



INDIAN LABOUR FORCE

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Abstract:

India is a vast country. The population of India is now 1.22 billion while during 1947 it was only near about 356 million. The population increased so rapidly but the creation of employment opportunity did not keep pace with it. Moreover the language, the way of living all differ from region to region. So the problem of unemployment also varies. For this reason the eleventh five year plan tried to focus on quality of employment. India has also various rigid labour laws compared to China (with most labour force) and United States of India (one of the most developed countries) countries. So employers have to think a thousand times before employing an employee, particularly if the employee is a female. Here is a discussion about the employment of not only in different sector, but also according to the different mode of earning and then the employment level year wise. There are some policies which have been criticised and then there are some suggestions to get rid of this problem.

Keywords: Retrenchment, layoff, global, formal and informal sector, self employed labour, contractual labour, casual labour, bonded labour.

INDIAN LABOUR FORCE AND EMPLOYMENT




India is one of the most populated countries in the world. So in earlier days many of our policy makers were in favour of labour intensive process to avoid the unemployment problem. But they knew that that is not the real solution. To keep pace with the modern global situation we have to accept modern capital intensive technologies. Unemployment means not only merely the wastage of the human capital but it also indirectly creates many social evils and political disturbances. Different policies were taken during different plan periods not only to curtail the unemployment but also to check the population growth. But still there is huge and various type of unemployment. The concerns of employment strategy for the Eleventh Five Year Plan differ from the earlier Plans, in that now there is an explicit focus at the quality of employment, and not merely at the aggregate unemployment as a whole.

India has numerous labour laws such as the right to work of one's choice, right against discrimination, prohibition of child labour, fair and humane conditions of work, social security, protection of wages, redress of grievances, right to organize and form trade unions, collective

bargaining and participation in management, those prohibiting discrimination and child labour, those that aim to guarantee fair and humane conditions of work, those that provide social security, minimum wage, right to organize, form trade unions and enforce collective bargaining. India also has numerous rigid regulations such as maximum number of employees per company in certain sectors of economy, and limitations on employers on retrenchment and layoffs, requirement of paperwork, bureaucratic process and government approval for change in labour in companies even if these are because of economic conditions. India is considered to be highly regulated and most rigid labour law countries in the world. Rigid labour laws in India have been criticized as the cause of low employment growth, large unorganized sector, and underground economy, use of casual labour and low per capita income. Actually India has over 50 major Acts and numerous laws that regulate employers in matters relating to industrial relations, employee unions as well as who, how and when enterprises can employ or terminate employment. Many of these laws survive from British colonial times, while some have been enacted after India's independence. The following table shows how much rigid the labour law in India in comparison with U.S.A.(one of the most developed countries) and China(a country having maximum labour force)

The table showing contrasts of the labour laws in India to those in China and United States, as of 2011.

Relative regulations and rigidity in labour laws

Practice required by law	 India	 China	 United States
Minimum wage (US\$/month)	90 (INR 5000)	182.5	1242.6
Standard work day	8 hours	8 hours	8 hours
Minimum rest while at work	30 minutes per 5 hour	None	None
Maximum overtime limit	200 hours per year	1 hour per day	None
Premium pay for overtime	100%	50%	50%
Dismissal due to redundancy allowed?	Yes, if approved by government	Yes, without approval of government	Yes, without approval of government
Government approval required for 1 person dismissal	Yes	No	No
Government approval required for 9 person dismissal	Yes	No	No
Government approval for redundancy dismissal granted	Rarely ^{[42][43]}	Not applicable	Not applicable
Dismissal priority rules regulated	Yes	Yes	No
Severance pay for redundancy dismissal of employee with 1 year tenure	2.1 week salary	4.3 week salary	None
Severance pay for redundancy dismissal of employee with 5 year tenure	10.7 week salary	21.7 week salary	None

Types Of Labour in India Sector wise

Rural workers constitute about 60% of the workforce of organized formal sector, that constitutes about 8% of the work force; and Urban unorganized or informal structure which represents the 32% of the workforce..orce.

The chart below describes the estimated increase in the number of labours from 1977-78 to 2004-05.

In 2004-05 the labour market consisted of 430 million workers and has grown up to 500 million in 2006.

Two-third of India's workforce is employed in agriculture and rural industries. One-third of rural households are agricultural labour households, subsisting on wage employment. Only about 9 percent of the total workforce is in the organized sector; the remaining 91 percent are in the unorganized sector, self-employed, or employed as casual wage labourers. The labour force in year 2006 has grown up to 509.3 million out of which 60% are in agriculture, 12% are employed in industries and the residual 28% are in services.

EARNING WISE

Self-employed workers: They are most loosely connected to labour market because of the possibilities of work-sharing and work spreading in a self-employed enterprise.

Non-contractual casual labourers: They have the closest connection to labour market on almost day-to-day basis.

Unemployed: They are actively seeking work and so they have also the closest connection to labour market on almost day-to-day basis.

Contractual Labour and hence stable hired employment: They are with the same employer and/or in the same job on a regular basis.

Self Employed: Persons who are engaged in their own farm or non- farm enterprises are defined as self employed.

Casual Labour: These employees are normally engaged in day to day basis. The casual wage workers both in public work and other types of work don't have any job security or social security. These workers, either in formal or informal sector or in private households, are informal workers.

Seasonal Labour: They are engaged for a particular season. It is more common in Indian agriculture where the farmers remain busy in harvest season only.

