Welfare Scheme	Ministry of Textiles
6	Pension to Master Craft persons	Ministry of Textiles
7	National Scheme for Welfare of Fishermen and Training and Extension	Department of Animal Husbandry, Dairying & Fisheries
8	Aam Aadmi Bima Yojana	Department of Financial Services
9	Rashtriya Swasthya Bima Yojana	Ministry of Health and Family Welfare

*Table 2 Social Security schemes by Ministries/Departments**Sources: Prepared by the author*

Table 3 illustrate social security benefit launched by central government to provide comprehensive coverage.

S.No.	Social Security schemes from Central Government
1	Atal Pension Yojana
2	Pradhan Mantri Jeevan Jyoti Bima Yojana
3	Pradhan Mantri Suraksha Bima Yojana

*Table 3 Social Security Schemes from Central Government**Sources: Prepared by the author*

Ministry of Labour & Employment have taken several reform initiative, both legislative reforms as well as governance reforms through use of technology, to reduce the compliance and bringing transparency and accountability leading to better enforcement of the labour Laws are demonstrated in table 4.

S. No.	Reforms in Labour Laws
1	Enhancing the ceiling of wage limit for the purpose of eligibility for Bonus and for the purpose of calculation of Bonus as Rs. 21,000/- per month and Rs.7,000/- per month respectively by amending the payment of Bonus Act 1965.
2	Prohibition of employment of children below 14 years in all occupations and processes through amendment in the Child Labour (Prohibition & Regulation) Act, 1986
3	Extending the coverage of Employees State Insurance by an increase in the wage ceiling from Rs. 15000/- per month to Rs. 21000/- per month.
4	Enabling provision under the Payment of Wages Act 1936 for payment of wages through Bank accounts.
5	Launching of unified Shram Suvidha Portal for allotment of a Unique Labour Identification Number (LIN) for establishments, the filing of self- certified and simplified Online Annual Return and a transparent Labour Inspection Scheme through a computerized system.
6	Portability of Employees Provident Fund accounts through Universal Account Number (UAN)

Table 4 Reforms in Labour Laws

Sources: Prepared by the author

Figure (1) confirms the picture of formal and informal employment across organized and unorganized sector. This high proportion of labour force in the informal sector is due to the fact that more than 50 percent of the workforce is self-employed and engaged in the unorganised farm sector.