Bonded Labour: This somehow reminds us about the slaves of old era. They are somehow have to work for their masters (either in firm or in farm or elsewhere) for a period fixed between them.

Regular salaried/wage employees: They are those working in others farm or non- farm enterprises and getting in return salary or wages on a regular basis and not on the basis of daily or periodic renewal of work contract. This category includes those getting time wage as well as those receiving piece wage or salary and paid apprentices, both full time and part time. This category of persons may, therefore, include persons engaged regularly on an hourly basis, temporary workers, out- workers, etc. The table given below classifies labour force across male-female and rural-urban dimensions. It is clear that

- Self-employment and casual labour statuses are more prevalent among rural than urban labour force and among female than male workers.
- The Incidence of unemployment is higher in the urban than in the rural labour force with nearly 48 per cent of the total unemployed persons coming from aggregate urban labour force whose share in total (rural plus urban) work force is 22 per cent.
- Those reporting wage and salary earning dominate in the urban labour force, their share being around 62 %

Table showing distribution of labour

Category of Labour	Self employed	Wage & salary Earners	Casual	Unemployed	Total in percent
Urban share persons	17.24	61.63	11.54	47.74	22.15
Urban share female	10.91	62.59	07.71	47.20	13.98
Urban share males	20.43	61.56	13.65	47.91	25.93
Total female	54.81	07.01	36.49	01.69	100
Total male	50.23	16.77	30.56	02.44	100
Total persons	51.68	13.68	32.44	02.20	100
Urban persons	40.22	38.13	16.90	04.75	100
Rural persons	54.94	06.73	36.86	01.47	100
Urban females	42.78	31.37	20.14	05.71	100
Urban males	39.59	39.81	16.09	04.51	100
Rural female	57.75	03.05	39.50	01.05	100
Rural male	53.96	08.70	35.63	01.71	100

Total Labour Force in India

During 2011 India had 487 million workers while United States had only 154 million. Actually the china had the highest labour force and that was 795 million.

Year	Labour Force
1999	406000000
2003	472000000
2004	482200000
2005	496400000
2006	509300000
2007	516400000
2008	523500000
2009	467000000
2010	478300000
2011	487600000

Of these over 94% works in unorganized enterprises ranging from pushcart vendors to home-based diamond and gem polishing operation. The organized sector includes those employed by the government, state-owned enterprises and private sector enterprises. In 2008, the organized sector employed 27.5 million workers, of which 17.3 million worked for government or government owned entities⁺

Labour force in Unorganized Sector of India

Over 94 percent of India's working population is part of the unorganized sector. Unorganized sector means those who are not registered and pay sales tax, income tax, etc. They are also known as informal sector or own account enterprises. They are sometimes self employed enterprises e.g. general stores, rural traders etc. Agriculture, dairy, horticulture and related occupations alone employ 52 percent of labour in India. About 30 million workers are migrant workers, most in agriculture, and local stable employment is unavailable for them. India's National Sample Survey Office in its 67th report found that unorganized manufacturing, unorganized trading/retail and unorganized services employed about 10 percent each of all workers nationwide, as of 2010. It also reported that India had about 58 million unincorporated non-Agriculture enterprises in 2010.

Labour Force in Organised Sector in India

The pace of employment growth in the organized sector slowed in 2010 compared with 2009. While in 2009, 28.1 million were working in the organized sector—an increase of 2.3% from the previous year—in 2010, a total of 28.7 million were employed in the sector, making for a growth rate of 1.9%. In the organized sector, job growth is slowing because “manufacturing sector is not doing well as per the expectations and the concept of contract labour is growing even among the public sector units,” said Prabhat Chaturvedi, a former labour secretary in the

central government. This is partially of course because the organised sector has to abide by the all rigid labour laws in the country.

Criticisms

India's rigid labour laws and excessive regulations assumed to protect the labour are the cause of slow employment growth in high paying, organized sector. India's labour-related acts and regulations have led to labour market rigidity. This encourages shadow economy for entrepreneurs, an economy that prefers to employ informal labour to avoid the complicated and opaque laws. In particular, Indian labour legislation such as the Industrial Disputes Act of 1947 added rigid labour laws and one sided trade union laws. Although the Act does not prohibit layoffs and retrenchments, it does require entrepreneurs and companies to get the permission from government officials to fire an employee for absenteeism, retrench employees for economic reasons, or to close an economically nonviable company. This bureaucratic process can stretch into years, and the government officials have consistently and almost always denied such permission. So it will not be illogical to say that India's inflexible labour laws have created a strong disincentive to formally register new companies and hire additional workers in existing organized sector companies. Unlike China, Indian businesses have avoided substituting India's abundant labour for export or domestic opportunities, or use labour instead of expensive equipment for quality control or other operations. These are reasons for India's weak employment growth.

SUGGESTIONS

At last, not the least, I would like to say that:

- It would be better to adopt different strategy to tackle the unemployment level of different region because the problems of different region may be different.
- Labour laws are rigid but checking process is not so rigid. So somewhere we find the employers are so much afraid of such laws that they think a thousand times before employing a labour e.g. before employing a female labour he has to think that he has to give the employee the maternity benefit which he has not to pay if he employs a male labour in her place. Somewhere we find the child labour even in the broad daylight (40% in unorganized labour market and 60% in unorganized agricultural sector) though there is Child Labour (Prohibition and Abolition) Act-1986. So instead of making the law so rigid the checking process should be rigid.