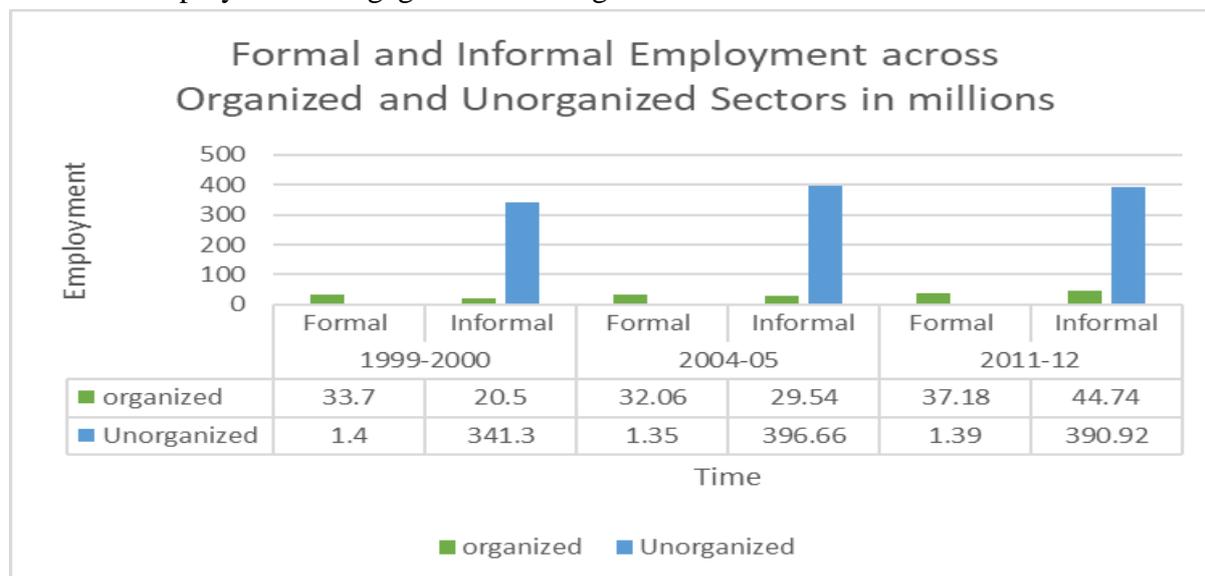


Figure 1 Formal and Informal Employment across Organized and Unorganized Sectors

Source: Compiled by authors from unit level data of NSSO Employment – Unemployment survey 1999-2000, 2004-05 & 2011-12.

Figure 2 shows distribution of establishments by size- class of employment in per-cent.

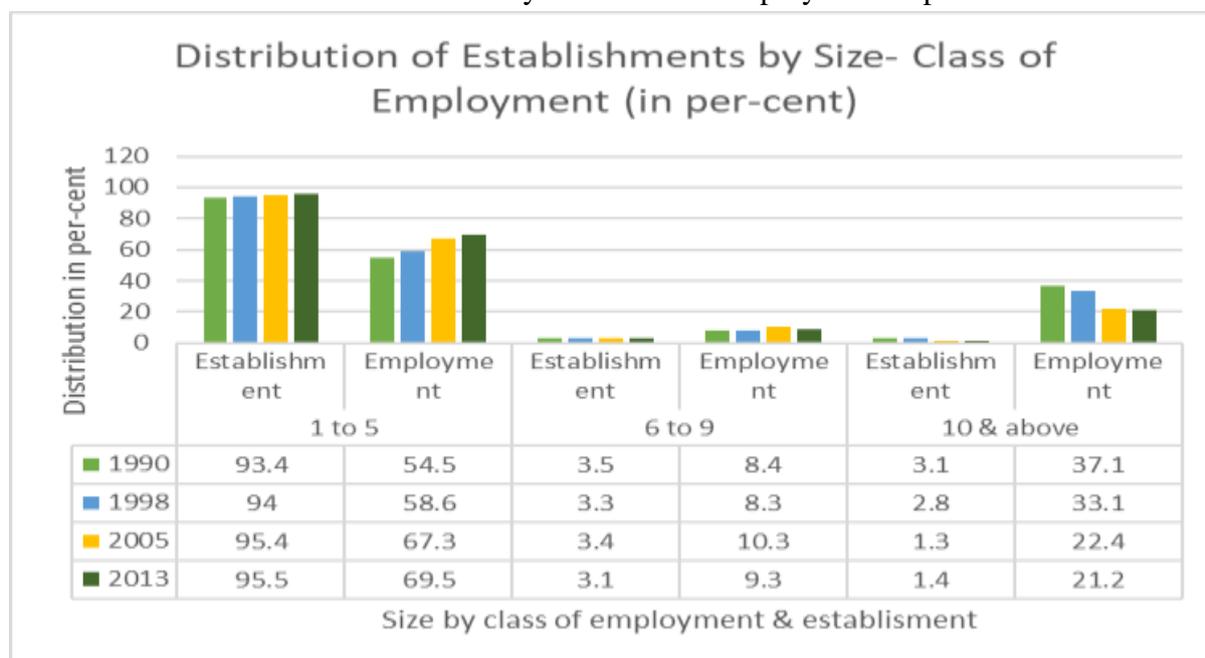


Figure 2 Distribution of Establishments by size- class of Employment

Source: Compiled by authors from fifth & Sixth Economic Census – All India Report .

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

Figure (3) shows trend in work participation rates Males and female. This give an overall picture as regards broad trends and patterns.

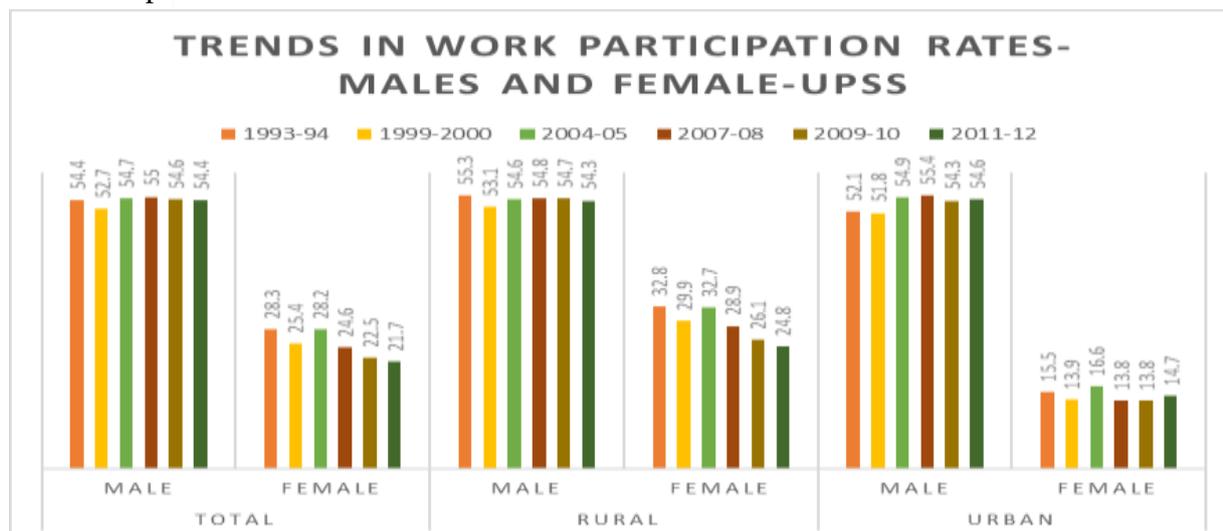


Figure 3 Trends in Work participation Rates- Males and Females-UPSS

Source: Compiled by authors from National Sample Survey Data, Different Rounds.

The period between 1999-2000 and 2004-05 show a small revival of female employment growth, where female participation rate increased by about 3 percentage, 2004-05 being the only outlier. The trend since then shows a further decline which contradicts any signs of feminisation. Not only is the WPR lower for women, for rural women there has been a dramatic fall, while for urban women it has stagnated.

Figure (4) shows distribution of workers across broad industrial division 1999-00 to 2011-12 & broad sectoral picture in 2011-12 while 62.3 percent of women were employed in agriculture only about 20 percent were employed in the secondary sector and 18 per cent in the service .

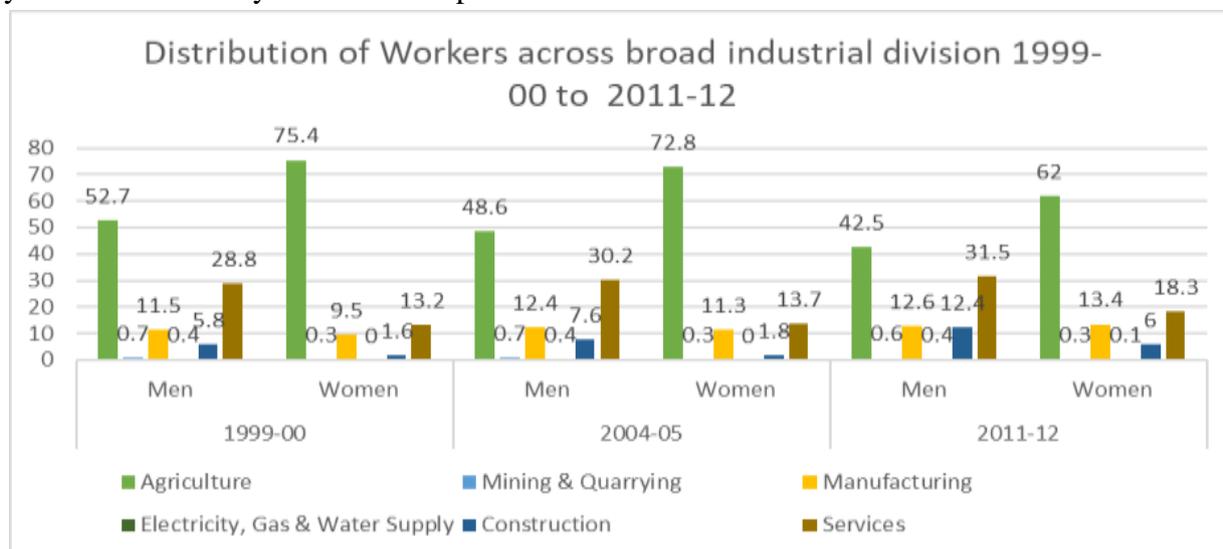


Figure 4 Distribution of workers across broad industrial division 1999-00 to 2011-12

Source: Compiled by authors from Employment and unemployment Reports, various rounds, NSSO.

Result and Discussion

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

Indian labour market has a sharp divide between organised and unorganised sector. The small proportion of organised labour enjoyed an advantages with stringent laws and rules and regulations enabling them to fight

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

With India poised to have the largest workforce in the world by 2025 it is imperative that labour issues are given the attention and the importance that they deserve. Number of laws viz. Industrial Disputes act, Minimum wages act, contract labour Act, have been introduced over the years to take care of various aspects of labour welfare. Most recent ones being The payment of Bonus (Amendment) Bill,2015, The Employee' Compensation (Amendment) Bill,2016 the Child labour (Prohibition and Regulation) amendment Bill,2016. Ministry of Labour & Employment is now taking steps for simplification, amalgamation and rationalisation of Central Labour laws and replacing them with 4 labour Codes viz Labour Code on Wages Bill 2015, Labour Code on Industrial Relation Bill2015, Labour Code on Social Security & Welfare, and Labour Code on Occupational safety, Health & Working Conditions. Schemes like MGNREGA, Atal Pension Yojana, Pradhan Mantri Kaushal Vikas Yojana Mudra, Pradhan Mantri Rojagra Protsahan Yojana have been introduced to ensure social and economic welfare of existing as well as prospective work force and empower them towards their own well-being.

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

Managerial & Public policy Implication

The managerial Implication is that organization should migrate to the digital platform all labour relate work and improve working condition towards safety and social security of the labour.

Public policy Implication is that Government should implement all reform effectively so that benefit should reach to the each and every corner of the country. Labour sitting at last mile should be benefited with all these schemes. Government should consider a national policy on internal migration in India and safeguarding the interest of migrant workers.

Conclusion .

As Prime Minister mention his speech in the inaugural function of Pandit Deendayal Upadhyay Shramev Jayate Karyakram that Make in India will be successful by doing labour reforms There is lot to be done in labour reform particular for providing equal opportunities to women's and providing strict law for child labour. Migration of labour is also need to address

Last but not the least Government should work for skill India for the making labour more skilful and efficient . It will boost Make in India programme and India will become a manufacturing hub. This will open doors for foregoing investor and attract more foreign direct investment. It will improve India rank on index of Ease of doing business. Therefore we Labour reforms hold vital role national growth and prosperity.

“ We are all aware of Satyamev Jayate, Sharmev Jayate holds equal in importance as Satyamev Jayate for the development of the Nation”

----Mr. Narinder Modi Prime Minister of India

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

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